

# 511



## ANNUAL REPORT

# 2019



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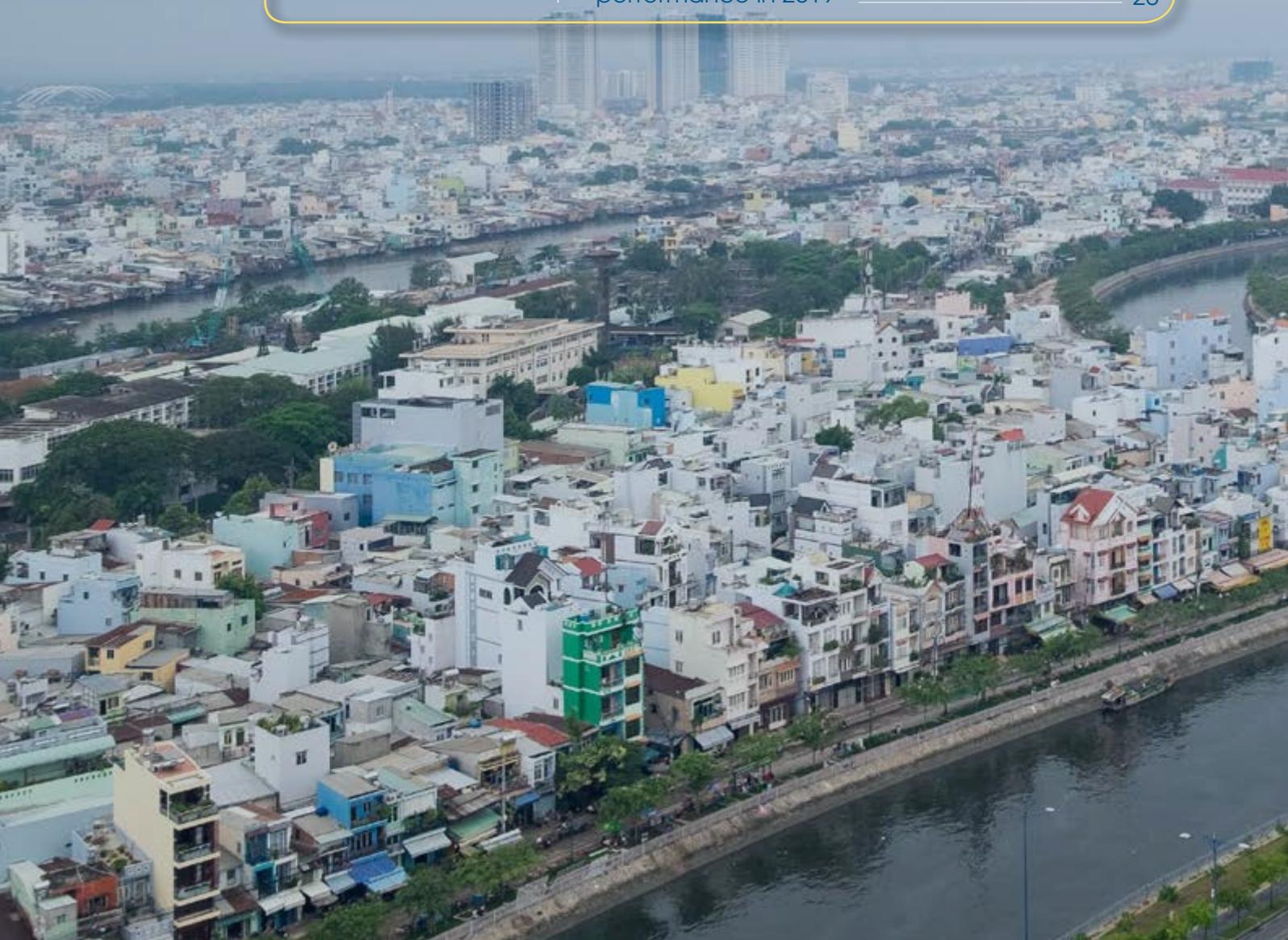
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### VISION

One of the top Vietnamese enterprises in investment and real estate industry by building a transparent and logical management system as well as sustainable development.

