

**COTECCONS CONSTRUCTION JOINT STOCK COMPANY**

**SEPARATE 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 THE RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF THE COMPANY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The Chairman has authorized the Board of Management of Coteccons Construction Joint Stock Company ("the Company") to be responsible for preparing separate financial statements which give a true and fair view of the separate financial position of the Company as at 31 December 2019, and the separate results of its operations and its separate cash flows for the year then ended. In preparing these separate 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 separate financial statements on a going concern basis unless it is inappropriate to presume that the Company 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 separate financial position of the Company and which enable separate financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the separate financial statements. The Board of Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

We hereby approve the accompanying separate financial statements as set out on pages 5 to 44 which give a true and fair view of the separate financial position of the Company as at 31 December 2019, and of the separate results of its operations and its separate 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 separate financial statements.

Users of these separate financial statements of the Company should read them together with the consolidated financial statements of the Company and its subsidiaries (together, "the Group") for the year ended 31 December 2019 in order to obtain full information of the consolidated financial position and consolidated results of operations and consolidated cash flows of the Group.

On behalf of the Board of Management



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Nguyen Sy Cong  
General Director

Ho Chi Minh City, SR Vietnam  
27 March 2020

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

We have audited the accompanying separate financial statements of Coteccons Construction Joint Stock Company ("the Company") which were prepared on 31 December 2019 and approved by the Board of Management on 27 March 2020. These separate financial statements include the separate balance sheet as at 31 December 2019, the separate income statement and separate cash flow statement for the year then ended, and notes to these separate financial statements, as set out on pages 5 to 44.

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and true and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company internal controls. 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 separate financial statements.

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





### Auditor's Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the Company as at 31 December 2019, its separate financial performance and separate 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 separate 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

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

Report reference number: HCM9173  
Ho Chi Minh City, 27 March 2020

## SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2019 VND	2018 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>10,194,861,890,259</b>	<b>12,024,540,146,799</b>
<b>110</b>	<b>Cash and cash equivalents</b>	<b>3</b>	<b>666,404,061,868</b>	<b>389,131,880,525</b>
111	Cash		92,404,061,868	67,631,880,525
112	Cash equivalents		574,000,000,000	321,500,000,000
<b>120</b>	<b>Short-term investment</b>		<b>1,064,500,000,000</b>	<b>3,364,400,000,000</b>
123	Investments held to maturity	4	1,064,500,000,000	3,364,400,000,000
<b>130</b>	<b>Short-term receivables</b>		<b>7,098,578,536,800</b>	<b>6,708,359,624,291</b>
131	Short-term trade accounts receivable	5	6,993,860,753,306	6,503,313,239,606
132	Short-term prepayments to suppliers	6	212,476,325,103	206,675,324,919
136	Other short-term receivables	7	106,749,221,210	208,232,957,846
137	Provision for doubtful debts – short-term	8	(214,507,762,819)	(209,861,898,080)
<b>140</b>	<b>Inventory</b>		<b>1,187,898,968,197</b>	<b>1,198,060,245,544</b>
141	Inventory	9	1,187,898,968,197	1,198,060,245,544
<b>150</b>	<b>Other current assets</b>		<b>177,480,323,394</b>	<b>364,588,396,439</b>
151	Short-term prepaid expenses	10(a)	3,456,235,463	2,264,893,751
152	Value Added Tax ("VAT") to be reclaimed		174,024,087,931	362,323,502,688

The notes on pages 10 to 44 are an integral part of these separate financial statements.

SEPARATE BALANCE SHEET  
(continued)

Code	ASSETS (continued)	Note	As at 31 December	
			2019 VND	2018 VND
<b>200</b>	<b>LONG-TERM ASSETS</b>		<b>3,402,173,385,825</b>	<b>1,982,327,235,027</b>
<b>220</b>	<b>Fixed assets</b>		<b>582,960,713,161</b>	<b>599,086,114,557</b>
221	Tangible fixed assets	11(a)	496,771,130,389	515,555,564,929
222	Historical cost		844,686,303,792	816,810,465,623
223	Accumulated depreciation		(347,915,173,403)	(301,254,900,694)
227	Intangible fixed assets	11(b)	86,189,582,772	83,530,549,628
228	Historical cost		102,091,916,320	95,997,011,742
229	Accumulated amortisation		(15,902,333,548)	(12,466,462,114)
<b>230</b>	<b>Investment properties</b>	12	<b>64,427,562,298</b>	<b>67,889,003,254</b>
231	Historical cost		90,854,986,389	90,854,986,389
232	Accumulated depreciation		(26,427,424,091)	(22,965,983,135)
<b>240</b>	<b>Long-term asset in progress</b>		<b>574,839,300</b>	<b>1,005,828,500</b>
242	Construction in progress		574,839,300	1,005,828,500
<b>250</b>	<b>Long-term investments</b>		<b>2,658,303,138,176</b>	<b>1,063,308,360,000</b>
251	Investments in subsidiaries	13	2,510,348,360,000	907,348,360,000
252	Investments in associates	14	235,560,000,000	173,960,000,000
254	Provision for long-term investments	15	(87,605,221,824)	(18,000,000,000)
<b>260</b>	<b>Other long-term assets</b>		<b>95,907,132,890</b>	<b>251,037,928,716</b>
261	Long-term prepaid expenses	10(b)	94,651,883,634	249,338,007,302
262	Deferred income tax assets	34, 35	1,255,249,256	1,699,921,414
<b>270</b>	<b>TOTAL ASSETS</b>		<b>13,597,035,276,084</b>	<b>14,006,867,381,826</b>

The notes on pages 10 to 44 are an integral part of these separate financial statements.



