

577 Investment Corporation

Consolidated financial statements

For the year ended 31 December 2018

577 Investment Corporation

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577 Investment Corporation

GENERAL INFORMATION

THE COMPANY

577 Investment Corporation (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate (“BRC”) No. 4103003556 issued by the Department of Planning and Investment of Ho Chi Minh City on 4 July 2005, and as amended.

The Company’s shares were officially listed on the Ho Chi Minh City Stock Exchange (“HOSE”) on 20 November 2008 with the stock code as NBB.

The principal activities as of the Company are to develop and trade real estate properties, to provide transportation and civil construction services, to invest infrastructure, to exploit and process mineral.

The Company’s registered head office is located at Carina Plaza Tower, 1648 Vo Van Kiet, Ward 16, District 8, Ho Chi Minh City, Viet Nam and 4 dependent accounting branches are as below:

- Binh Thuan Branch, registered at 47 Tran Hung Dao, Phu Thuy Ward, Phan Thiet City, Binh Thuan Province, Viet Nam.
- Tay Nam Branch, registered at C7-TTTM Ba Trieu, Ward 3, Bac Lieu City, Bac Lieu Province, Viet Nam.
- Mien Bac Branch, registered at Group 1, Block 6, Bai Chay Ward, Ha Long City, Quang Ninh Province, Viet Nam.
- Quang Ngai Branch, registered at Truong Tho Dong Residential Group, Truong Quang Trong Ward, Quang Ngai City, Quang Ngai Province, Viet Nam.

BOARD OF DIRECTORS

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

| | | |
|----------------------|----------|----------------------------|
| Mr Doan Tuong Trieu | Chairman | |
| Mr Mai Thanh Truc | Member | |
| Mr Hoang Huu Tuong | Member | |
| Mr Chong Kuan Yew | Member | |
| Mr Nguyen Phi Thuong | Member | |
| Mr Hoang Thanh Tung | Member | |
| Mr Luu Hai Ca | Member | appointed on 24 April 2018 |

BOARD OF SUPERVISION

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

| | |
|-----------------------|--------|
| Ms Nguyen Quynh Huong | Head |
| Mr Vo Hoang Chuong | Member |
| Mr Nguyen Van Tung | Member |

MANAGEMENT

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

| | |
|---------------------|------------------------------|
| Mr Doan Tuong Trieu | Chief Executive Officer |
| Mr Mai Thanh Truc | Chief Finance Officer |
| Mr Luu Hai Ca | Acting Chief Project Officer |

577 Investment Corporation

GENERAL INFORMATION (continued)

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Doan Tuong Trieu.

AUDITORS

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

577 Investment Corporation

REPORT OF MANAGEMENT

Management of 577 Investment Corporation (“the Company”) is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) for the year ended 31 December 2018.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Group and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing those consolidated financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- ▶ prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of the consolidated results of its operations and its consolidated cash flows for the year ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

For and on behalf of management:



Doan Tuong Trieu
Chief Executive Officer

Ho Chi Minh City, Viet Nam

28 March 2019



Ernst & Young Vietnam Limited
20th Floor, Bitexco Financial Tower
2 Hai Trieu Street, District 1
Ho Chi Minh City, S.R. of Vietnam

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Reference: 61283494/20264173-HN

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of 577 Investment Corporation

We have audited the accompanying consolidated financial statements of 577 Investment Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Group"), as prepared on 28 March 2019 and set out on pages 6 to 48, which comprise the consolidated balance sheet as at 31 December 2018, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2018, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the consolidated financial statements.

Emphasis of matters

We draw attention to *Note 35* to the consolidated financial statements. On 23 March 2018, the Carina Plaza apartment building located at 1648 Vo Van Kiet Street, Ward 16, District 8, Ho Chi Minh City; which was developed by Hung Thanh Construction - Trading - Service - Production Co., Ltd (“Hung Thanh Company”), a subsidiary in which the Company holds 95% of voting rights, and is managed and operated by a third party in accordance with the operation and management services agreement dated 15 December 2016; experienced a serious fire causing loss of lives and property damages. The fire was objectively caused by the electrical problems of motorbikes in accordance with Notice No. 1732/TB-PC44-D3 from Ho Chi Minh City Police Investigation Department dated 9 July 2018 in relation to the result of inspections. Legal obligations and compensation for damages related to the incident has been investigated and verified by authorized investigative agencies.

In addition, as presented in *Note 8* to the consolidated financial statements, Hung Thanh Company, financed by the Company, had made the advance payments amounting to VND 77,855,271,704 for compensatory damages and for tackling the consequences of the fire, which is currently being recognized as other short-term receivables. As at the date of the consolidated financial statements, the Group’s management have not yet recorded any expenses and provisions related to this incident as the ultimate outcome has not yet presently been determined awaiting for the official conclusions from the authorized investigative agencies.

Our opinion is not modified in respect to these matters.

Ernst & Young Vietnam Limited



Le Quang Minh
Deputy General Director
Audit Practicing Registration Certificate
No: 0426-2018-004-1

Nguyen Quoc Hoang
Auditor
Audit Practicing Registration Certificate
Số 2787-2016-004-1

Ho Chi Minh City, Vietnam

28 March 2019

CONSOLIDATED BALANCE SHEET
as at 31 December 2018

VND

| Code | ASSETS | Notes | Ending balance | Beginning balance |
|------------|--|-----------|--------------------------|--------------------------|
| 100 | A. CURRENT ASSETS | | 4,692,608,054,768 | 4,490,324,634,494 |
| 110 | I. Cash and cash equivalents | 5 | 130,598,980,236 | 246,138,616,283 |
| 111 | 1. Cash | | 110,798,126,950 | 228,233,526,409 |
| 112 | 2. Cash equivalents | | 19,800,853,286 | 17,905,089,874 |
| 130 | II. Current account receivables | | 1,371,623,496,149 | 950,968,730,935 |
| 131 | 1. Short-term trade receivables | 6 | 506,166,459,102 | 72,294,966,782 |
| 132 | 2. Short-term advances to suppliers | 7 | 546,274,119,637 | 474,288,247,385 |
| 136 | 3. Other short-term receivables | 8 | 319,892,728,896 | 405,099,429,554 |
| 137 | 4. Provision for doubtful short-term receivables | 6 | (709,811,486) | (713,912,786) |
| 140 | III. Inventories | 9 | 3,133,410,175,319 | 3,248,395,374,298 |
| 141 | 1. Inventories | | 3,133,410,175,319 | 3,248,395,374,298 |
| 150 | IV. Other current assets | | 56,975,403,064 | 44,821,912,978 |
| 151 | 1. Short-term prepaid expenses | | 250,835,582 | 27,972,166 |
| 152 | 2. Value-added tax deductible | 19 | 56,724,567,482 | 34,144,963,559 |
| 153 | 3. Tax and other receivables from the State | 19 | - | 10,648,977,253 |
| 200 | B. NON-CURRENT ASSETS | | 426,058,871,678 | 491,126,342,404 |
| 210 | I. Long-term receivables | | 163,916,413,229 | 179,540,513,761 |
| 215 | 1. Long-term loan receivables | | - | 30,648,060,434 |
| 216 | 2. Other long-term receivables | 8 | 163,916,413,229 | 148,892,453,327 |
| 220 | II. Fixed assets | | 81,809,363,824 | 87,982,943,750 |
| 221 | 1. Tangible fixed assets | 11 | 77,793,259,078 | 83,966,839,004 |
| 222 | Cost | | 101,863,920,464 | 113,236,820,532 |
| 223 | Accumulated depreciation | | (24,070,661,386) | (29,269,981,528) |
| 227 | 2. Intangible assets | | 4,016,104,746 | 4,016,104,746 |
| 228 | Cost | | 4,016,104,746 | 4,016,104,746 |
| 229 | Accumulated amortization | | - | - |
| 230 | III. Investment properties | 12 | 59,739,615,727 | 62,194,109,323 |
| 231 | 1. Cost | | 67,786,031,001 | 67,786,031,001 |
| 232 | 2. Accumulated depreciation | | (8,046,415,274) | (5,591,921,678) |
| 240 | IV. Long-term assets in progress | | 1,338,588,717 | 13,192,334,223 |
| 242 | 1. Construction in progress | 13 | 1,338,588,717 | 13,192,334,223 |
| 250 | V. Long-term investments | 14 | 11,939,135,190 | 5,374,978,308 |
| 252 | 1. Investments in associates | | 11,939,135,190 | 4,574,978,308 |
| 253 | 2. Investment in other entities | | 2,000,000,000 | 2,800,000,000 |
| 254 | 3. Provision for long-term investments | | (2,000,000,000) | (2,000,000,000) |
| 260 | VI. Other long-term assets | | 107,315,754,991 | 142,841,463,039 |
| 261 | 1. Long-term prepaid expenses | 15 | 106,513,194,991 | 130,969,924,303 |
| 262 | 2. Deferred tax assets | 32.4 | 802,560,000 | 2,376,508,497 |
| 269 | 3. Goodwill | 16 | - | 9,495,030,239 |
| 270 | TOTAL ASSETS | | 5,118,666,926,446 | 4,981,450,976,898 |