### MISSION

Bringing the highest surplus value, "Prosperity, Success" to 577's shareholders and staff.



SUSTAINABLE  
**DEVELOPMENT**



## GENERAL INFORMATION



**Company Name** Công ty Cổ phần Đầu tư 577

**English Name** 577 Investment Corporation



**STOCK CODE: NBB**



**CHARTER CAPITAL**

**VND 1.004.756.560.000**



**BUSINESS NO.**

**0303885305**

*Business Registration Certificate issued by the Department of Planning and Investment of Ho Chi Minh City on 4 July 2005 and revised for the 14th time on 6, June 2019*



**COMPANY CONTACT**

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Message from

**BOARD CHAIRMAN**

**Dear Shareholders!**

Năm 2019 khép lại cũng là thời điểm kết thúc nhiệm kỳ của Hội đồng quản trị giai đoạn từ năm 2015 - 2020. Qua 5 năm thực hiện trọng trách, bên cạnh việc tiếp tục thực hiện các giải pháp từ nhiệm kỳ trước; Hội đồng quản trị và Ban Điều hành đã có những quyết định phù hợp, kịp thời trong từng thời điểm cùng với sự chung sức, gắn bó của đội ngũ cán bộ nhân viên đã giúp cho Công ty cũng như các Đơn vị thành viên của 577 vượt qua khó khăn và biến cố để đảm bảo được hoạt động sản xuất kinh doanh.

Nhìn lại những thành quả mà Công ty đã đạt được trong giai đoạn vừa qua như sau:

- Đạt được mức tăng trưởng ấn tượng về kết quả SXKD: Hoàn thành vượt mức kế hoạch lợi nhuận được Đại hội đồng cổ đông thông qua trong 3 năm liên tiếp kể từ năm 2017 đến nay.
- Đạt các thành quả đáng khích lệ trong việc phát triển các dự án: hoàn thành đúng hạn City Gate Towers, Diamond Riverside; đột phá trong quá trình hoàn tất thủ tục pháp lý và đền bù dự án Sơn Tịnh, Lagi và NBB3.
- Tái cấu trúc danh mục đầu tư và tài sản, giảm hệ số nợ vay trên vốn chủ sở hữu giai đoạn 2015-2019 từ 0.66 xuống còn 0.13, hướng đến mô hình tài chính lành mạnh.

Năm 2020 khởi đầu một nhiệm kỳ mới của Hội đồng quản trị sẽ mở ra cánh cửa với nhiều cơ hội và thách thức. Tôi tin là Công ty sẽ tiếp tục phát huy những thành quả đã đạt được và phát triển dựa trên các định hướng:

- Tiếp tục tìm kiếm quỹ đất sạch để phát triển dự án.
- Hợp tác, liên doanh - liên kết với các đối tác có tiềm năng và uy tín để phát triển những dự án.
- Phát triển nguồn nhân lực chất lượng cao, nâng cao trình độ quản trị và chuyên môn, tăng năng suất lao động, đào tạo đội ngũ cán bộ nhân viên kế thừa

Thay mặt Hội đồng quản trị, tôi xin chân thành cảm ơn các cấp chính quyền, quý vị cổ đông, đối tác, khách hàng và toàn thể cán bộ nhân viên Công ty đã ủng hộ, hợp tác và đồng hành cùng 577 suốt thời gian qua. Hội đồng quản trị tin tưởng rằng với chiến lược phát triển bền vững; sự điều hành năng động, linh hoạt của Ban Điều hành cùng với sự ủng hộ, chung sức và đồng hành của Quý cổ đông; 577 sẽ có những bước phát triển mạnh mẽ trong giai đoạn mới, góp phần gia tăng lợi ích lâu dài cho Quý cổ đông.

Wishing you health, happiness and success!