SEPARATE BALANCE SHEET  
(continued)

Code	RESOURCES	Note	As at 31 December	
			2019 VND	2018 VND
<b>300</b>	<b>LIABILITIES</b>		<b>6,364,228,000,289</b>	<b>6,984,877,728,142</b>
<b>310</b>	<b>Short-term liabilities</b>		<b>6,357,375,741,748</b>	<b>6,975,681,762,640</b>
311	Short-term trade accounts payable	16	3,828,970,090,260	5,066,989,649,021
312	Short-term advances from customers	17	672,338,835,120	645,206,774,425
313	Tax and other payables to the State	18	61,827,487,223	71,477,202,611
315	Short-term accrued expenses	19	1,598,992,786,852	838,293,501,289
318	Short-term unearned revenue	20	52,996,977,238	5,135,013,358
319	Other short-term payables	21(a)	32,317,782,262	160,833,734,876
321	Provision for short-term liabilities	22(a)	46,559,156,812	63,173,236,334
322	Bonus and welfare fund	23	63,372,625,981	124,572,650,726
<b>330</b>	<b>Long-term liabilities</b>		<b>6,852,258,541</b>	<b>9,195,965,502</b>
337	Other long-term payables	21(b)	542,006,657	662,352,826
342	Provision for long-term liabilities	22(b)	6,310,251,884	8,533,612,676
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>7,232,807,275,795</b>	<b>7,021,989,653,684</b>
<b>410</b>	<b>Capital and reserves</b>		<b>7,232,807,275,795</b>	<b>7,021,989,653,684</b>
411	Owners' capital	24, 25	792,550,000,000	783,550,000,000
411a	- Ordinary shares with voting rights	24, 25	792,550,000,000	783,550,000,000
412	Share premium	25	3,038,990,175,385	2,997,645,175,385
415	Treasury shares	25	(443,424,538,999)	(439,558,938,999)
418	Investment and development fund	25	3,165,476,350,792	2,583,711,350,792
421	Undistributed earnings	25	679,215,288,617	1,096,642,066,506
421a	- Undistributed earnings of the previous years	25	228,483,347,506	32,053,413,250
421b	- Post-tax profit of current year	25	450,731,941,111	1,064,588,653,256
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>13,597,035,276,084</b>	<b>14,006,867,381,826</b>



Tran Thi Thanh Van  
Preparer



Vu Thi Hong Hanh  
Chief Accountant



Nguyen Sy Cong  
General Director  
27 March 2020

The notes on pages 10 to 44 are an integral part of these separate financial statements.

## SEPARATE 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		18,720,486,219,616	21,449,735,385,474
02	Less deductions		-	-
10	Net revenue from sales of goods and rendering of services	28	18,720,486,219,616	21,449,735,385,474
11	Cost of goods sold and services rendered	29	(17,976,655,544,593)	(20,147,783,287,241)
20	Gross profit from sales of goods and rendering of services		743,830,675,023	1,301,952,098,233
21	Financial income	30	189,963,658,777	299,706,265,795
22	Financial expenses	31	(69,606,510,382)	(1,512,092)
26	General and administration expenses	32	(334,880,008,337)	(368,656,381,875)
30	Net operating profit		529,307,815,081	1,233,000,470,061
31	Other income	33	32,304,346,246	102,731,473,768
32	Other expenses	33	(1,454,387,448)	(48,174,366)
40	Net other income		30,849,958,798	102,683,299,402
50	Net accounting profit before tax		560,157,773,879	1,335,683,769,463
51	Business income tax ("BIT") - current	34	(108,981,160,610)	(270,745,110,854)
52	BIT - deferred	35	(444,672,158)	(350,005,353)
60	Net profit after tax		450,731,941,111	1,064,588,653,256



Tran Thi Thanh Van  
Preparer



Vu Thi Hong Hanh  
Chief Accountant



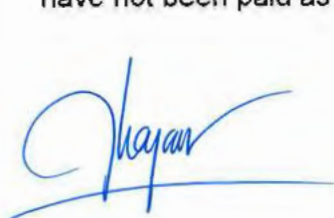
Nguyen Sy Cong  
General Director  
27 March 2020

The notes on pages 10 to 44 are an integral part of these separate financial statements.

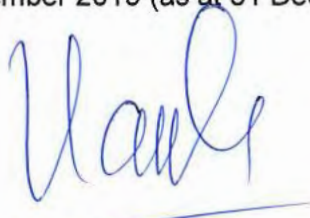
SEPARATE CASH FLOW STATEMENT  
(Indirect method)

Code ITEMS	Note	For the year ended 31 December	
		2019 VND	2018 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01		<b>560,157,773,879</b>	<b>1,335,683,769,463</b>
	Adjustments for:		
02	Depreciation and amortisation	84,521,411,502	72,970,775,559
03	Provisions/(reversal of provisions)	56,566,769,249	(3,676,343,854)
04	Unrealised foreign exchange gains	-	(29,740,646)
05	Profits from investing activities	(193,762,977,748)	(302,932,341,500)
08	<b>Operating profit before changes in working capital</b>	<b>507,482,976,882</b>	<b>1,102,016,119,022</b>
09	Increase in receivables	(294,120,772,811)	(2,175,375,212,398)
10	Decrease in inventories	10,161,277,347	478,311,912,624
11	(Decrease)/increase in payables	(510,951,901,306)	305,204,662,881
12	Decrease in prepaid expenses	153,494,781,956	69,007,105,690
15	BIT paid	(134,855,694,354)	(301,931,136,033)
17	Other payments on operating activities	(119,869,147,745)	(107,107,156,003)
20	<b>Net cash outflows from operating activities</b>	<b>(388,658,480,031)</b>	<b>(629,873,704,217)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets	(68,698,104,907)	(107,954,112,495)
22	Proceeds from disposals of fixed assets	5,690,058,370	14,167,848,138
23	Term deposits	(3,388,600,000,000)	(3,719,400,000,000)
24	Term deposits collections	5,688,500,000,000	4,498,930,000,000
25	Investments in subsidiaries and associates	(1,664,600,000,000)	(280,800,000,000)
27	Dividends and interest received	276,187,705,461	329,282,533,594
30	<b>Net cash inflows from investing activities</b>	<b>848,479,658,924</b>	<b>734,226,269,237</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
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	<b>Net cash outflows from financing activities</b>	<b>(182,548,997,550)</b>	<b>(755,534,654,999)</b>
50	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>277,272,181,343</b>	<b>(651,182,089,979)</b>
60	<b>Cash and cash equivalents at beginning of year</b>	<b>389,131,880,525</b>	<b>1,040,282,200,445</b>
61	Effect of foreign exchange differences	-	31,770,059
70	<b>Cash and cash equivalents at end of year</b>	<b>666,404,061,868</b>	<b>389,131,880,525</b>