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2018

VND

| Code | RESOURCES | Notes | Ending balance | Beginning balance |
|------------|---|-------|--------------------------|--------------------------|
| 300 | C. LIABILITIES | | 3,048,021,473,740 | 3,057,675,039,994 |
| 310 | I. Current liabilities | | 2,437,700,976,322 | 2,306,869,827,986 |
| 311 | 1. Short-term trade payables | 17 | 140,489,745,162 | 102,444,964,822 |
| 312 | 2. Short-term advances from customers | 18 | 41,088,356,492 | 420,530,541,055 |
| 313 | 3. Statutory obligations | 19 | 46,908,746,583 | 26,796,958,676 |
| 314 | 4. Payables to employees | | 1,491,476,007 | 1,302,900,390 |
| 315 | 5. Short-term accrued expenses | 20 | 162,119,577,060 | 142,074,672,397 |
| 319 | 6. Other short-term payables | 21 | 1,785,506,924,452 | 1,010,092,342,100 |
| 320 | 7. Short-term loans | 23 | 242,316,887,454 | 579,418,887,454 |
| 322 | 8. Bonus and welfare fund | 22 | 17,779,263,112 | 24,208,561,092 |
| 330 | II. Non-current liabilities | | 610,320,497,418 | 750,805,212,008 |
| 337 | 1. Other long-term liabilities | 21 | 462,222,703,176 | 566,926,120,720 |
| 338 | 2. Long-term loans | 23 | 85,597,794,242 | 119,570,000,000 |
| 339 | 3. Convertible bonds | 24 | 52,500,000,000 | 52,500,000,000 |
| 341 | 4. Deferred tax liabilities | 32.4 | - | 1,809,091,288 |
| 342 | 5. Long-term provisions | | 10,000,000,000 | 10,000,000,000 |
| 400 | D. OWNERS' EQUITY | | 2,070,645,452,706 | 1,923,775,936,904 |
| 410 | I. Capital | | 2,070,645,452,706 | 1,923,775,936,904 |
| 411 | 1. Share capital | 25.1 | 975,715,740,000 | 975,715,740,000 |
| 411a | - Shares with voting rights | | 975,715,740,000 | 975,715,740,000 |
| 412 | 2. Share premium | 25.1 | 459,600,399,732 | 459,600,399,732 |
| 415 | 3. Treasury shares | 25.1 | (6,891,019,437) | (6,891,019,437) |
| 418 | 4. Investment and development fund | 25.1 | 131,477,728,497 | 131,477,728,497 |
| 421 | 5. Undistributed earnings | 25.1 | 355,410,457,541 | 208,558,908,576 |
| 421a | - Undistributed earnings by the end of prior year | | 202,504,459,278 | 135,692,707,694 |
| 421b | - Undistributed earnings of current year | | 152,905,998,263 | 72,866,200,882 |
| 429 | 6. Non-controlling interests | 26 | 155,332,146,373 | 155,314,179,536 |
| 440 | TOTAL LIABILITIES AND OWNERS' EQUITY | | 5,118,666,926,446 | 4,981,450,976,898 |



Preparer
Nguyen Van Minh



Chief Accountant
Truong Hai Dang Khoa



Chief Executive Officer
Doan Tuong Trieu

28 March 2019

CONSOLIDATED INCOME STATEMENT
for year ended 31 December 2018

VND

| Code | ITEMS | Notes | Current year | Previous year |
|------|---|-------|-------------------|-------------------|
| 10 | 1. Net revenue from sale of goods and rendering of services | 27.1 | 1,139,374,006,328 | 1,058,506,680,043 |
| 11 | 2. Cost of goods sold and services rendered | 28 | (872,094,277,461) | (927,153,893,249) |
| 20 | 3. Gross profit from sale of goods and rendering of services | | 267,279,728,867 | 131,352,786,794 |
| 21 | 4. Finance income | 27.2 | 508,121,260 | 48,403,028,166 |
| 22 | 5. Finance expenses | 29 | (37,243,506,235) | (28,640,014,234) |
| 23 | In which: Interest expense | | (33,742,893,042) | (24,518,092,781) |
| 25 | 6. Selling expenses | 30 | (37,791,577,390) | (56,049,294,512) |
| 26 | 7. General and administrative expenses | 30 | (19,834,962,843) | (24,904,498,809) |
| 30 | 8. Operating profit | | 172,917,803,659 | 70,162,007,405 |
| 31 | 9. Other income | 31 | 24,762,830,637 | 10,247,872,000 |
| 32 | 10. Other expenses | 31 | (2,331,302,035) | (4,824,714,220) |
| 40 | 11. Other profit | 31 | 22,431,528,602 | 5,423,157,780 |
| 50 | 12. Accounting profit before tax | | 195,349,332,261 | 75,585,165,185 |
| 51 | 13. Current corporate income tax expense | 32.1 | (41,121,388,384) | (7,861,524,984) |
| 52 | 14. Deferred tax income | 32.1 | 235,142,791 | 5,700,632,502 |
| 60 | 15. Net profit after tax | | 154,463,086,668 | 73,424,272,703 |
| 61 | 16. Net profit after tax attributable to shareholders of the parent | | 152,905,998,263 | 72,866,200,882 |
| 62 | 17. Net profit after tax attributable to non-controlling interests | | 1,557,088,405 | 558,071,821 |
| 70 | 18. Basic earnings per share | 25.4 | 1,491 | 946 |
| 71 | 19. Diluted earnings per share | 25.4 | 1,448 | 917 |



Preparer
Nguyen Van Minh



Chief Accountant
Truong Hai Dang Khoa



Chief Executive Officer
Doan Tuong Trieu

28 March 2019

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2018

VND

| Code | ITEMS | Notes | Current year | Previous year |
|-----------|---|-------|--------------------------|--------------------------|
| | I. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 01 | Accounting profit before tax | | 195,349,332,261 | 75,585,165,185 |
| | <i>Adjustments for:</i> | | | |
| 02 | Depreciation and amortisation | | 9,673,699,303 | 13,379,457,878 |
| 03 | Provisions | | - | 1,626,966,562 |
| 05 | Profits from investing activities | | (1,314,463,284) | (42,989,626,510) |
| 06 | Interest expense | 29 | 33,742,893,042 | 24,518,092,781 |
| 08 | Operating profit before changes in working capital | | 237,451,461,322 | 72,120,055,896 |
| 09 | (Increase) decrease in receivables | | (418,963,130,048) | 27,492,070,508 |
| 10 | Decrease in inventories | | 149,848,656,217 | 105,183,627,511 |
| 11 | Increase in payables | | 317,131,274,516 | 162,522,186,624 |
| 12 | Decrease (increase) in prepaid expenses | | 24,233,865,896 | (51,781,974,022) |
| 14 | Interest paid | | (54,715,266,299) | (148,009,147,151) |
| 15 | Corporate income tax paid | 19 | (4,954,043,840) | (17,209,027,443) |
| 17 | Other cash outflows from operating activities | | (10,924,970,288) | (2,741,377,001) |
| 20 | Net cash flows from operating activities | | 239,107,847,476 | 147,576,414,922 |
| | II. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 21 | Purchase of fixed assets and other long-term assets | | (289,349,091) | (1,462,859,830) |
| 22 | Proceeds from disposals of fixed assets | | 6,050,000,000 | 363,636,364 |
| 23 | Loans to other entities | | - | (1,555,718,000) |
| 24 | Collections from borrowers | | 4,307,416,666 | 58,578,888,889 |
| 26 | Proceeds from sale of investments in other entities | | 6,720,000,000 | 89,000,000,000 |
| 27 | Interest and dividends received | | 508,121,260 | 1,276,603,425 |
| 30 | Net cash flows from investing activities | | 17,296,188,835 | 146,200,550,848 |
| | III. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| 31 | Capital contribution and issuance of shares | | - | 319,687,039,700 |
| 33 | Drawdown of borrowings | 23 | 43,597,794,242 | 87,401,833,472 |
| 34 | Repayment of borrowings | 23 | (414,672,000,000) | (448,978,999,000) |
| 36 | Dividends paid | 25.2 | (869,466,600) | (117,814,417,200) |
| 40 | Net cash flows used in financing activities | | (371,943,672,358) | (159,704,543,028) |

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

VND

| Code | ITEMS | Notes | Current year | Previous year |
|------|---|-------|-------------------|-----------------|
| 50 | Net (decrease) increase in cash and cash equivalents for the year | | (115,539,636,047) | 134,072,422,742 |
| 60 | Cash and cash equivalents at beginning of year | | 246,138,616,283 | 112,066,193,541 |
| 70 | Cash and cash equivalents at year of end | 5 | 130,598,980,236 | 246,138,616,283 |



Preparer
Nguyen Van Minh



Chief Accountant
Trung Hai Dang Khoa



Chief Executive Officer
Doan Tuong Trieu

28 March 2019

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

1. CORPORATE INFORMATION

577 Investment Corporation (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate (“BRC”) No. 4103003556 issued by the Department of Planning and Investment (“DPI”) of Ho Chi Minh City on 4 July 2005, and as amended.

The Company’s shares were officially listed on the Ho Chi Minh City Stock Exchange (“HOSE”) on 20 November 2008 with the stock code as NBB.

The principal activities as of the Company and its subsidiaries (“the Group”) are to develop and trade real estate properties, to provide transportation and civil construction services, to invest infrastructure, to exploit and process mineral.

The Company’s registered head office is located at Carina Plaza Tower, 1648 Vo Van Kiet, Ward 16, District 8, Ho Chi Minh City, Viet Nam and 4 dependent accounting branches are as below:

- Binh Thuan Branch, registered at 47 Tran Hung Dao, Phu Thuy Ward, Phan Thiet City, Binh Thuan Province, Viet Nam.
- Tay Nam Branch, registered at C7-TTTM Ba Trieu, Ward 3, Bac Lieu City, Bac Lieu Province, Viet Nam.
- Mien Bac Branch, registered at Group 1, Block 6, Bai Chay Ward, Ha Long City, Quang Ninh Province, Viet Nam.
- Quang Ngai Branch, registered at Truong Tho Dong Residential Group, Truong Quang Trong Ward, Quang Ngai City, Quang Ngai Province, Viet Nam.

The number of Group’s employees as at 31 December 2018 was 107 (31 December 2017: 96).