**CHAIRMAN OF THE BOARD**



**DOAN TUONG TRIEU**



## MILESTONES

04/07/2005. 577 Investment Corporation was officially established under Business Registration License No. 4103003556 issued by the Department of Planning and Investment of Hochiminh City.

2005

17/09/2007. According to the Certificate No. of 173/UBCK-GCN issued by the State Securities Commission, NBB published 11.9 million shares to increase its charter capital from VND 35 billion to VND 154 billion.

2007

18/02/2009. The State Securities Commission approved NBB listing request. This is a remarkable point that NBB officially became a typical public company.

2009

19/07/2010. 577 was honorably received the Third Class Labour Medal by the President of the Socialist Republic of Vietnam according to the Decision No. 1033/QĐ-CTN.

2010

26/01/2011. 577 increased its charter capital from VND 154 billion to VND 180 billion through private issuance to Beira Limited - Vietnam DWS Fund.

2011

03/09/2013. 577 increased its charter capital from VND 180 billion to VND 358.8 billion through private issuance to existing shareholders.

2013



the Company increased its charter capital twice. The first time is on 25/08/2014, charter capital increased from VND 358.6 billion to VND 537.2 billion by issuing for existing shareholders; The second time is on 04/12/2014 from VND 537.2 billion to VND 583.2 billion by a private placement for strategic partner Creed Investments VN-1 LTD.

2014

the Company relocated its Head Office to No. 1648 Vo Van Kiet, Ward 16, District 8, HCMC, marking a new development period of 577 Corp to facilitate the implementation of high-rise apartments projects of the Company in this region including: City Gate Towers, Diamond Riverside and NBB Garden 3.

2015

The President of Vietnam awarded the second-class Labor Order to 577 Corp for outstanding achievements in its works and contribution to the career of building socialism and protecting the nation.

2016

The Company increased its charter capital twice: The first time was on 20/04/2017 from VND 583.2 billion to VND 639.9 billion by converting bonds into shares of investors (Dragon Capital and another strategic shareholder); The second time was on 08/12/2017 VND 639.9 billion to VND 959.1 billion by issuing shares for existing shareholders.

2017

On 29/01/2018, The Company increased its charter capital from VND 959.1 billion to VND 975.7 billion by converting bonds into shares of investors.

2018

On 06/05/2019, The Company increased its charter capital from VND 975.7 billion to VND 1,004.7 billion by converting bonds into shares of investors.

2019



*Low today*

**Harvest tomorrow**

## FORMATION AND DEVELOPMENT

**04/ 07/2005**

Converted into 557 Investment Corporation with the initial charter capital of 10 billion VND.

After 15 years of establishment, besides the headquarters in Ho Chi Minh City, the company has expanded its scale into many places such as Bac Lieu, Binh Thuan, Quang Ngai, Quang Ninh ... through the operation of 4 branches, 1 member companies and subsidiaries.

At present, business activities of the company include investment and trading real estate and mining.

## TRADING AND BUSINESS AREAS

### REAL ESTATE

**Investment in real estate is the main business of the company since its establishment.**

After 15 years of operation, from the successful start of the commercial center residential project in the North of Phan Thiet - Binh Thuan, the Company has expanded its investment in many cities and provinces throughout the country, including Ho Chi Minh City, Bac Lieu, Binh Thuan, Quang Ngai and Quang Ninh...

Since 2014, the company has expanded the joint ventures with major partners within and outside the country such as Creed Corporation, Japan, HCMC Infrastructure Investment Joint Stock Company (CI)... The cooperation is to develop a variety of projects best fit for each project status.