Major non-cash transactions during the year were sales of fixed assets amounting to VND359,545,455 which have not yet 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).



Tran Thi Thanh Van  
Preparer



Vu Thi Hong Hanh  
Chief Accountant



Nguyen Sy Cong  
General Director  
27 March 2020

The notes on pages 10 to 44 are an integral part of these separate financial statements.

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

Coteccons Construction Joint Stock Company ("the Company") was 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 million.

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 principal activities of the Company are to provide design and construction services, equipment installation, interior decoration and office leasing.

The normal business cycle of the Company is within 12 months.

As at 31 December 2019, the Company's structure is below:

- 2 direct subsidiaries as presented in Note 13;
- 1 indirect subsidiary which is Phu Nhuan 168 Joint Stock Company, a subsidiary of Covestcons Company Limited owned 69.98% of charter capital, is joint stock company 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 of this company are engaged in real estate, owned, used or leased land use rights of business.
- 3 direct associates as presented in Note 14; and
- 3 indirect associates which are Riland Investment Joint Stock Company ("Riland"), Quihub Industrial Development and Investment Joint Stock Company ("Quihub") and Hitecccons Investment Joint Stock Company ("Hitecccons").

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.

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.

Hitecccons, a 31%-owned associate of Covestcons Company Limited, is 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 Company had 1,447 employees (as at 31 December 2018: 1,665 employees).

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of preparation of separate financial statements**

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements. The separate financial statements have been prepared under the historical cost convention.

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

Separately, the Company has also prepared consolidated financial statements of the Company and its subsidiaries (together, "the Group") in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. In the consolidated financial statements, subsidiaries undertaking – which are those companies over which the Group has the power to govern the financial and operating policies – have been fully consolidated.

Users of these separate financial statements of the Company should read them together with the consolidated financial statements of the Group for the year ended 31 December 2019 in order to obtain full information of the consolidated financial position and consolidated results of operations and consolidated cash flows of the Group.

The separate financial statements in Vietnamese language are the official statutory separate financial statements of the Company. The separate financial statements in English language have been translated from the Vietnamese language separate financial statements.

**2.2 Fiscal year**

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

**2.3 Currency**

The separate financial statements are measured and presented in the Vietnamese Dong ("VND"). The Company determines its accounting currency based on the currency which is mainly used in sales of goods and rendering of services, which has a significant impact on selling prices of goods and services, which is normally used for list selling prices and receive payments; which is mainly used in purchases of goods or services, which has a significant impact on cost of labor, materials and other production or operating costs and normally used as payments of those costs.

In addition, the Company also uses this currency to raise financial resources (such as via issuance of shares or bonds) and/or regularly collects this currency from business operation 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 separate income statement.

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

**2.5 Cash and cash equivalents**

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

**2.6 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 separate balance sheet based on the remaining period from the separate balance sheet date to the maturity date.

**2.7 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.8 Investments****(a) Investments held-to-maturity**

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

Investments held-to-maturity include term deposits, bonds 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 part or the whole of the investment is uncollectible. The variance between the provision created in this year with the provision created in the previous year shall be recorded or reverted as financial expenses. The reversal of provision shall not be higher than the original book value.

**(b) Investments in subsidiaries**

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies 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 Company controls another entity.

Investments in subsidiaries are initially recorded at cost of acquisition including purchase cost or capital contribution value plus other expenditure directly attributable to the investment. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end.

**(c) Investments in associates**

Associates are investments that the Company has significant influence but not control and would generally have from 20% to under 50% voting shares of the investee.

Investments in associates are accounted for at cost of acquisition including purchase cost plus other expenditure directly attributable to the investments. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end.

**2.9 Fixed assets***Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation or amortisation. Historical cost includes any 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 separate income statement when incurred.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.9 Fixed assets (continued)***Depreciation and amortisation*

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

	Year
Buildings and structures	6 - 45
Machineries 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 and are recognised as income or expense in the separate income statement.

**2.10 Investment properties held for lease**

Cost of an investment property means 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 income statement when incurred.

*Depreciation*

Investment properties held for lease are depreciated on the straight-line method to write off the 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 net book value and are recognised as income or expense in the separate income statement.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.11 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 separate income statement on a straight-line basis over the term of the lease.

**2.12 Prepaid expenses**

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

**2.13 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 including non-trade payables, and not relating to purchase of goods and services.

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

**2.14 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.

**2.15 Provisions**

Provisions are recognised when: the Company 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)****2.16 Provision for severance allowances**

In accordance with Vietnamese labour laws, employees of the Company 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 Company 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 Company.

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's average salary for the year prior to the separate balance sheet date.

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

**2.17 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 Company records unearned revenue for the future obligations that the Company has to conduct.

**2.18 Owners' capital**

Contributed capital of the shareholders is recorded according to actual amount contributed and is recorded according to par value of the share.

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

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

Undistributed earnings record the Company's separate results after BIT at the reporting date.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.19 Appropriation of net profit**

The Company's profit distribution are recognised as a liability in the Company's separate financial statements in the period in which the dividends are approved by the Company's General Meeting of shareholders.