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

1. **CORPORATE INFORMATION** (continued)

Corporate structure

As at 31 December 2018, the Company's corporate structure includes three direct subsidiaries, in which:

| <i>Name</i> | <i>Location</i> | <i>Percentage of ownership</i> | | <i>Principal activities</i> |
|---|--|--------------------------------|--------------------------|---|
| | | <i>Ending balance</i> | <i>Beginning balance</i> | |
| Hung Thanh Construction - Trading - Service - Production Co., Ltd. ("Hung Thanh") | 3 rd Floor, Block B, Carina PLaza, 1648 Vo Van Kiet, Ward 16, District 8, Ho Chi Minh City, Vietnam | 95% | 95% | Investing, managing industrial construction works and civil works; road projects, house and real estate trading |
| Huong Tra Company Limited ("Huong Tra") | Truong Tho Dong Residential Group, Truong Quang Trong Ward, Quang Ngai City, Quang Ngai Province, Vietnam | 99% | 99% | Trading materials, installation equipment in the construction; trading in gasoline and related products and exploiting rock, sand, soil, land, kaolin |
| Thu Thiem Land Company Limited ("DTT") | Carina Plaza Tower, 1648 Vo Van Kiet, Ward 16, District 8, Ho Chi Minh City, Viet Nam | 51% | 51% | Developing and trading real estate, land use rights and construction in civil works |

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

2. BASIS OF PREPARATION

2.1 Accounting standards and system

The consolidated financial statements of the Group expressed in Vietnam dong (“VND”), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

Accordingly, the accompanying consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam’s accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 Applied accounting documentation system

The Group’s applied accounting documentation system is the General Journal system.

2.3 Fiscal year

The Group’s fiscal year applicable for the preparation of its consolidated financial statements starts on 1 January and ends on 31 December.

2.4 Accounting currency

The consolidated financial statements are prepared in VND which is also the Group’s accounting currency.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries at 31 December 2018.

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Cash and cash equivalents*

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

3.2 *Receivables*

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

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

3.3 *Inventories*

Inventory property

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value.

Cost includes:

- ▶ Freehold and leasehold rights for land;
- ▶ Amounts paid to contractors for construction; and
- ▶ Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

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

The cost of inventory property recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Other inventories

Other inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

- | | | |
|------------------------------------|---|---|
| Raw materials, tools and supplies | - | cost of purchase on a weighted average basis. |
| Finished goods and work-in process | - | cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis. |

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *Inventories* (continued)

Provision for obsolete inventories

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

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

3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

3.5 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation.

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

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

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

Land use rights

Land use rights are recorded as intangible assets when the Group has the indefinite land use right certificates according to Circular No. 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 guiding the management, use and depreciation of fixed assets ("Circular 45"). The costs of land use rights comprise all directly attributable costs of bringing the land to the condition available for use.

3.6 *Depreciation and amortization*

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

| | |
|--------------------------|--------------|
| Buildings and structures | 5 - 25 years |
| Machinery and equipment | 4 - 10 years |
| Means of transportation | 6 - 8 years |
| Office equipment | 3 years |
| Other assets | 3 - 16 years |

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 *Investment properties*

Investment properties are stated at cost including transaction costs less accumulated depreciation and/or amortisation. Investment properties held for capital appreciation are not depreciated/amortised but subject to impairment review.

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

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

| | |
|--------------------------------|---------------|
| Shopping mall | 30 years |
| Swimming pool and tennis court | 10 - 30 years |

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

3.8 *Borrowing costs*

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

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

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

3.9 *Prepaid expenses*

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

The following types of expenses are recorded as long-term prepaid expense and are amortised or recorded in compatibility with revenue to the consolidated income statement:

- ▶ Tools and consumables with large value issued into production and can be used for more than one year;
- ▶ Show flat; and
- ▶ Brokerage commission expense.

3.10 *Business combinations and goodwill*

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 *Business combinations and goodwill* (continued)

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized over 10-year period on a straight-line basis. The parent company conducts the periodical review for impairment of goodwill of investment in subsidiaries. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the consolidated income statement.

When the acquisition of a subsidiary is not recognized as a business combination, it is treated as an asset acquisition transaction rather than a business combination. Accordingly, the purchasing price will be allocated to identifiable assets and liabilities based on their relative fair value at the purchasing date. Therefore, no goodwill arise from this transaction.

3.11 *Investments*

Investments in associates

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

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill arising on acquisition of the associates is included in the carrying amount of the investment and is amortized over 10-year period. The consolidated income statement reflects the share of the post-acquisition results of operation of the associates.

The share of post-acquisition profit (loss) of the associates is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend/profit sharing receivable from associates reduces the carrying amount of the investment.

The financial statements of the associates are prepared for the same reporting year and use the same accounting policies as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Investments in other entities

Investments in other entities are stated at their acquisition costs.

Provision for diminution in investments in entities

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

3.12 *Payables and accruals*

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 *Convertible bond*

Bonds that are convertible by the holder into a fixed number of ordinary shares of the entity are separated into financial liability (a contractual arrangement to deliver cash or another financial assets) and equity instrument (a call option granting the holder the right, for a specified period of time) based on the terms of the contract.

On issuance of the convertible bond, the fair value of the liability component is determined by discounting the future payment (including principal and interest) to present value at the market rate for an equivalent non-convertible bond less issuance cost. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are allocated during the lifetime of the bond following straight line basis. At initial recognition, issuance costs are deducted from the liability component of the bond.

3.14 *Treasury shares*

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

3.15 *Appropriation of net profits*

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to investors/shareholders after approval in the shareholder's meeting, and after making appropriation to reserve funds in accordance with the Group's Charter and Vietnam's regulatory requirements.

The Group maintains the following reserve funds which are appropriated from the Group's net profit as proposed by the Board of Directors and subject to approval by shareholders at the Annual General Meeting.

Investment and development fund

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

Bonus and welfare fund

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

3.16 *Earnings per share*

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Revenue recognition

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

Revenue from sales of town house and apartment

For completed town house and apartments sold by the Group, revenue and cost are recognised when the significant risks and rewards of ownership of houses and apartments have passed to the buyer.

Revenue from sales of land lots and related infrastructure

Income from sales of land lots in which infrastructure has been built is defined as the total received amount when land lots and related infrastructure were transferred to customer.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Rental income

Rental income arising from operating leases is accounted for on a straight line basis over the terms of the lease.

Rendering of services

Revenue from rendering of services is recognized when the services have been rendered and completed.

Interest income

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

Dividends

Revenue is recognised when the Group's right to receive the payment is established.

3.18 Taxation

Current income tax

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 *Taxation* (continued)

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

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

3.19 *Related parties*

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Segment information

A segment is a component determined separately by the Group which is engaged in providing products or related services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

The Group's principal activities are to trade in real estate, construction and other activities. These activities are mainly taking place within Vietnam. Therefore, the Group's management is of the view that the Group has only one geographic area as Vietnam. Accordingly, the Group presents segmented information by business segment and segmented information by geographical segment will not be presented.

4. DISPOSAL OF INTEREST IN SUBSIDIARY

During the year, the Group has disposed 41% of its interest ownership in Quang Ngai Mineral Investment Joint Stock Company ("QMI"), for the consideration of VND 8,200,000,000 to individual, in accordance with the Stock Transfer Agreement No. 05/HDCN dated 20 November 2018. Accordingly, Quang Ngai Mineral Investment Joint Stock Company becomes an associate of the Group from that date (*Note 14.1*).

5. CASH AND CASH EQUIVALENTS

| | VND | |
|----------------------|-------------------------------|-------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Cash on hand | 15,851,488,016 | 33,414,645,209 |
| Cash in banks | 94,946,638,934 | 194,818,881,200 |
| Cash equivalents (i) | 19,800,853,286 | 17,905,089,874 |
| TOTAL | <u>130,598,980,236</u> | <u>246,138,616,283</u> |

(i) Cash equivalents represent term deposits at Asia Commercial Joint Stock Bank with the original maturities of three (3) months and earn interest at the rate of 6.5% p.a.

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

6. SHORT-TERM TRADE RECEIVABLES

| | VND | |
|---|------------------------|--------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Due from customers of NBB Garden IV Complex Project, Tan Kien - Binh Chanh District | 357,617,727,000 | - |
| <i>In which:</i> | | |
| <i>Gia Linh Real Estate Corporation</i> | 127,403,482,500 | - |
| <i>Hung Vuong Real Estate Managment and Development Corporation</i> | 87,507,742,500 | - |
| <i>Dang Duong Real Estate Development Corporation</i> | 78,255,720,000 | - |
| <i>Individuals</i> | 64,450,782,000 | - |
| Due from customers of The City Gate Towers Apartment Project | 107,290,723,740 | 54,520,060,043 |
| Due from customers of Residential Project, Ward 2, Bac Lieu City | 28,588,878,000 | 679,781,875 |
| Due from Son Tinh Residential Project, Quang Ngai Province | 7,462,750,000 | 29,000,000 |
| Due from customers of The Carina Apartment Project | 1,406,900,230 | 4,625,241,171 |
| Due from other parties | 3,799,480,132 | 12,440,883,693 |
| TOTAL | 506,166,459,102 | 72,294,966,782 |
| Provision for doubtful short-term receivables | (709,811,486) | (713,912,786) |
| NET | 505,456,647,616 | 71,581,053,996 |

7. SHORT-TERM ADVANCES TO SUPPLIERS

| | VND | |
|--|------------------------|--------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Ho Chi Minh City Infrastructure Investment Joint Stock Company ("CII") | 299,980,000,000 | 299,980,000,000 |
| Arch Real Estate Service Joint Stock Company | 105,485,081,886 | 66,298,999,321 |
| CII E&C Construction One Limited Company | 54,814,784,967 | - |
| Ai Nghia Construction One Limited Company | 21,820,738,523 | 23,595,873,404 |
| Dien Thien Khang Produce - Commercial - Service - Construction Limited Company | 16,570,104,183 | 20,472,130,976 |
| Land Development Center of De - Lagi Resort Project | 15,745,157,413 | 12,856,567,724 |
| Others | 31,858,252,665 | 51,084,675,960 |
| TOTAL | 546,274,119,637 | 474,288,247,385 |
| <i>In which:</i> | | |
| <i>Related parties (Note 33)</i> | 299,980,000,000 | 299,980,000,000 |
| <i>Third parties</i> | 246,294,119,637 | 174,308,247,385 |