#### **REAL ESTATE PROJECTS IN HCM**

1. DIAMOND REIVERSIDE CONDOMINIUM (CITY GATE TOWERS 2)
2. 577 GARDEN III CONDOMINIUM
3. CITY GATE TOWERS CONDOMINIUM

#### **REAL ESTATE PROJECTS IN OTHER PROVINCES**

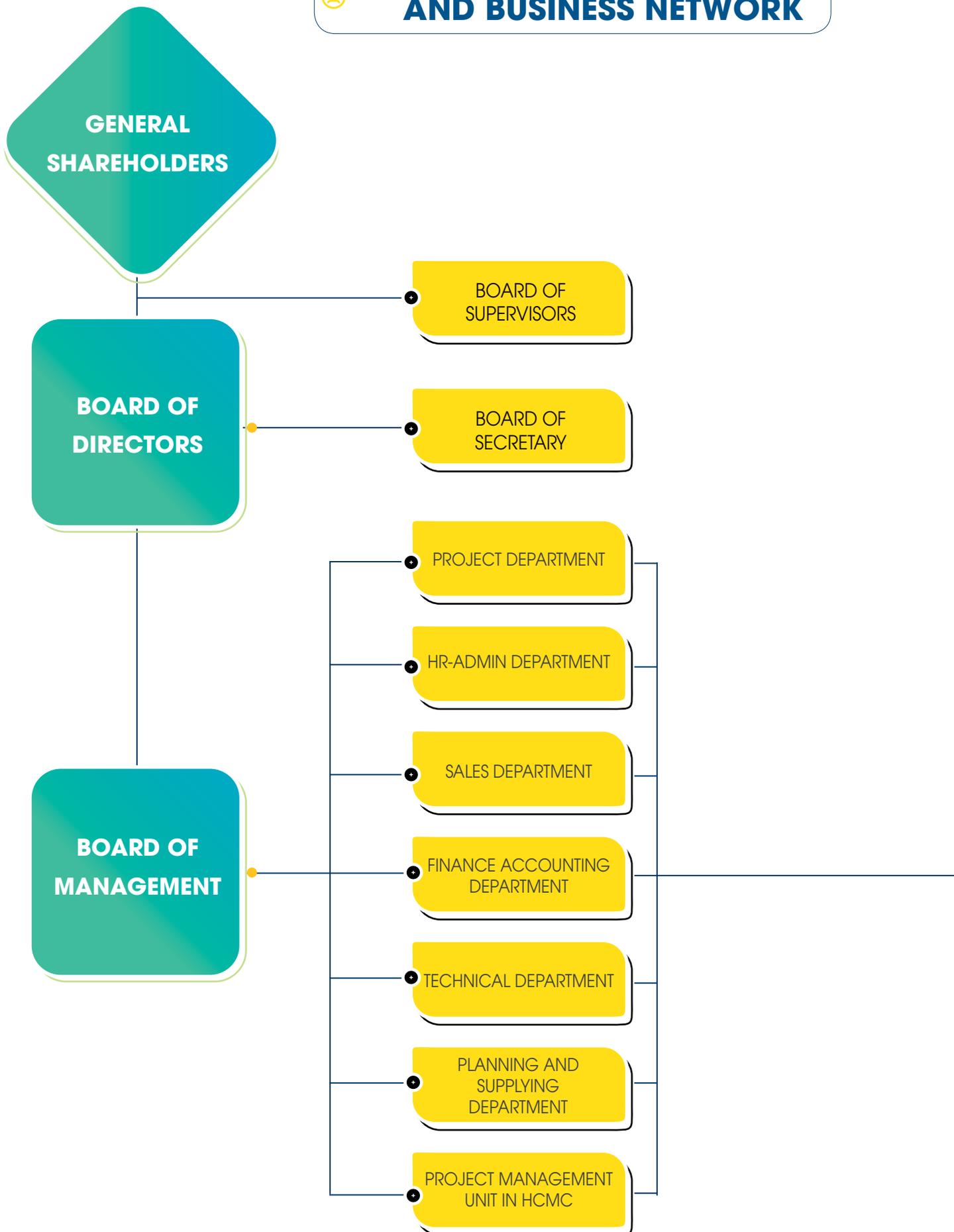
1. THUY SAN HILL - HA LONG PROJECT
2. SON TINH - QUANG NGAI RESIDENTIAL AREA
3. DELAGI-BINH THUAN COMPLEX RESIDENTIAL AREA & CONDOMINIUM
4. RESIDENTIAL AREA PROJECT IN WARD 2, BAC LIEU CITY