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

**(a) Development and investment fund**

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

**(b) Bonus and welfare fund**

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

**2.20 Revenue recognition****(a) Sales from sales of goods**

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

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company 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 Company; 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 based on principle of "substance over form" and allocated to each sales obligation. In case that the Company gives promotional goods to customers associated with customers' purchase, the Company allocates total consideration received for goods sold and promotional goods. Cost of promotional goods is recognised as cost of sales in the separate income statement.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.20 Revenue recognition (continued)****(b) Revenue from rendering of services**

Revenue from rendering of services is recognised in the separate 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 Company;
- The percentage of completion of the transaction at the separate 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 Company has established the receiving right from investees.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.21 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.

**2.22 General and administration expenses**

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs (salaries, wages, allowances,...); 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.

**2.23 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 separate 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 separate 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.24 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 Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors of the Company 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 Company considers the substance of the relationship not merely the legal form.

**2.25 Segment reporting**

A segment is a component which can be separated by the Company 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 Company's business segment.

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

**2.26 Use of estimates**

The preparation of separate financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate 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 separate 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.

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**3 CASH AND CASH EQUIVALENTS**

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	1,216,053,596	624,630,159
Cash at bank	91,188,008,272	67,007,250,366
Cash equivalents (*)	574,000,000,000	321,500,000,000
	<u>666,404,061,868</u>	<u>389,131,880,525</u>

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

**4 INVESTMENTS HELD-TO-MATURITY**

	<b>2019</b>		<b>2018</b>	
	<b>Cost</b>	<b>Book value</b>	<b>Cost</b>	<b>Book value</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Term deposits (*)	1,064,500,000,000	1,064,500,000,000	3,164,400,000,000	3,164,400,000,000
Bonds	-	-	200,000,000,000	200,000,000,000
	<u>1,064,500,000,000</u>	<u>1,064,500,000,000</u>	<u>3,364,400,000,000</u>	<u>3,364,400,000,000</u>

(\*) 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**

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Third parties (*)	6,815,198,748,180	6,498,758,027,949
Related parties (Note 38(b))	178,662,005,126	4,555,211,657
	<u>6,993,860,753,306</u>	<u>6,503,313,239,606</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:

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Hoi An South Development Company 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	212,476,325,103	206,675,324,919

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
TTT Corporation	68,336,868,742	-
Bao Thach International Corporation	45,520,372,208	-
Asiantime International (Vietnam) Company Limited	29,076,245,494	-
R.E.E Mechanical and Electrical Engineering Joint Stock Company	28,600,000,000	-

**7 OTHER SHORT-TERM RECEIVABLES**

	2019 VND	2018 VND
Interest receivables from third parties	58,480,602,217	178,835,333,832
Interest receivable from related parties (Note 38(b))	34,130,684,931	-
Advances to construction team and employees	8,065,482,425	23,768,155,483
Short-term deposits	3,879,222,591	3,779,595,821
Others	2,193,229,046	1,849,872,710
	<u>106,749,221,210</u>	<u>208,232,957,846</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>



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**9 INVENTORY**

	<b>2019 VND</b>	<b>2018 VND</b>
Construction works in process	1,187,898,968,197	1,198,060,245,544

Details of construction works in process by projects are as follows:

	<b>2019 VND</b>	<b>2018 VND</b>
Crowne Plaza Phu Quoc belongs to Bai Dai Resort – Construction	144,237,154,283	4,044,522,302
Other projects	1,043,661,813,914	1,194,015,723,242
	<u>1,187,898,968,197</u>	<u>1,198,060,245,544</u>

**10 PREPAID EXPENSES**

**(a) Short-term**

	<b>2019 VND</b>	<b>2018 VND</b>
Office equipment	3,456,235,463	2,264,893,751

**(b) Long-term**

	<b>2019 VND</b>	<b>2018 VND</b>
Construction tools and equipment	64,969,649,007	216,749,465,474
Operating leases and office tools and equipment	29,682,234,627	32,588,541,628
	<u>94,651,883,634</u>	<u>249,338,007,302</u>

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

	<b>2019 VND</b>	<b>2018 VND</b>
Opening balance	249,338,007,302	311,870,005,197
Increase	45,781,552,369	109,418,298,594
Allocation and disposal	(200,467,676,037)	(171,950,296,489)
Closing balance	<u>94,651,883,634</u>	<u>249,338,007,302</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	Total VND
<b>Historical cost</b>					
As at 1 January 2019	175,786,833,952	584,456,144,761	30,337,708,175	26,229,778,735	816,810,465,623
New purchases	9,480,219,170	33,175,207,530	12,062,627,273	4,680,986,362	59,399,040,335
Disposals	-	(29,709,323,491)	(943,797,875)	(870,080,800)	(31,523,202,166)
As at 31 December 2019	<u>185,267,053,122</u>	<u>587,922,028,800</u>	<u>41,456,537,573</u>	<u>30,040,684,297</u>	<u>844,686,303,792</u>
<b>Accumulated depreciation</b>					
As at 1 January 2019	55,636,020,181	204,833,785,680	22,669,159,633	18,115,935,200	301,254,900,694
Charge for the year	11,659,500,144	57,429,170,644	4,228,681,222	4,306,747,102	77,624,099,112
Disposals	-	(29,197,231,172)	(943,797,875)	(822,797,356)	(30,963,826,403)
As at 31 December 2019	<u>67,295,520,325</u>	<u>233,065,725,152</u>	<u>25,954,042,980</u>	<u>21,599,884,946</u>	<u>347,915,173,403</u>
<b>Net book value</b>					
As at 1 January 2019	<u>120,150,813,771</u>	<u>379,622,359,081</u>	<u>7,668,548,542</u>	<u>8,113,843,535</u>	<u>515,555,564,929</u>
As at 31 December 2019	<u>117,971,532,797</u>	<u>354,856,303,648</u>	<u>15,502,494,593</u>	<u>8,440,799,351</u>	<u>496,771,130,389</u>

As at 31 December 2019, historical cost of fully depreciated tangible fixed assets but still in use was VND101,910,545,080 (as at 31 December 2018: VND123,083,833,670).