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

8. OTHER RECEIVABLES

| | <i>Ending balance</i> | <i>Beginning balance</i> |
|--|-------------------------------|-------------------------------|
| | <i>VND</i> | |
| Short-term | | |
| Arch Real Estate Service Joint Stock Company | 206,188,351,642 | 206,188,351,642 |
| Advance receivables for fire damages in Carina Apartment (<i>Note 35</i>) | 77,855,271,704 | - |
| Hifill Holding Company (formerly known as NBB Industrial Joint Stock Company) | 15,648,060,434 | - |
| Advance for land compensation of Diamond Riverside Apartment Project | 1,023,000,000 | 1,023,000,000 |
| Land Fund Development Centre - Quang Ngai Branch | 953,992,044 | 6,948,438,393 |
| Advance for land compensation of NBB Garden IV Complex Project, Tan Kien - Binh Chanh District | - | 146,440,054,439 |
| Advance for land compensation of NBB Garden III Apartment Project | - | 24,016,200,000 |
| Advance for land compensation of NBB Garden II Apartment Project | - | 6,113,825,160 |
| Others | 18,224,053,072 | 14,369,559,920 |
| | <u>319,892,728,896</u> | <u>405,099,429,554</u> |
| Long-term | | |
| Ho Chi Minh City Infrastructure Investment Joint Stock Company ("CII") (i) | 100,067,648,226 | 100,067,648,226 |
| Deposits | 48,848,765,003 | 48,824,805,101 |
| Hifill Holding Company | 15,000,000,000 | - |
| | <u>163,916,413,229</u> | <u>148,892,453,327</u> |
| TOTAL | <u>483,809,142,125</u> | <u>553,991,882,881</u> |
| <i>In which:</i> | | |
| <i>Third parties</i> | 381,741,493,899 | 450,924,234,655 |
| <i>Related parties (Note 33)</i> | 102,067,648,226 | 103,067,648,226 |

(i) Ending balance represented profit advance to CII - investment cooperation partner - for developing of The Diamond Riverside Apartment Project (*Note 21*).

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

9. INVENTORIES

| | VND | |
|-----------------------------|---------------------------------|---------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Real estate in progress (i) | 3,133,302,535,203 | 3,247,609,614,187 |
| Raw materials | 107,640,116 | 785,760,111 |
| TOTAL | <u>3,133,410,175,319</u> | <u>3,248,395,374,298</u> |

(i) Real estate in progress includes investment and development costs of the following projects:

| | VND | |
|--|---------------------------------|---------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| NBB Garden II Apartment Project | 710,306,096,038 | 717,729,287,113 |
| NBB Garden III Apartment Project | 671,324,714,382 | 500,796,054,260 |
| The Diamond Riverside Apartment Project (*) | 600,796,286,131 | 367,367,783,007 |
| Son Tinh Residential Project - Quang Ngai Province | 421,094,807,834 | 385,528,325,641 |
| Seafood Hill Villas Project - Quang Ninh Province | 371,655,335,696 | 165,225,117,858 |
| De - Lagi Resort Project (*) | 129,618,528,272 | 118,277,343,220 |
| The City Gate Towers Apartment Project | 124,964,656,846 | 524,587,673,202 |
| Thu Thiem New Urban Area Project | 69,383,766,727 | 69,333,766,727 |
| Ha Long Farm Ecological Urban Area Project | 27,996,328,839 | 27,996,328,839 |
| Residential Project, Ward 2, Bac Lieu City | 4,957,468,983 | 34,120,198,106 |
| Ruby Island Project - Quang Ngai Province | 1,204,545,455 | 1,022,727,274 |
| NBB Garden IV Complex Project - Tan Kien - Binh Chanh District | - | 335,625,008,940 |
| TOTAL | <u>3,133,302,535,203</u> | <u>3,247,609,614,187</u> |

(*) These are projects that the Group has signed BCC with others as disclosed in Note 21.

The value of land use rights and assets formed from the loans of some projects presented in the work-in progress of the Group as at 31 December 2018 were pledged to secure short-term loans as well as long-term loans (Note 23).

10. CAPITALIZED BORROWING COSTS

During the year, the Group capitalized borrowing costs amounting to VND 34,869,468,354 (previous year: VND 126,894,621,987) into the cost of projects.

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

11. TANGIBLE FIXED ASSETS

| | | | | | | VND |
|----------------------------------|-------------------------------------|------------------------------------|------------------------------------|-----------------------------|----------------------|-------------------------|
| | <i>Buildings and structures</i> | <i>Machinery and equipment</i> | <i>Means of transportation</i> | <i>Office equipment</i> | <i>Others</i> | <i>Total</i> |
| Cost: | | | | | | |
| Beginning balance | 85,024,474,790 | 11,704,658,119 | 12,495,699,698 | 1,540,435,364 | 2,471,552,561 | 113,236,820,532 |
| New purchase | - | - | - | 108,909,091 | - | 108,909,091 |
| Disposal | (5,163,640,909) | (4,849,427,612) | (1,468,740,638) | - | - | (11,481,809,159) |
| Ending balance | <u>79,860,833,881</u> | <u>6,855,230,507</u> | <u>11,026,959,060</u> | <u>1,649,344,455</u> | <u>2,471,552,561</u> | <u>101,863,920,464</u> |
| <i>In which:</i> | | | | | | |
| <i>Fully depreciated</i> | - | 994,009,166 | 3,352,195,424 | 326,326,091 | 66,084,065 | 4,738,614,746 |
| Accumulated depreciation: | | | | | | |
| Beginning balance | (12,565,763,789) | (7,501,512,193) | (7,800,581,593) | (417,346,469) | (984,777,484) | (29,269,981,528) |
| Depreciation for the year | (1,692,041,051) | (12,849,996) | (1,310,729,146) | (247,322,915) | - | (3,262,943,108) |
| Disposal | 2,806,176,534 | 4,661,152,747 | 994,933,969 | - | - | 8,462,263,250 |
| Ending balance | <u>(11,451,628,306)</u> | <u>(2,853,209,442)</u> | <u>(8,116,376,770)</u> | <u>(664,669,384)</u> | <u>(984,777,484)</u> | <u>(24,070,661,386)</u> |
| Net carrying amount: | | | | | | |
| Beginning balance | <u>72,458,711,001</u> | <u>4,203,145,926</u> | <u>4,695,118,105</u> | <u>1,123,088,895</u> | <u>1,486,775,077</u> | <u>83,966,839,004</u> |
| Ending balance | <u>68,409,205,575</u> | <u>4,002,021,065</u> | <u>2,910,582,290</u> | <u>984,675,071</u> | <u>1,486,775,077</u> | <u>77,793,259,078</u> |

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

12. INVESTMENT PROPERTIES

| | | | VND |
|----------------------------------|---|--|------------------------|
| | <i>Swimming pool and tennis court</i> | <i>Shopping mall of Carina Apartment</i> | <i>Total</i> |
| Cost: | | | |
| Beginning and ending balances | <u>11,334,257,682</u> | <u>56,451,773,319</u> | <u>67,786,031,001</u> |
| Accumulated amortization: | | | |
| Beginning balance | (1,712,499,936) | (3,879,421,742) | (5,591,921,678) |
| Amortization for the year | <u>(572,767,824)</u> | <u>(1,881,725,772)</u> | <u>(2,454,493,596)</u> |
| Ending balance | <u>(2,285,267,760)</u> | <u>(5,761,147,514)</u> | <u>(8,046,415,274)</u> |
| Net carrying amount: | | | |
| Beginning balance | <u>9,621,757,746</u> | <u>52,572,351,577</u> | <u>62,194,109,323</u> |
| Ending balance | <u>9,048,989,922</u> | <u>50,690,625,805</u> | <u>59,739,615,727</u> |

Additional disclosure on:

The rental income and operating expenses information relating to investment properties is presented as follows:

| | VND | |
|--|---------------------|----------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Rental income from investment properties | 3,413,890,910 | 6,199,904,515 |
| Direct operating expenses of investment properties that generated rental income during the year | (2,454,493,596) | (2,454,493,596) |

The fair value of the investment properties was not formally assessed and determined as at 31 December 2018. However, it is management's assessment that these properties' market value is higher than its carrying value as at the balance sheet date.

13. CONSTRUCTION IN PROGRESS

| | VND | |
|-----------------------------|-----------------------------|------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Mo Duc Titanium mining zone | - | 12,034,185,506 |
| Others | <u>1,338,588,717</u> | <u>1,158,148,717</u> |
| TOTAL | <u>1,338,588,717</u> | <u>13,192,334,223</u> |

14. LONG-TERM INVESTMENTS

| | VND | |
|--|------------------------------|-----------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Investments in associates (<i>Note 14.1</i>) | 11,939,135,190 | 4,574,978,308 |
| Investments in other entities (<i>Note 14.2</i>) | <u>2,000,000,000</u> | <u>2,800,000,000</u> |
| TOTAL | <u>13,939,135,190</u> | <u>7,374,978,308</u> |
| Provision for long-term investments | <u>(2,000,000,000)</u> | <u>(2,000,000,000)</u> |
| NET | <u>11,939,135,190</u> | <u>5,374,978,308</u> |

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

14. LONG-TERM INVESTMENTS (continued)

14.1 Investments in associates

| Name | Business activity | Status of operation | Ending balance | | Beginning balance | |
|---|-------------------|---------------------|----------------|------------------------------|-------------------|-----------------------------|
| | | | Ownership | Carrying value | Ownership | Carrying value |
| | | | % | (VND) | % | (VND) |
| Tam Phu Investment and Construction Co., Ltd. | Real estate | Operating | 49 | 4,574,978,308 | 49 | 4,574,978,308 |
| Quang Ngai Mineral Investment Joint Stock Company | Mining | Operating | 49 | 7,364,156,882 | - | - |
| TOTAL | | | | <u>11,939,135,190</u> | | <u>4,574,978,308</u> |