### MINERAL EXPLORATION

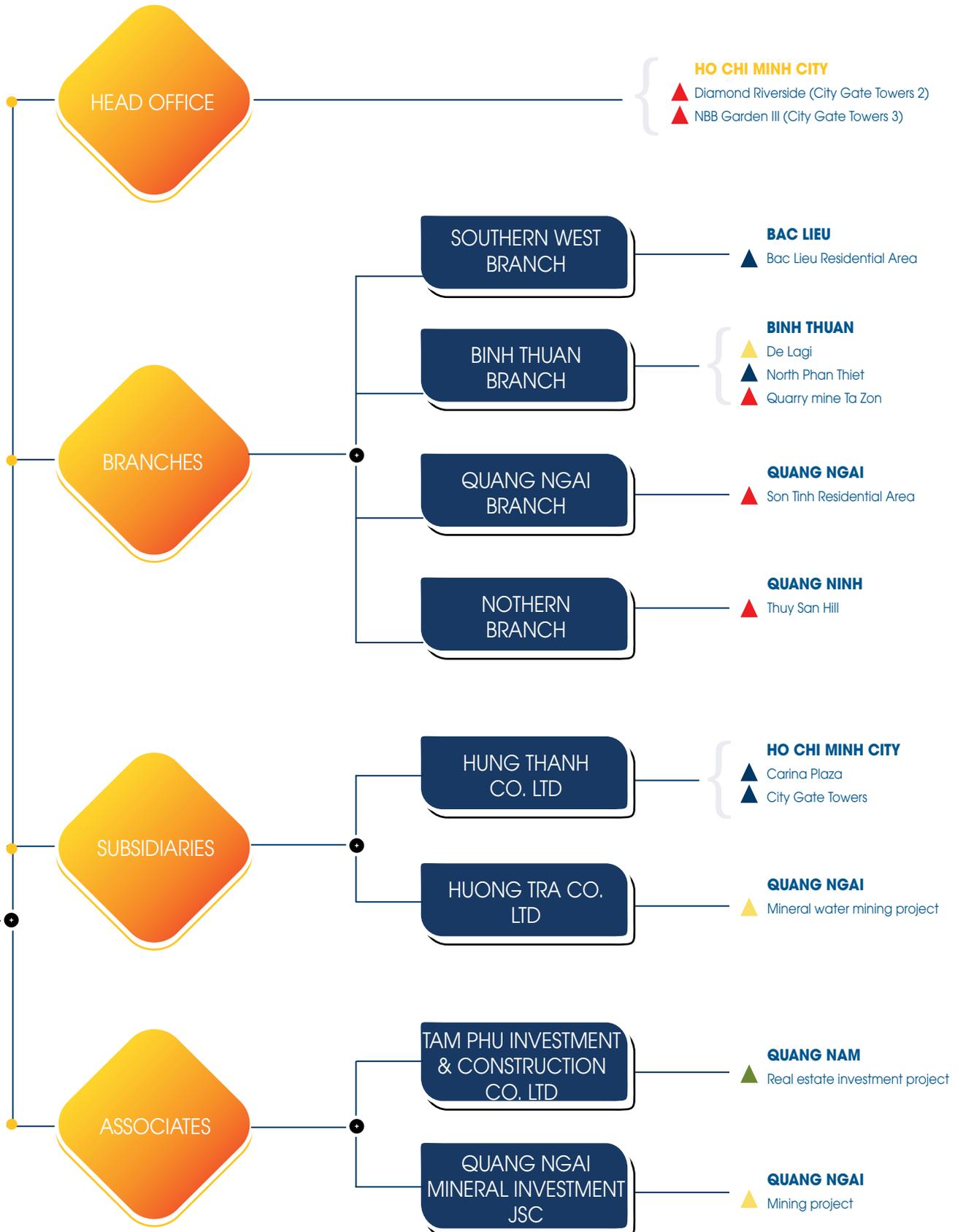
Currently, the company has 02 remaining mining projects that are completing legal procedures, expected to be finished before June 30, 2020.