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## 11 FIXED ASSETS (continued)

## (b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
<b>Historical cost</b>			
As at 1 January 2019	81,539,243,238	14,457,768,504	95,997,011,742
New purchases	-	4,519,024,578	4,519,024,578
Transfers from construction in progress	-	1,575,880,000	1,575,880,000
As at 31 December 2019	<u>81,539,243,238</u>	<u>20,552,673,082</u>	<u>102,091,916,320</u>
<b>Accumulated amortisation</b>			
As at 1 January 2019	3,822,395,187	8,644,066,927	12,466,462,114
Charge for the year	344,192,196	3,091,679,238	3,435,871,434
As at 31 December 2019	<u>4,166,587,383</u>	<u>11,735,746,165</u>	<u>15,902,333,548</u>
<b>Net book value</b>			
As at 1 January 2019	<u>77,716,848,051</u>	<u>5,813,701,577</u>	<u>83,530,549,628</u>
As at 31 December 2019	<u>77,372,655,855</u>	<u>8,816,926,917</u>	<u>86,189,582,772</u>

As at 31 December 2019, historical cost of fully amortised intangible fixed assets but still in use was VND6,910,160,805 (as at 31 December 2018: VND5,445,630,805).

## 12 INVESTMENT PROPERTIES HELD FOR LEASE

	Office buildings VND	Others VND	Total VND
<b>Historical cost</b>			
As at 1 January 2019 and 31 December 2019	72,234,622,480	18,620,363,909	90,854,986,389
<b>Accumulated depreciation</b>			
As at 1 January 2019	19,140,532,783	3,825,450,352	22,965,983,135
Charge for the year	2,716,626,384	744,814,572	3,461,440,956
As at 31 December 2019	21,857,159,167	4,570,264,924	26,427,424,091
<b>Net book value</b>			
As at 1 January 2019	53,094,089,697	14,794,913,557	67,889,003,254
As at 31 December 2019	50,377,463,313	14,050,098,985	64,427,562,298

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

	2019 VND	2018 VND
Income from renting investment properties	16,422,825,623	16,437,339,873
Expenses regarding investment properties' renting	9,563,283,190	9,435,241,973

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13 INVESTMENTS IN SUBSIDIARIES

Name	Percentage of ownership and voting right %	2019			2018		
		Cost VND	Provision VND	Percentage of ownership and voting right %	Cost VND	Provision VND	
Unicons Investment Construction Company Limited (i)	100	638,348,360,000	-	100	638,348,360,000	-	
Covestcons Company Limited (ii)	100	1,872,000,000,000	-	100	269,000,000,000	-	
		<u>2,510,348,360,000</u>	<u>-</u>		<u>907,348,360,000</u>	<u>-</u>	

- (i) Unicons Investment Construction Company Limited, 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, which was subsequently amended to Enterprise Registration Certificate No. 0304472276 dated 22 June 2018. The principal activities are construction and equipment installation services.
- (ii) Covestcons Company Limited, 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 real estate brokerage and trading. During the year 2019, the Company made additional capital contribution with amount of VND1,603 billion in this subsidiary.

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

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**14 INVESTMENTS IN ASSOCIATES**

Name	2019			2018		
	Percentage of ownership %	Percentage of voting rights %	Cost VND	Percentage of ownership %	Percentage of voting rights %	Cost VND
FCC Infrastructure Investment Joint Stock Company (i)	42.36	42.36	159,600,000,000	35.00	35.00	98,000,000,000
Ricons Construction Investment Joint Stock Company (ii)	14.30	23.11	57,960,000,000	14.87	24.03	57,960,000,000
Quang Trong Commercial Joint Stock Company (iii)	36.00	36.00	18,000,000,000	36.00	36.00	18,000,000,000
			<u>235,560,000,000</u>			<u>173,960,000,000</u>

- (i) 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.
- (ii) 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 to 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.
- (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 trading and provision of project management services.

As at 31 December 2019, the Company 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.

**15 PROVISION FOR LONG-TERM INVESTMENTS**

	2019 VND	2018 VND
FCC Infrastructure Investment Joint Stock Company	69,605,221,824	-
Quang Trong Commercial Joint Stock Company	18,000,000,000	18,000,000,000
	<u>87,605,221,824</u>	<u>18,000,000,000</u>

**16 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 (*)	2,877,926,942,561	2,877,926,942,561	2,526,810,529,016	2,526,810,529,016
Related parties (Note 38(b))	951,043,147,699	951,043,147,699	2,540,179,120,005	2,540,179,120,005
	<u>3,828,970,090,260</u>	<u>3,828,970,090,260</u>	<u>5,066,989,649,021</u>	<u>5,066,989,649,021</u>

(\*) As at 31 December 2019, there is no suppliers accounting from 10% or more of the total balance of short-term advances from customers – third parties.