Details of investments in associates as at 31 December 2018 are presented as follows:

| | VND | | |
|--|--|--|-----------------------|
| | <i>Tam Phu Investment and Construction Co., Ltd.</i> | <i>Quang Ngai Mineral Investment Joint Stock Company</i> | <i>Total</i> |
| Cost of investment: | | | |
| Beginning balance | 4,579,636,245 | - | 4,579,636,245 |
| Increase during the year | <u>-</u> | <u>7,364,156,882</u> | <u>7,364,156,882</u> |
| Ending balance | <u>4,579,636,245</u> | <u>7,364,156,882</u> | <u>11,943,793,127</u> |
| Accumulated share in post-acquisition profit of the associates: | | | |
| Beginning balance and ending balance | <u>(4,657,937)</u> | <u>-</u> | <u>(4,657,937)</u> |
| Net carrying amount: | | | |
| Beginning balance | <u>4,574,978,308</u> | <u>-</u> | <u>4,574,978,308</u> |
| Ending balance | <u>4,574,978,308</u> | <u>7,364,156,882</u> | <u>11,939,135,190</u> |

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

14. LONG-TERM INVESTMENTS (continued)

14.2 Investments in other entities

| Name | Business activity | Ending balance | VND |
|---|-------------------|----------------------|----------------------|
| | | | Beginning balance |
| Saigon Highlands Investment Joint Stock Company | Real estate | - | 800,000,000 |
| Hifill Holding Company | Car supplies | 2,000,000,000 | 2,000,000,000 |
| TOTAL | | 2,000,000,000 | 2,800,000,000 |
| Provision for long-term investments | | (2,000,000,000) | (2,000,000,000) |
| NET | | - | 800,000,000 |

15. LONG-TERM PREPAID EXPENSES

| | Ending balance | VND |
|--|------------------------|------------------------|
| | | Beginning balance |
| Brokerage commission and show flat (*) | 104,025,111,120 | 128,000,598,798 |
| Land rental fee | 2,040,516,870 | 2,001,132,129 |
| Others | 447,567,001 | 968,193,376 |
| TOTAL | 106,513,194,991 | 130,969,924,303 |

(*) The balances mainly represented brokerage commission fee and show flat of the Diamond Riverside Apartment Project and NBB Garden III Apartment Project.

16. GOODWILL

| | VND |
|--|------------------|
| | Goodwill |
| Cost: | |
| Beginning balance | 61,702,951,072 |
| Decrease in year due to disposal of a subsidiary | (42,727,636,072) |
| Ending balance | 18,975,315,000 |
| Accumulated amortization: | |
| Beginning balance | (52,207,920,833) |
| Amortization for the year | (3,956,262,599) |
| Disposal of a subsidiary | 37,188,868,432 |
| Ending balance | (18,975,315,000) |
| Net carrying amount: | |
| Beginning balance | 9,495,030,239 |
| Ending balance | - |

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

17. SHORT-TERM TRADE PAYABLES

| | <i>Ending balance</i> | <i>Beginning balance</i> | <i>VND</i> |
|--|-------------------------------|-------------------------------|------------|
| Saigon Construction Joint Stock Company (COSACO) | 78,068,207,718 | 26,353,598,901 | |
| Tan Hung Thinh Limited Company | 14,652,013,876 | - | |
| Nam Thinh Mechanical Joint Stock Company | 8,400,790,860 | 8,182,175,263 | |
| Viet Thanh Investment and Asset Management Joint Stock Company | - | 31,800,000,000 | |
| Others | 39,368,732,708 | 36,109,190,658 | |
| TOTAL | <u>140,489,745,162</u> | <u>102,444,964,822</u> | |

18. SHORT-TERM ADVANCES FROM CUSTOMERS

This amount represented progress advances from individual customers to purchase apartments and land lots.

| | <i>Ending balance</i> | <i>Beginning balance</i> | <i>VND</i> |
|--|------------------------------|-------------------------------|------------|
| Advances from customers of Son Tinh Residential Project, Quang Ngai Province | 36,608,761,261 | 29,395,826,716 | |
| Advances from customers of Residential Project, Ward 2, Bac Lieu City | 3,022,631,231 | 3,052,631,231 | |
| Advances from customers of The City Gate Towers Apartment Project | 1,456,964,000 | 386,620,055,108 | |
| Others | - | 1,462,028,000 | |
| TOTAL | <u>41,088,356,492</u> | <u>420,530,541,055</u> | |

19. STATUTORY OBLIGATIONS

| | <i>Beginning balance</i> | <i>Increase in the year</i> | <i>Decrease in the year</i> | <i>Ending balance</i> | <i>VND</i> |
|----------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------|
| Receivables | | | | | |
| Value added tax | 34,144,963,559 | 23,019,333,919 | (439,729,996) | 56,724,567,482 | |
| Corporate income tax | 10,648,977,253 | - | (10,648,977,253) | - | |
| TOTAL | <u>44,793,940,812</u> | <u>23,019,333,919</u> | <u>(11,088,707,249)</u> | <u>56,724,567,482</u> | |
| Payables | | | | | |
| Corporate income tax | 6,359,459,259 | 30,600,313,140 | (4,954,043,840) | 32,005,728,559 | |
| Value added tax | 19,386,872,138 | 4,564,739,292 | (9,982,777,243) | 13,968,834,187 | |
| Personal income tax | 355,082,746 | 2,628,095,009 | (2,123,869,886) | 859,307,869 | |
| Other taxes | 695,544,533 | 5,756,301,995 | (6,376,970,560) | 74,875,968 | |
| TOTAL | <u>26,796,958,676</u> | <u>43,549,449,436</u> | <u>(23,437,661,529)</u> | <u>46,908,746,583</u> | |
| <i>In which:</i> | | | | | |
| Receivables | 44,793,940,812 | | | 56,724,567,482 | |
| Payables | 26,796,958,676 | | | 46,908,746,583 | |

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

20. SHORT-TERM ACCRUED EXPENSES

| | VND | |
|--|------------------------|------------------------|
| | Ending balance | Beginning balance |
| Land use fees for The City Gate Towers Apartment Project | 120,000,000,000 | 120,000,000,000 |
| Interest expenses | 31,958,127,060 | 21,998,932,397 |
| Brokerage commission fee | 10,161,450,000 | - |
| Others | - | 75,740,000 |
| TOTAL | 162,119,577,060 | 142,074,672,397 |
| <i>In which:</i> | | |
| <i>Third parties</i> | 141,593,558,412 | 135,842,475,465 |
| <i>Related parties (Note 33)</i> | 20,526,018,648 | 6,232,196,932 |

21. OTHER PAYABLES

| | VND | |
|---|--------------------------|--------------------------|
| | Ending balance | Beginning balance |
| Short-term | | |
| Deposits from customers | 1,240,425,742,190 | 555,169,291,932 |
| <i>In which:</i> | | |
| <i>The Diamond Riverside Apartment Project</i> | 636,949,204,910 | 392,200,767,652 |
| <i>NBB Garden III Apartment Project</i> | 319,521,014,280 | 114,794,014,280 |
| <i>Seafood Hill Villas Project - Quang Ninh Province</i> | 188,955,523,000 | 48,174,510,000 |
| <i>NBB Garden II Apartment Project</i> | 80,000,000,000 | - |
| <i>The School Project at NBB Garden III Apartment Project and Diamond Riverside Apartment Project</i> | 15,000,000,000 | - |
| Payable to CII (i) | 430,000,000,000 | 430,000,000,000 |
| Payables to Mr. Pham Van Dau | 49,042,828,700 | - |
| Payables to Thanh Gia Real Estate Company Limited | 39,826,187,941 | - |
| Payable to Kallang Limited (ii) | 13,901,397,643 | 12,887,313,643 |
| Dividend payables | 2,903,650,000 | 3,773,116,600 |
| Others | 9,407,117,978 | 8,262,619,925 |
| | <u>1,785,506,924,452</u> | <u>1,010,092,342,100</u> |
| Long-term | | |
| Investment cooperation capital contribution payable (iii) | 410,718,121,288 | 515,994,661,153 |
| Payable to maintenance fund of Apartment Building Project (iv) | 44,816,037,887 | 44,816,037,887 |
| Long-term deposits | 6,688,544,001 | 6,115,421,680 |
| | <u>462,222,703,176</u> | <u>566,926,120,720</u> |
| TOTAL | 2,247,729,627,628 | 1,577,018,462,820 |
| <i>In which:</i> | | |
| <i>Related parties (Note 33)</i> | 819,527,746,631 | 805,403,256,996 |
| <i>Third parties</i> | 1,428,201,880,997 | 771,615,205,824 |

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

21. OTHER PAYABLES (continued)

- (i) Payables to CII included payables for capital transfer of Thu Thiem Land Company Limited amounting to VND 430,000,000,000.
- (ii) Payables to Kallang Limited represented payables relating to non conversion of 2,600,000 preference shares to common shares on 7 October 2013. As at 31 December 2018, the remaining amount includes principle and interest incurred from late payment.
- (iii) Details of capital payables from investment cooperation contracts are as follow:

| <i>Name of project</i> | <i>VND</i> | |
|---|------------------------|--------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Cooperation with CII - The Diamond Riverside Apartment Project (*) | 260,487,200,000 | 260,487,200,000 |
| Cooperation with CII - De - Lagi Resort Project (**) | 112,028,743,353 | 102,028,743,353 |
| Cooperation with Billion Ways Investment Limited Company (***) | 29,734,917,935 | - |
| Cooperation with Mr. Le Van Hoa - The Diamond Riverside Apartment Project (****) | 8,467,260,000 | 8,467,260,000 |
| Cooperation with Mr. Pham Van Dau - NBB Garden II Apartment Project | - | 42,421,432,000 |
| Cooperation with Thanh Gia Real Estate Limited Liability Company - NBB Garden III Apartment Project | - | 102,590,025,800 |
| TOTAL | 410,718,121,288 | 515,994,661,153 |

(*) The Group cooperated with CII under business cooperation contract to build The Diamond Riverside Apartment Project located at Ward 16, District 8, Ho Chi Minh City. Capital contributed by the Group and CII is 20% and 80%, respectively. After the construction is completed and products are sold, profits will be distributed among the parties based on each party's contributed capital. In addition, under the Capital Transfer Agreement dated 29 June 2010, the Group committed to advance a minimum annual after-tax profit of the project to CII based on the amount of capital contributed. As at 31 December 2018, the Group has advanced to CII an amount of VND 100,067,648,226, as mentioned in Note 8.