## ORGANIZATIONAL CHART AND BUSINESS NETWORK



-  Complete Project
-  Ongoing investment, forthcoming trading
-  Complete investment, ongoing trading
-  Processing investment, produces and design





## BUSINESS PERFORMANCE OF THE YEAR

### RISKS

#### 1. ECONOMIC RISKS

- In 2019, the apartment-oriented market focuses on the mid-end segment with increasing demand for real housing. In 2020, it is predicted that the mid-end segment will continue to lead the market with increasing supply and demand compared with 2019.
- The company's projects targeting the mid-end segment need to meet the actual customers' demand and time the market appropriately in order not to suffer from negative impacts when the market goes down.
- As a specific industry affected by the macro economy, changes in interest rates as well as changes in major economies in the region and in the world will have a significant impact on the investment situation and transactions of the real estate market domestically. In addition, fluctuations in exchange rates will also affect the input costs of some imported raw materials.

#### 2. LAW RISKS

- Regulations on the licensing process and legal procedures of the real estate projects are always changing and still in the stage of completion, causing many obstacles for businesses for handling.

#### 3. ENVIRONMENTAL RISKS

The company's real estate value is also affected by environmental risks surrounding the projects. Hazardous substances to human health caused by the project implementation process and the costs associated with solving potential environmental problems could increase the investment costs. At the same time, natural disasters such as earthquakes, storms, floods ... and changes in natural conditions



also affect the investment process of construction projects.

#### 4. TYPICAL RISKS

- Typical risks of real estate business and construction are risks related to the implementation progress of the project (time for searching projects, clearance compensation activities, and project construction process), especially the prolong of premises clearance stage would lead to the increasing of financial costs and project investment expenses.
- Real estate investment and construction sectors have their own characteristics, the need to use a large capital in the medium and long term. Meanwhile, prices of inputs are highly volatile; especially the tendency of raising the labor costs creates significant pressure on capital. This requires that the enterprise must always have careful cost calculation and contingency plans.



- The real estate projects of 577 mostly locate in the Central area and Ho Chi Minh City. Therefore, 577 must have the overall strategic planning and construction projects (City Gate Towers, Diamond, 577 - III...) with a reasonable schedule to ensure that the business landing point could capture the demand in those areas as the capital raising from customers under project progress plays a very important role in the success of the project.
- The commercial housing project which have output products belong to the small flat segments with moderate price or social housings of many large enterprises which have also been implemented in Ho Chi Minh City will affect to the potential sales of 577 unless it has effective marketing plans as well as determines the suitable time for project development and sales
- Force majeure events are unforeseen events that cannot be anticipated and cannot be completely overcome despite the implementation of all necessary measures and abilities. Such force majeure events as war, epidemic, fire, explosion, embargo, rebellion, sabotage or accident cannot be avoided ... Force majeure events affect the construction process and increase the cost of the projects.
- Therefore, it is necessary to strengthen inspection, management, supervision, strict compliance with the provisions of law, ensuring the quality of works to reduce losses if incidents occur.

## **5. RISKS DUE TO OTHER FORCE MAJEURE EVENTS**

## ORGANISATION AND PERSONNEL

In 2019, 557 continued to implement the business goals to create drastic changes in personnel such as reassessing the capacity of staff in the entire company, streamlining and rotating, appointing suitable staff to fulfill the workforce of the company while preparing for the inheritable generations for sustainable development.

**16.320**

MILLION VND

AVERAGE  
INCOME

### HR STATISTICS

The employees of 557 are mostly in the young age and have good qualifications and dedication to the profession and the development of the company. Youth, dynamism, creativity and enthusiasm of employee generations contribute significantly to the rapid growth and sustainability of 577.

The total number of employees of the company as of 31.12.2019 is 126.