**17 SHORT-TERM ADVANCES FROM CUSTOMERS**

	2019 VND	2018 VND
Third parties (*)	672,338,835,120	629,201,619,567
Related parties (Note 38(b))	-	16,005,154,858
	<u>672,338,835,120</u>	<u>645,206,774,425</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 Property Business Joint Stock Company	114,618,345,120	30,660,106,030
Nam Long Investment Joint Stock Company	81,985,535,472	-
Thai Son Investment Construction Corporation	76,609,584,169	-
Uniprime Investment Development Corporation	69,846,217,233	-
Phu My Hung Development Corporation	69,089,850,597	-

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18 TAX AND OTHER PAYABLES TO THE STATE BUDGET

	Opening balance VND	Payable during the year VND	Net-off during the year VND	Paid during the year VND	Closing balance VND
Business income tax	43,048,446,326	116,165,637,974	-	(134,855,694,354)	24,358,389,946
Personal income tax	28,428,756,285	104,221,120,494	-	(95,180,779,502)	37,469,097,277
Value added tax	-	1,818,267,140,614	(1,530,798,064,635)	(287,469,075,979)	-
Others	-	6,614,829,067	-	(6,614,829,067)	-
	<u>71,477,202,611</u>	<u>2,045,268,728,149</u>	<u>(1,530,798,064,635)</u>	<u>(524,120,378,902)</u>	<u>61,827,487,223</u>



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**19 SHORT-TERM ACCRUED EXPENSES**

	<b>2019 VND</b>	<b>2018 VND</b>
Construction costs	1,596,632,786,852	838,293,501,289
Others	2,360,000,000	-
	<u>1,598,992,786,852</u>	<u>838,293,501,289</u>

**20 SHORT-TERM UNEARNED REVENUE**

	<b>2019 VND</b>	<b>2018 VND</b>
Unearned revenue from constructions	<u>52,996,977,238</u>	<u>5,135,013,358</u>

**21 OTHER PAYABLES**

**(a) Short-term**

	<b>2019 VND</b>	<b>2018 VND</b>
Payables to construction teams and employees	22,362,884,539	147,352,774,469
Allowance for the Board of Directors and the Board of Supervision	600,000,000	8,062,530,000
Dividend payables	697,164,375	847,842,925
Others	8,657,733,348	4,570,587,482
	<u>32,317,782,262</u>	<u>160,833,734,876</u>

**(b) Long-term**

	<b>2019 VND</b>	<b>2018 VND</b>
Long-term deposits received	<u>542,006,657</u>	<u>662,352,826</u>



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**22 PROVISION FOR LIABILITIES**

**(a) Short-term**

	<b>2019 VND</b>	<b>2018 VND</b>
Provision for construction warranty	<u>46,559,156,812</u>	<u>63,173,236,334</u>

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

	<b>2019 VND</b>	<b>2018 VND</b>
Opening balance	63,173,236,334	65,464,068,878
Increase	12,836,009,200	29,651,017,018
Reversal	(14,578,310,191)	(10,531,366,891)
Utilisation	(14,871,778,531)	(21,410,482,671)
Closing balance	<u>46,559,156,812</u>	<u>63,173,236,334</u>

**(b) Long-term**

	<b>2019 VND</b>	<b>2018 VND</b>
Provision for severance allowance	<u>6,310,251,884</u>	<u>8,533,612,676</u>

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

	<b>2019 VND</b>	<b>2018 VND</b>
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	<u>6,310,251,884</u>	<u>8,533,612,676</u>

**23 BONUS AND WELFARE FUND**

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

	<b>2019 VND</b>	<b>2018 VND</b>
Opening balance	124,572,650,726	157,794,474,704
Increase	57,516,000,000	73,554,500,000
Utilisation	(118,716,024,745)	(106,776,323,978)
Closing balance	<u>63,372,625,981</u>	<u>124,572,650,726</u>

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**24 OWNERS' CAPITAL**

**(a) Number of shares**

	<b>2019</b>	<b>2018</b>
	<b>Ordinary</b>	<b>Ordinary</b>
	<b>shares</b>	<b>shares</b>
Number of shares registered	79,255,000	78,355,000
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	76,292,573	75,478,873

**(b) Details of owners' shareholding**

	<b>2019</b>		<b>2018</b>	
	<b>Ordinary</b>	<b>%</b>	<b>Ordinary</b>	<b>%</b>
	<b>shares</b>		<b>shares</b>	
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>

**(c) Movement of share capital**

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

Par value per share: VND10,000.

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25 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Undistributed earnings VND	Total VND
As at 1 January 2018	770,500,000,000	2,958,550,175,385	(22,832,460,000)	1,824,635,550,792	1,256,125,433,250	6,786,978,699,427
New shares issued	13,050,000,000	39,095,000,000	-	-	-	52,145,000,000
Net profit during the year	-	-	-	-	1,064,588,653,256	1,064,588,653,256
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	-	-	-	759,075,800,000	(759,075,800,000)	-
Appropriation to bonus and welfare fund	-	-	-	-	(73,554,500,000)	(73,554,500,000)
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)	2,583,711,350,792	1,096,642,066,506	7,021,989,653,684
New shares issued (i)	9,000,000,000	41,345,000,000	-	-	-	50,345,000,000
Net profit during the year	-	-	-	-	450,731,941,111	450,731,941,111
Shares repurchases	-	-	(3,865,600,000)	-	-	(3,865,600,000)
Appropriation to investment and development fund (ii)	-	-	-	581,765,000,000	(581,765,000,000)	-
Appropriation to bonus and welfare fund (ii)	-	-	-	-	(57,516,000,000)	(57,516,000,000)
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)	3,165,476,350,792	679,215,288,617	7,232,807,275,795

- (i) According to Resolution No. 01/2018/NQ-ĐHCD 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 per share of VND56,000.
- (ii) According to the General Meeting of shareholders' Resolution No. 01/2019/NQ-ĐHCD dated 9 April 2019, the Company has appropriated the investment and development fund, bonus and welfare fund, and declared dividend from the 2018 post-tax undistributed earnings with the respective amounts of VND581,765,000,000, VND57,516,000,000 and VND229,136,619,000.

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

The capital from the new share issuance during the period from 18 October 2016 to 16 November 2016 are fully utilised during the year.

In addition, the Company has reported the capital expenditure - the utilisation of the capital resulting from the new share issuance above - for the following approved investment purposes:

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.