(**) The Group cooperated with CII under the investment cooperation contract No. 01/HDHT-NBB-CII dated 12 January 2016 to build a luxury condominium resort combined with residential area De - Lagi in Lagi Town, Binh Thuan Province. Capital contributed by the Group and CII is 60% and 40%, respectively. According to the contract, the Group committed to guarantee a minimum profit to CII which depends on the terms as stipulated in the contract.

(***) The Group cooperated with Billion Ways Investment Limited Company under the Investment Cooperation Contract No. 20/2018-HDHTDT dated 22 June 2018 to build the Office Block of City Gate Towers Project. Capital contributed by the Group and Billion Ways Investment Limited Company is 5% and 95%, respectively, which excluding land used fee and interest borrowing cost.

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

21. OTHER PAYABLES (continued)

(iii) Details of capital payables from investment cooperation contracts are as follow:
(continued)

(****) The Group cooperated with Mr. Le Van Hoa under investment cooperation contract No. 01/HD dated 29 October 2015 to cooperate to invest in an area of land planned to construct school inside the Diamond Riverside Apartment Project located at Ward 16, District 8, Ho Chi Minh City, now converted to a part of residential land with an area of 5,200 m². Capital contributed by the Group and Mr. Le Van Hoa is 80% and 20%, respectively, for the cost of land, other expenses contributed by each party of 50%. After the construction is completed, products will be distributed equally to each party.

(iv) Ending balance represented Maintenance fund for The City Gate Towers and Carina Tower Apartment which was held on behalf by the Group in banks amounting to VND 25,015,184,601 and VND 19,800,853,286 respectively.

22. BONUS AND WELFARE FUND

| | <i>VND</i> | |
|------------------------------------|------------------------------|------------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Beginning balance | 24,208,561,092 | 26,949,938,093 |
| Fund appropriation during the year | 4,495,672,308 | - |
| Utilization of fund | <u>(10,924,970,288)</u> | <u>(2,741,377,001)</u> |
| Ending balance | <u>17,779,263,112</u> | <u>24,208,561,092</u> |

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

23. LOANS

| | <i>Beginning balance</i> | <i>Drawdown</i> | <i>Repayment</i> | <i>Reclassified to current portion of long-term loans</i> | <i>VND Ending balance</i> |
|---|-------------------------------|------------------------------|---------------------------------|---|-------------------------------|
| Short-term loan | | | | | |
| Current portion of long-term loans (Note 23.1) | 314,246,887,454 | - | (229,672,000,000) | 77,570,000,000 | 162,144,887,454 |
| Current portion of long-term bonds (Note 23.2) | 265,172,000,000 | - | (185,000,000,000) | - | 80,172,000,000 |
| | <u>579,418,887,454</u> | <u>-</u> | <u>(414,672,000,000)</u> | <u>77,570,000,000</u> | <u>242,316,887,454</u> |
| Long-term loan | | | | | |
| Loans from banks (Note 23.1) | 119,570,000,000 | 43,597,794,242 | - | (77,570,000,000) | 85,597,794,242 |
| TOTAL | <u>698,988,887,454</u> | <u>43,597,794,242</u> | <u>(414,672,000,000)</u> | <u>-</u> | <u>327,914,681,696</u> |
| <i>In which:</i> | | | | | |
| Loans from related parties (Note 33) | 265,172,000,000 | | | | 80,172,000,000 |
| Loans from other parties | 433,816,887,454 | | | | 247,742,681,696 |

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

23. LOANS (continued)

23.1 Long-term loans from banks

| <i>Bank</i> | <i>Ending balance VND</i> | <i>Principal and interest repayment term</i> | <i>Interest rate (%/year)</i> | <i>Purposes</i> | <i>Description of collateral</i> |
|---|-------------------------------|--|-----------------------------------|---|---|
| Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV") - Binh Dinh Branch | 155,029,681,696 | From 8 January 2019 to 24 October 2020 | 11.0% | To finance for Son Tinh Residential Project and other projects of the Group | Assets formed from loans under Son Tinh Residential Project and land use rights of Residential Project, Ward 2, Bac Lieu City |
| Asia Joint Stock Commercial Bank | 92,713,000,000 | From 31 December 2019 to 30 December 2022 | 10.72% - 11.9% | To finance for NBB Garden II and NBB Garden III Apartment Project | Land use rights of NBB Garden III Apartment Project located at Ward 16, District 8, Ho Chi Minh City |
| TOTAL | <u>247,742,681,696</u> | | | | |
| <i>In which:</i> | | | | | |
| <i>Current portion</i> | <i>162,144,887,454</i> | | | | |
| <i>Long-term loan</i> | <i>85,597,794,242</i> | | | | |

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

23. LOANS (continued)

23.2 Bond issued

| | VND | |
|---|-----------------------|------------------------|
| | Ending balance | Beginning balance |
| Bond issued to Creed Investments VN-1 Ltd (i) | <u>80,172,000,000</u> | <u>265,172,000,000</u> |
| <i>In which:</i> | | |
| Current portion | 80,172,000,000 | 265,172,000,000 |

- (i) The Group's corporate bonds with total value of VND 600,000,000,000, issued on 9 September 2014, will be paid in full once at or before the maturity date depend on the cash collection progress of The City Gate Towers Project located on Vo Van Kiet Street, Ward 16, District 8, Ho Chi Minh City. These are non-convertible and secured bonds with par value of VND 100,000. These bonds have term of three (3) years from 9 September 2014 with fixed interest rate of 10% per annum. The purpose of these bonds is to finance The City Gate Towers Project. Collaterals are the Group's capital contribution in Hung Thanh and its receivables.

As at the balance sheet date, the Group has extended these bonds' maturity date till 30 April 2019. The Management believes that the Group has enough resources to repay the bonds.

24. CONVERTIBLE BONDS

| Bonds holders | <u>31 December 2018</u> | | | <u>31 December 2017</u> | | |
|---|-------------------------|----------|----------|-------------------------|----------|----------|
| | Amount | Interest | Maturity | Amount | Interest | Maturity |
| | VND | %/year | year | VND | %/year | year |
| Kallang Limited | <u>52,500,000,000</u> | 8 | 5 | <u>52,500,000,000</u> | 8 | 5 |
| <i>In which:</i> | | | | | | |
| Bonds issued to related parties (Note 33) | 52,500,000,000 | | | 52,500,000,000 | | |

The Group's convertible corporate bonds with total value of VND 210,000,000,000 issued on 9 September 2015. These are unsecured convertible bonds with par value of VND 1,000,000 with purpose to supplement the working capital of the Group's real estate projects. These corporate bonds have 5 years term with fixed interest rate of 8% per annum. Bonds interests is paid every six months. Bonds holders have the right to convert bonds to common shares at any time every six months since the date of issuance. Conversion price is VND 22,500 per share with possible adjustment terms in case the bonds are diluted. Accordingly, the Group has liability to refund to bonds holders by 6.67% of bond's value when consolidated revenue and consolidated profit after tax of the Group for the year ended 31 December 2015 were lower than VND 400,000,000,000 and VND 100,000,000,000, respectively, at the moment converting bonds to shares. According to the Management's assessment, nominal interest rate of convertible bonds is equivalent to market interest rate, therefore, no discount or premium has been recognized.

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

25. OWNERS' EQUITY

25.1 Increase and decrease in owners' equity

| | | | | | | VND |
|---|------------------------|------------------------|------------------------|--|-----------------------------------|--------------------------|
| | <i>Share capital</i> | <i>Share premium</i> | <i>Treasury shares</i> | <i>Investment and development fund</i> | <i>Undistributed earnings</i> | <i>Total</i> |
| Previous year | | | | | | |
| Beginning balance | 583,212,000,000 | 385,417,099,032 | (6,891,019,437) | 131,477,728,497 | 146,692,706,494 | 1,239,908,514,586 |
| Issuances of shares | 392,503,740,000 | 74,183,300,700 | - | - | - | 466,687,040,700 |
| Net profit for the year | - | - | - | - | 72,866,200,882 | 72,866,200,882 |
| Dividends declared | - | - | - | - | (10,999,998,800) | (10,999,998,800) |
| Ending balance | <u>975,715,740,000</u> | <u>459,600,399,732</u> | <u>(6,891,019,437)</u> | <u>131,477,728,497</u> | <u>208,558,908,576</u> | <u>1,768,461,757,368</u> |
| Current year | | | | | | |
| Beginning balance | 975,715,740,000 | 459,600,399,732 | (6,891,019,437) | 131,477,728,497 | 208,558,908,576 | 1,768,461,757,368 |
| Net profit for the year | - | - | - | - | 152,905,998,263 | 152,905,998,263 |
| Appropriation of bonus and welfare funds | - | - | - | - | (4,459,449,298) | (4,459,449,298) |
| Remuneration of Board of Directors | - | - | - | - | (1,595,000,000) | (1,595,000,000) |
| Ending balance | <u>975,715,740,000</u> | <u>459,600,399,732</u> | <u>(6,891,019,437)</u> | <u>131,477,728,497</u> | <u>355,410,457,541</u> | <u>1,915,313,306,333</u> |

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

25. OWNERS' EQUITY (continued)

25.2 Capital transactions with owners and distribution of dividends, profits

| | VND | |
|----------------------------|------------------------|------------------------|
| | Ending balance | Beginning balance |
| Contributed capital | | |
| Beginning balance | 975,715,740,000 | 583,212,000,000 |
| Increase | - | 392,503,740,000 |
| Ending balance | <u>975,715,740,000</u> | <u>975,715,740,000</u> |
| <i>Dividends declared</i> | - | 10,999,998,800 |
| <i>Dividends paid</i> | 869,466,600 | 117,814,417,200 |

25.3 Shares

| | Ending balance | | Beginning balance | |
|---|-------------------|--|-------------------|--|
| | Number | | Number | |
| | of shares | | of shares | |
| Issued shares | 97,571,574 | | 97,571,574 | |
| Issued and paid-up shares | | | | |
| Ordinary shares | 97,571,574 | | 97,571,574 | |
| Repurchased shares (treasury shares) | | | | |
| Ordinary shares | (139,400) | | (139,400) | |
| Shares in circulation | | | | |
| Ordinary shares | 97,432,174 | | 97,432,174 | |

25.4 Earnings per share

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

| | Current year | Previous year (Adjusted) |
|---|-------------------------------|------------------------------|
| Net profit after tax attributable to ordinary equity holders (VND) | 152,905,998,263 | 72,866,200,882 |
| Distributions of profit (VND) (i) | <u>(7,645,299,913)</u> | <u>(3,643,310,044)</u> |
| Net profit attributable to ordinary equity holders adjusted for the effect of dilution (VND) | <u>145,260,698,350</u> | <u>69,222,890,838</u> |
| Weighted average number of ordinary shares for basic earnings per share | 97,432,174 | 73,154,676 |
| Effect of dilution due to convertible bonds (ii) | <u>2,904,082</u> | <u>2,333,333</u> |
| Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution | <u>100,336,256</u> | <u>75,488,009</u> |
| Earnings per share (VND) | | |
| <i>Basic earnings per share</i> | 1,491 | 946 |
| <i>Diluted earnings per share</i> | 1,448 | 917 |

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

25. OWNERS' EQUITY (continued)

25.4 Earnings per share (continued)

(i) Profit used to compute earnings per share for the year ended 31 December 2017 was restated to reflect the actual allocation to bonus and welfare fund from 2017 undistributed earnings following the Resolution of Annual General Meeting dated 24 April 2018.

Profit used to compute earnings per share for the year ended 31 December 2018 was adjusted reflect the actual allocation to bonus and welfare fund from 2018 undistributed earnings following the Resolution of Annual General Meeting dated 24 April 2018.

(ii) The Group had convertible bonds as disclosed in *Note 24* of the consolidated financial statements. These convertible bonds have dilution effect on future earnings per share as calculated for the year ended 31 December 2018.

26. NON-CONTROLLING INTEREST

| | VND | |
|--|-------------------------------|-------------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Beginning balance | 155,314,179,536 | 147,040,838,086 |
| Profit for the year | 1,557,088,405 | 558,071,821 |
| Fund appropriation during the year | (36,223,012) | - |
| Disposal of a subsidiary during the year | (1,502,898,556) | 7,715,269,629 |
| Ending balance | <u>155,332,146,373</u> | <u>155,314,179,536</u> |

27. REVENUES

27.1 Revenue from sale of goods and rendering of services

| | VND | |
|--|---------------------------------|---------------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Sales of land lots and land with related infrastructures | 625,723,341,389 | 23,863,380,455 |
| Sales of apartments | 491,721,386,776 | 1,007,637,604,462 |
| Sales of goods and rendering of services | 21,929,278,163 | 27,005,695,126 |
| TOTAL | <u>1,139,374,006,328</u> | <u>1,058,506,680,043</u> |

27.2 Finance income

| | VND | |
|--------------------------------------|---------------------------|------------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Interest from bank deposit and loans | 508,121,260 | 1,276,603,425 |
| Gain from disposal of investments | - | 41,349,386,721 |
| Interest received from late payment | - | 3,866,811,540 |
| Others | - | 1,910,226,480 |
| TOTAL | <u>508,121,260</u> | <u>48,403,028,166</u> |

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

28. COST OF GOODS SOLD AND SERVICES RENDERED

| | <i>VND</i> | |
|--|-------------------------------|-------------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Cost of land lots and land with related infrastructures sold | 429,150,664,519 | 15,553,805,485 |
| Cost of apartments sold | 413,676,201,472 | 885,586,270,489 |
| Cost of goods sold and service rendered | 29,267,411,470 | 26,013,817,275 |
| TOTAL | <u>872,094,277,461</u> | <u>927,153,893,249</u> |

29. FINANCE EXPENSES

| | <i>VND</i> | |
|------------------------------------|------------------------------|------------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Interest expenses | 33,742,893,042 | 24,518,092,781 |
| Loss from disposal of a subsidiary | 3,500,613,193 | 4,121,921,453 |
| TOTAL | <u>37,243,506,235</u> | <u>28,640,014,234</u> |

30. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

| | <i>VND</i> | |
|--|------------------------------|------------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Selling expenses | | |
| Brokerage commission fee | 33,753,414,649 | 45,239,247,165 |
| Expenses for show flat | 3,932,288,348 | 9,269,971,228 |
| Expenses for external services | 100,169,393 | 1,513,757,853 |
| Others | 5,705,000 | 26,318,266 |
| | <u>37,791,577,390</u> | <u>56,049,294,512</u> |
| General and administrative expenses | | |
| Labour costs | 9,148,482,880 | 9,213,526,703 |
| Goodwill allocation | 3,956,262,599 | 6,595,046,618 |
| Expenses for external services | 3,725,766,081 | 4,464,106,000 |
| Others | 3,004,451,283 | 4,631,819,488 |
| | <u>19,834,962,843</u> | <u>24,904,498,809</u> |
| TOTAL | <u>57,626,540,233</u> | <u>80,953,793,321</u> |

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

31. OTHER INCOME AND EXPENSES

| | <i>Current year</i> | <i>Previous year</i> |
|--|------------------------------|-----------------------------|
| | | <i>VND</i> |
| Other income | | |
| Compensation and penalty received | 20,028,639,316 | 7,421,248,959 |
| Gains from disposal of fixed assets | 4,306,955,217 | 363,636,364 |
| Gains from compensation for loss of road-bed | - | 1,820,361,386 |
| Others | 427,236,104 | 642,625,291 |
| | <u>24,762,830,637</u> | <u>10,247,872,000</u> |
| Other expenses | | |
| Penalty paid | (545,332,602) | (1,102,088,886) |
| Others | (1,785,969,433) | (3,722,625,334) |
| | <u>(2,331,302,035)</u> | <u>(4,824,714,220)</u> |
| NET OTHER PROFIT | <u>22,431,528,602</u> | <u>5,423,157,780</u> |

32. CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") rate applicable to the Company and subsidiaries is 20% of taxable profits.

The tax returns filed by the Company and subsidiaries are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could change at a later date upon final determination by the tax authorities.

32.1 CIT expense

| | <i>Current year</i> | <i>Previous year</i> |
|---------------------|------------------------------|-----------------------------|
| | | <i>VND</i> |
| Current tax expense | 41,121,388,384 | 7,861,524,984 |
| Deferred tax income | (235,142,791) | (5,700,632,502) |
| TOTAL | <u>40,886,245,593</u> | <u>2,160,892,482</u> |

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

32. CORPORATE INCOME TAX (continued)

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

| | <i>Current year</i> | | | <i>VND</i> |
|--|-----------------------------|-------------------------|------------------------|-----------------------|
| | <i>Real estate activity</i> | <i>Other activities</i> | <i>Total</i> | <i>Previous year</i> |
| Accounting profit before tax | 211,741,401,037 | (16,392,068,776) | 195,349,332,261 | 75,585,165,185 |
| At CIT rate of 20% | 42,348,280,207 | (3,278,413,755) | 39,069,866,452 | 15,117,033,037 |
| Adjustments: | | | | |
| Non-deductible expenses | 354,173,371 | 4,184,799 | 358,358,170 | 663,411,262 |
| Utilisation of tax loss carried forward | - | - | - | (1,012,400,726) |
| Income from disposal of a subsidiary | - | 1,341,860,944 | 1,341,860,944 | (6,269,877,344) |
| Unrealized profit in consolidated financial statements | (1,816,207,985) | 300,960,000 | (1,515,247,985) | - |
| Unrecognized deferred tax of tax loss carried forward | - | 1,595,072,793 | 1,595,072,793 | - |
| Others | - | 36,335,219 | 36,335,219 | (6,337,273,747) |
| CIT expense | 40,886,245,593 | - | 40,886,245,593 | 2,160,892,482 |

32.2 Current tax

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

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

32. CORPORATE INCOME TAX (continued)

32.3 Tax losses carried forward

The Company and its subsidiaries are entitled to carry tax loss forward to offset against taxable profits arising within five years subsequent to the year in which the loss was incurred. As at the balance sheet date, the Company and its subsidiaries had aggregated accumulated tax losses of VND 29,931,331 (31 December 2017: VND 74,946,997,821) available for offset against future taxable profits. Details are as follows:

| VND | | | | | |
|------------------|-----------------------|-----------------------|---------------------------------|-----------|--------------------------------|
| Originating year | Can be utilized up to | Tax loss amount (*) | Utilized up to 31 December 2018 | Forfeited | Unutilized at 31 December 2018 |
| 2014 | 2019 | 57,911,996,799 | (57,911,996,799) | - | - |
| 2016 | 2021 | 5,002,915,474 | (4,994,029,677) | - | 8,885,797 |
| 2017 | 2022 | 15,545,534 | - | - | 15,545,534 |
| 2018 | 2023 | 5,500,000 | - | - | 5,500,000 |
| TOTAL | | 62,935,957,807 | (62,906,026,476) | - | 29,931,331 |

(*) Estimated tax loss as per the Company and its subsidiaries' corporate income tax declarations above have not been audited by the local tax authorities as at the date of this consolidated financial statements.

Deferred tax assets have not been recognized in respect of tax losses carried forward due to uncertainty of future taxable profits.