**26 DIVIDENDS**

Movements of dividends payable during the year are as follows:

	<b>2019 VND</b>	<b>2018 VND</b>
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	<u>697,164,375</u>	<u>847,842,925</u>

**27 OFF BALANCE SHEET ITEMS****(a) Foreign currency**

As at 31 December 2019, included in cash and cash equivalents are balances held in foreign currency of USD145,184.47 (As at 31 December 2018: USD2,083.59).

**(b) Capital contribution commitment**

As at 31 December 2019, the Company had a capital obligation to Covestcons Company Limited, a subsidiary (Note 13) with an amount of VND0 (As at 31 December 2018: VND1,603,000,000,000) (Note 39(b)).

**28 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES**

	<b>2019 VND</b>	<b>2018 VND</b>
Net revenue from construction contracts (*)	18,592,812,548,932	21,404,441,593,261
Net revenue from investment property activities	16,422,825,623	16,437,339,873
Net revenue from leasing out construction equipment	15,322,063,590	13,140,537,744
Net revenue from sales of construction materials, tools and equipment	95,928,781,471	15,715,914,596
	<u>18,720,486,219,616</u>	<u>21,449,735,385,474</u>

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**28 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES  
(continued)**

(\*) Net revenue from construction contracts are as follows:

	<b>2019 VND</b>	<b>2018 VND</b>
Net revenue from outstanding construction contracts recognised during the year	18,235,122,835,807	20,955,653,815,325
Net revenue from completed construction contracts recognised during the year	<u>357,689,713,125</u>	<u>448,787,777,936</u>
	<u><u>18,592,812,548,932</u></u>	<u><u>21,404,441,593,261</u></u>
	<b>2019 VND</b>	<b>2018 VND</b>
Net accumulated revenue from outstanding construction contracts up to end of this year	<u><u>57,492,801,217,347</u></u>	<u><u>44,123,448,659,722</u></u>

**29 COST OF GOODS SOLD AND SERVICES RENDERED**

	<b>2019 VND</b>	<b>2018 VND</b>
Cost of construction contracts	17,863,425,127,747	20,115,830,102,149
Cost of investment property activities	9,563,283,190	9,435,241,973
Cost of construction equipment leased out	14,408,158,558	12,371,062,697
Cost of construction materials, tools and equipment sold	<u>89,258,975,098</u>	<u>10,146,880,422</u>
	<u><u>17,976,655,544,593</u></u>	<u><u>20,147,783,287,241</u></u>

**30 FINANCIAL INCOME**

	<b>2019 VND</b>	<b>2018 VND</b>
Interest income	167,283,658,777	286,038,384,109
Dividend income	22,680,000,000	13,608,000,000
Realised foreign exchange gains	-	30,141,040
Unrealised foreign exchange gains	-	29,740,646
	<u><u>189,963,658,777</u></u>	<u><u>299,706,265,795</u></u>

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31 FINANCIAL EXPENSES

	2019 VND	2018 VND
Provision for long-term investment	69,605,221,824	-
Realised foreign exchange loss	1,288,558	1,512,092
	<u>69,606,510,382</u>	<u>1,512,092</u>

32 GENERAL AND ADMINISTRATION EXPENSES

	2019 VND	2018 VND
Salary expenses	239,592,231,524	251,047,008,973
Depreciation and amortisation	24,732,147,294	24,031,920,915
Outside service expenses	31,364,210,309	36,110,611,178
Reversal of provision for severance allowances	(1,070,237,792)	(1,385,511,310)
Provision for short-term doubtful debts	4,645,864,739	-
Other expenses	35,615,792,263	58,852,352,119
	<u>334,880,008,337</u>	<u>368,656,381,875</u>

33 OTHER INCOME AND OTHER EXPENSES

	2019 VND	2018 VND
<b>Other income</b>		
Reversal of provision for construction warranty	14,578,310,191	10,531,366,891
Reversal of over-accrued constructions costs	6,691,132,071	81,978,068,024
Net gains from disposal of fixed assets	3,799,318,971	3,285,957,391
Others	7,235,585,013	6,936,081,462
	<u>32,304,346,246</u>	<u>102,731,473,768</u>
<b>Other expense</b>		
Others	1,454,387,448	48,174,366



**34 BIT**

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

	<b>2019 VND</b>	<b>2018 VND</b>
Net accounting profit before tax	560,157,773,879	1,335,683,769,463
Tax calculated at a rate of 20%	112,031,554,776	267,136,753,892
Effect of:		
Income not subject to tax	(4,536,000,000)	(2,721,600,000)
Non-deductible expenses	2,407,387,157	2,852,402,871
(Over)/under-provision in previous years	(477,109,165)	3,827,559,444
BIT charge	<u>109,425,832,768</u>	<u>271,095,116,207</u>
Charged to separate income statement:		
BIT – current	108,981,160,610	270,745,110,854
BIT – deferred	444,672,158	350,005,353
BIT charge	<u>109,425,832,768</u>	<u>271,095,116,207</u>

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

**35 DEFERRED INCOME TAX**

Movements in the deferred income tax assets during the year are as follows:

	<b>2019 VND</b>	<b>2018 VND</b>
Opening balance	1,699,921,414	2,049,926,767
Credit to the separate income statement	(444,672,158)	(350,005,353)
Closing balance	<u>1,255,249,256</u>	<u>1,699,921,414</u>

**35 DEFERRED INCOME TAX (continued)****Details of deferred tax assets**

	<b>2019 VND</b>	<b>2018 VND</b>
Deductible temporary differences	<u>1,255,249,256</u>	<u>1,699,921,414</u>

Deductible temporary differences mainly comprise provision for severance allowance.

The Company uses tax rate of 20% for determining deferred tax assets.

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.