32.4 Deferred tax

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

| | Consolidated balance sheet | | Consolidated income statement | |
|---|----------------------------|--------------------|-------------------------------|----------------------|
| | Ending balance | Beginning balance | Current year | Previous year |
| Deferred tax assets | | | | |
| Unrealised profit | 802,560,000 | 2,376,508,497 | (1,573,948,497) | (339,367,498) |
| Deferred tax liabilities | | | | |
| Provision for investments in subsidiaries at consolidated level | - | (1,809,091,288) | 1,809,091,288 | 6,040,000,000 |
| | 802,560,000 | 567,417,209 | | |
| Net deferred tax credit to consolidated income statement | | | 235,142,791 | 5,700,632,502 |

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

33. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties during the year were as follows:

| <i>Related parties</i> | <i>Relationship</i> | <i>Transactions</i> | <i>VND</i> | |
|--------------------------------|----------------------|---|---------------------|----------------------|
| | | | <i>Current year</i> | <i>Previous year</i> |
| CII | Major shareholder | Capital received for De-Lagi Resort Project | 10,000,000,000 | 71,068,671,233 |
| | | Loans repayment | - | 63,077,932,978 |
| | | Loan interest expenses | - | 2,269,195,191 |
| Creed Investments VN-1 Ltd. | Major shareholder | Repayment of bonds | 185,000,000,000 | 89,150,000,000 |
| | | Bonds interests | 26,277,517,272 | 65,751,260,569 |
| Kallang Limited | Major shareholder | Bonds interests | 5,513,441,564 | 1,014,084,000 |
| Amersham Industries | Major shareholder | Repayment of convertible bonds in cash | 2,000,000,000 | 4,999,999,500 |
| | | Conversion of bonds into shares | - | 70,000,000,500 |
| | | Bonds interests | - | 1,979,166,667 |
| Tri Viet Steel Company Limited | Common key personnel | Receipt from disposal of a subsidiary | 1,000,000,000 | 10,000,000,000 |
| Ms. Phan Diep Huyen Chi | Major shareholder | Conversion of bonds into shares | - | 49,000,000,500 |
| | | Repayment of convertible bonds in cash | - | 3,499,999,500 |
| | | Bonds interests | - | 158,059,361 |

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

33. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties as at consolidated balance sheet dates were as follows:

| <i>Related parties</i> | <i>Relationship</i> | <i>Transactions</i> | <i>Ending balance</i> | <i>VND Beginning balance</i> |
|----------------------------------|----------------------|--|------------------------|----------------------------------|
| Other receivables | | | | |
| <i>Short-term</i> | | | | |
| Tri Viet Steel Company Limited | Common key personnel | Receipt from disposal of a subsidiary | 2,000,000,000 | 3,000,000,000 |
| <i>Long-term</i> | | | | |
| CII | Major shareholder | Advances for profits of the Diamond Riverside Apartment Project | 100,067,648,226 | 100,067,648,226 |
| | | | 102,067,648,226 | 103,067,648,226 |
| Other short-term payables | | | | |
| CII | Major shareholder | Subsidiary acquisition | 430,000,000,000 | 430,000,000,000 |
| Kallang Limited | Major shareholder | Payables due to non - conversion of preference shares to common shares | 13,901,397,643 | 12,887,313,643 |
| QMI | Associate | Supporting for operating activities | 3,110,405,635 | - |
| | | | 447,011,803,278 | 442,887,313,643 |
| Other long-term payables | | | | |
| CII | Major shareholder | Capital contribution for the Diamond Riverside Apartment Project | 260,487,200,000 | 260,487,200,000 |
| | | Capital contribution for De - Lagi Resort Project | 112,028,743,353 | 102,028,743,353 |
| | | | 372,515,943,353 | 362,515,943,353 |
| | | | 819,527,746,631 | 805,403,256,996 |

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

33. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties as at consolidated balance sheet dates were as follows (continued):

| <i>Related party</i> | <i>Relationship</i> | <i>Nature of transaction</i> | <i>Ending balance</i> | <i>VND Beginning balance</i> |
|---|---------------------|------------------------------|------------------------|----------------------------------|
| Short-term advances to suppliers | | | | |
| CII | Major shareholder | Advance for purchasing asset | <u>299,980,000,000</u> | <u>299,980,000,000</u> |
| Short-term accrued expenses | | | | |
| Creed Investments VN-1 Ltd. | Major shareholder | Bonds interests | <u>20,526,018,648</u> | <u>6,232,196,932</u> |
| Bonds | | | | |
| Creed Investments VN-1 Ltd. | Major shareholder | Ordinary bonds | <u>80,172,000,000</u> | <u>265,172,000,000</u> |
| Convertible bonds | | | | |
| Kallang Limited | Major shareholder | Convertible bonds | <u>52,500,000,000</u> | <u>52,500,000,000</u> |

Transactions with other related parties

Remuneration to members of the Board of Directors, Board of Supervision and Management as follows:

| | <i>Current year</i> | <i>VND Previous year</i> |
|------------------------------------|----------------------|------------------------------|
| Salaries, bonus and other benefits | <u>3,797,500,000</u> | <u>3,302,000,000</u> |

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

34. SEGMENT INFORMATION

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segment:

| | <i>Real estate</i> | <i>Others</i> | <i>Elimination</i> | <i>VND</i> <i>Total</i> |
|---|--------------------|-----------------|--------------------|----------------------------|
| As at 31 December 2018 and for year then ended | | | | |
| Revenue | | | | |
| <i>Sales to external customers</i> | 1,117,444,728,165 | 25,754,634,209 | (3,825,356,046) | 1,139,374,006,328 |
| Results | | | | |
| <i>Segment result</i> | 274,617,862,174 | (3,512,777,261) | (3,825,356,046) | 267,279,728,867 |
| <i>(-) Unallocated expense</i> | | | | (57,626,540,233) |
| <i>Share of loss of associates, joint-venture</i> | | | | - |
| <i>Finance income</i> | | | | 508,121,260 |
| <i>Finance expense</i> | | | | (37,243,506,235) |
| <i>Other profit</i> | | | | 22,431,528,602 |
| Profit before tax | | | | 195,349,332,261 |
| <i>(-) CIT expense</i> | | | | (41,121,388,384) |
| <i>(+) Deferred CIT income</i> | | | | 235,142,791 |
| Profit after tax | | | | 154,463,086,668 |
| <i>Non-controlling interest</i> | | | | (1,557,088,405) |
| Net profit after tax | | | | 152,905,998,263 |
| As at 31 December 2018 | | | | |
| Assets and liabilities | | | | |
| <i>Segment assets</i> | 4,545,746,055,400 | 312,804,056,259 | (46,430,462,382) | 4,812,119,649,277 |
| <i>Unallocated assets</i> | | | | 306,547,277,169 |
| Total assets | | | | 5,118,666,926,446 |
| <i>Segment liabilities</i> | 3,080,274,975,124 | 11,436,664,400 | (119,869,651,486) | 2,971,841,988,038 |
| <i>Unallocated liabilities</i> | | | | 76,179,485,702 |
| Total liabilities | | | | 3,048,021,473,740 |

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

34. SEGMENT INFORMATION (continued)

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segment (continued):

| | <i>Real estate</i> | <i>Others</i> | <i>Elimination</i> | <i>VND</i> <i>Total</i> |
|---|--------------------|-----------------|--------------------|----------------------------|
| As at 31 December 2017 and for year then ended | | | | |
| Revenue | | | | |
| <i>Sales to external customers</i> | 1,031,500,984,917 | 35,132,401,486 | (8,126,706,360) | 1,058,506,680,043 |
| Results | | | | |
| <i>Segment result</i> | 115,294,000,757 | 9,118,584,211 | 6,940,201,826 | 131,352,786,794 |
| <i>(-) Unallocated expense</i> | | | | (80,953,793,321) |
| <i>Share of profit of associates, joint-venture</i> | | | | - |
| <i>Finance income</i> | | | | 48,403,028,166 |
| <i>Finance expense</i> | | | | (28,640,014,234) |
| <i>Other gains</i> | | | | 5,423,157,780 |
| Profit before tax | | | | 75,585,165,185 |
| <i>(-) CIT expense</i> | | | | (7,861,524,984) |
| <i>(-) Deferred CIT expense</i> | | | | 5,700,632,502 |
| Profit after tax | | | | 73,424,272,703 |
| <i>Non-controlling interest</i> | | | | (558,071,821) |
| Net profit after tax | | | | 72,866,200,882 |
| As at 31 December 2017 | | | | |
| Assets and liabilities | | | | |
| <i>Segment assets</i> | 4,194,863,179,465 | 322,095,880,729 | 52,928,242,836 | 4,569,887,303,030 |
| <i>Unallocated assets</i> | | | | 411,563,673,868 |
| Total assets | | | | 4,981,450,976,898 |
| <i>Segment liabilities</i> | 3,017,945,915,015 | 5,765,813,214 | (30,154,199,681) | 2,993,557,528,548 |
| <i>Unallocated liabilities</i> | | | | 64,117,511,446 |
| Total liabilities | | | | 3,057,675,039,994 |

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

35. CONTINGENT LIABILITY

On 23 March 2018, the Carina Plaza apartment building located at 1648 Vo Van Kiet Street, Ward 16, District 8, Ho Chi Minh City; which was developed by Hung Thanh Construction - Trading - Service - Production Co., Ltd (“Hung Thanh Limited Company”), a subsidiary in which the Company holds 95% of voting rights, and is managed and operated by a third party in accordance with the operation and management services agreement dated 15 December 2016; experienced a serious fire causing loss of lives and property damages. The fire was objectively caused by the electrical problems of motorbikes in accordance with Notice No. 1732/TB-PC44-D3 from Ho Chi Minh City Police Investigation Department dated 9 July 2018 in relation to the result of inspections. Legal obligations and compensation for damages related to the incident has been investigated and verified by authorized investigative agencies.

In addition, as presented in *Note 8* to the consolidated financial statements, Hung Thanh Company, financed by the Company, had made the advance payments amounting to VND 77,855,271,704 for compensatory damages and for tackling the consequences of the fire, which is currently being recognized as other short-term receivables. As at the date of the consolidated financial statements, the Group’s management have not yet recorded any expenses and provisions related to this incident as the ultimate outcome has not yet presently been determined awaiting for the official conclusions from the authorized investigative agencies.

36. EVENTS AFTER THE BALANCE SHEET DATE

As at 26 February 2019, the Group issued 2,904,082 ordinary shares with par value of VND 10,000 in order to convert bonds amounting to VND 52,500,000,000 with conversion price of VND 18,078 per share which were stipulated in the Convertible Bond Purchase Agreement. The Group reported the result of issuing shares to State Security Commission of Vietnam in the Letter No. 36/CV-TCKT dated 26 February 2019.

Except for the above event, there is no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the consolidated financial statements.



Preparer
Nguyen Van Minh



Chief Accountant
Truong Hai Dang Khoa



Chief Executive Officer
Doan Tuong Trieu

28 March 2019