**36 COST OF OPERATION BY FACTOR**

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

	<b>2019 VND</b>	<b>2018 VND</b>
Raw materials	4,386,228,186,393	4,264,055,668,924
Salary expenses	731,350,037,176	1,706,294,410,865
Tools and supplies	196,012,508,090	229,303,558,949
Depreciation and amortisation	84,521,411,502	72,970,775,559
Outside service expenses	12,611,521,462,836	13,511,747,625,471
Other expenses	202,481,694,488	253,755,716,724
	<u>18,212,115,300,485</u>	<u>20,038,127,756,492</u>

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37 SEGMENT REPORTING

*Business segment*

	2019				Total VND
	Construction services VND	Investment properties activities VND	Leasing out of construction equipment VND	Selling construction materials, tools and equipment VND	
Net revenue from sales of goods and rendering of services	18,592,812,548,932	16,422,825,623	15,322,063,590	95,928,781,471	18,720,486,219,616
Cost of goods sold and services rendered	(17,863,425,127,747)	(9,563,283,190)	(14,408,158,558)	(89,258,975,098)	(17,976,655,544,593)
Gross profit from sales of goods and rendering of services	<u>729,387,421,185</u>	<u>6,859,542,433</u>	<u>913,905,032</u>	<u>6,669,806,373</u>	<u>743,830,675,023</u>
	2018				
	Construction services VND	Investment properties activities VND	Leasing out of construction equipment VND	Selling construction materials, tools and equipment VND	Total VND
Net revenue from sales of goods and rendering of services	21,404,441,593,261	16,437,339,873	13,140,537,744	15,715,914,596	21,449,735,385,474
Cost of goods sold and services rendered	(20,115,830,102,149)	(9,435,241,973)	(12,371,062,697)	(10,146,880,422)	(20,147,783,287,241)
Gross profit from sales of goods and rendering of services	<u>1,288,611,491,112</u>	<u>7,002,097,900</u>	<u>769,475,047</u>	<u>5,569,034,174</u>	<u>1,301,952,098,233</u>

*Geographical segment*

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

**38 RELATED PARTY DISCLOSURES**

The Company is a joint stock company. Details of the shareholders are presented in Note 24.

**(a) Related party transactions**

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

	2019 VND	2018 VND
<b>i) Sales of goods and rendering of services</b>		
Unicons Investment Construction Company Limited	15,807,576,191	14,673,941,042
Ricons Construction Investment Joint Stock Company	<u>334,699,465,685</u>	<u>74,353,227,291</u>
<b>ii) Purchases of goods and services</b>		
Unicons Investment Construction Company Limited	635,760,398,260	1,281,204,270,031
Ricons Construction Investment Joint Stock Company	<u>1,280,628,860,771</u>	<u>3,627,568,589,519</u>
<b>iii) Capital contribution to a subsidiary</b>		
Covestcons Company Limited	<u>1,603,000,000,000</u>	<u>243,000,000,000</u>
<b>iv) Capital contribution to an associate</b>		
FCC Infrastructure Joint Stock Company	61,600,000,000	-
Ricons Construction Investment Joint Stock Company	-	<u>37,800,000,000</u>
<b>v) Sales of fixed assets</b>		
Unicons Investment Construction Company Limited	<u>857,425,645</u>	<u>690,909,091</u>
<b>vi) Dividend received</b>		
Ricons Construction Investment Joint Stock Company	<u>22,680,000,000</u>	<u>13,608,000,000</u>
<b>vii) Remuneration of the Board of Directors, Board of Supervision and salaries, bonus of the Board of Management</b>		
	<u>37,014,184,413</u>	<u>35,286,629,709</u>

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## 38 RELATED PARTY DISCLOSURES (continued)

## (b) Year end balances with related parties

	2019 VND	2018 VND
<b>Short-term trade accounts receivable (Note 5)</b>		
Unicons Investment Construction Company Limited	2,565,160,991	4,555,211,657
Ricons Construction Investment Joint Stock Company	176,096,844,135	-
	<u>178,662,005,126</u>	<u>4,555,211,657</u>
<b>Other short-term receivable (Note 7)</b>		
Covestcons Company Limited	34,130,684,931	-
	<u>34,130,684,931</u>	<u>-</u>
<b>Short-term trade accounts payable (Note 16)</b>		
Unicons Investment Construction Company Limited	264,012,053,673	592,075,405,967
Ricons Construction Investment Joint Stock Company	593,792,393,704	1,948,103,714,038
Riland Investment Joint Stock Company	93,238,700,322	-
	<u>951,043,147,699</u>	<u>2,540,179,120,005</u>
<b>Short-term advances from customers (Note 17)</b>		
Ricons Construction Investment Joint Stock Company	-	16,005,154,858
	<u>-</u>	<u>16,005,154,858</u>

## 39 COMMITMENTS

## (a) Operating lease commitment

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

	2019 VND	2018 VND
Within 1 year	12,541,798,724	9,187,086,900
From 1 to 5 years	45,700,425,063	9,798,894,900
	<u>58,242,223,787</u>	<u>18,985,981,800</u>

**39 COMMITMENTS (continued)****(b) Capital contribution commitment**

The Company had a capital contribution obligation to Covestcons Company Limited, a subsidiary as follows:

As at 31 December 2019			
Charter capital VND	Committed amount VND	Contributed amount VND	To be contributed VND
1,872,000,000,000	1,872,000,000,000	1,872,000,000,000	-
As at 31 December 2018			
Charter Capital VND	Committed amount VND	Contributed amount VND	To be contributed VND
1,872,000,000,000	1,872,000,000,000	269,000,000,000	1,603,000,000,000

**(c) Other commitments**

As at 31 December 2019, the Company had outstanding guarantees with the banks with total amount of VND4,324,420,089,194.

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

Tran Thi Thanh Van  
Preparer

Vu Thi Hong Hanh  
Chief Accountant



Nguyen Sy Cong  
General Director