Company personnel structure in 2017, 2018 and 2019 as follows:

	2017		2018		2019	
	Quantity	%	Quantity	%	Quantity	%
<b>Personnel by gender</b>						
Male	71	62,28%	63	58,88%	82	65,08%
Female	43	37,72%	44	41,12%	44	34,92%
<b>Total</b>	<b>114</b>	<b>100%</b>	<b>107</b>	<b>100%</b>	<b>126</b>	<b>100%</b>
<b>Personnel by educational level</b>						
Postgraduate	1	0,89%	1	0,93%	02	1,59%
Bachelor	86	75,43%	79	73,83%	96	76,20%
College, Intermediate	2	1,76%	2	1,87%	6	4,76%
Technical workers	6	5,26%	6	5,61%	8	6,34%
Unskilled labours	19	16,66%	19	17,76%	14	11,11%
<b>Total</b>	<b>114</b>	<b>100%</b>	<b>107</b>	<b>100%</b>	<b>126</b>	<b>100%</b>

**Average income: 16,320 million VND/ 1 person**

### EMPLOYEE POLICY

#### Salary, bonus and benefits

With the desire to build an effective working environment for employees to stay long, co-develop and share the achieved value, 577 always establishes the salary policies based on the basis of qualifications, capability and actual working efficiency.

Regarding incentives, in addition to annual bonuses such as personal significance, team significance, business plan achievement, the company also rewards individuals and groups for project completion. Besides, the BOM also monitors and promptly compliments individuals and groups who had remarkable achievements through the orientation program of creative thinking stimulation.

In addition to the salary policy, rewards for job performance, the company also implements the welfare schemes such as regular health checks, sightseeing, recreation, cultural, arts and sports activities on the major annual festivals, meeting a part of the spiritual demands of employees, improving life and health quality and creating coherence, consensus on the cordial spirits.

Due to the broad operation areas in many provinces and cities nationwide, employees who receive the command to work in the provinces are entitled to other benefits such as increasing sabbatical, supporting travel expenses when on family visits, shortening time for wage increasing, being applied promotion policies, and being facilitated career development.

### Management policies and human resource development

Develop human resources and build the successors are always the prime target of 577. Over the years, the company has been implementing policies to build and develop human resources as follows:

- Regularly evaluate the effectiveness of employee's working performance to have the transfer or appointment to suitable positions in line with the individual capability.
- Proactively approach, associate with the University of Economics, Polytechnic University ... to recruit graduate students with good academic performance to build the young and dynamic successors who have solid professional foundation.

### Training policy

The company encourages and creates favorable environment for employees to develop comprehensive competencies in both profession and soft skills through job training and self-training. When participating in the training, the employees have the company support 100% tuition fee.

Beside external and internal vocational trainings, 577 also organizes trainings for managers on company management to help improve the quality and transparency of public company management.

## CORPORATE CULTURE

Through 15 years of development, corporate culture and values have been formed to generate a strong 577 with its own identity, contributing to the cohesion of all members of 577.

### Oganizational culture and vision:

1. Build and maintain the image of 577 to be transparent, reliable, and enthusiastic in the appreciation of partners, customers and suppliers.
2. Develop corporate culture from the code of conduct, business orientation, good will, team spirit, and the attitudes among members in the company.
3. Boldly restructure or replace key positions in the company by talents with new leadership style, phase out the norms, which form the outdated and unsuitable corporate culture.



“THE CORPORATION HAS GIVEN SERIOUS CONSIDERATION IN ENVIRONMENTAL IMPACT ASSESSMENT SINCE THE FORMING STAGE TO THE OPERATION STAGE OF PROJECTS, THE CORPORATION CONSIDERS NATURAL ENVIRONMENT PROTECTION A MUST TO PREVENT AND MINIMIZE POLLUTION RISKS.”

”

### ENVIRONMENT

With the goal of sustainable development, 577 Corporation always pays special cares to reduce environmental impacts in all activities of real estate investment, development and management. In recent time, the Corporation has been implementing measures to minimize and treat pollution, to ensure meeting all standards and regulations on environmental protection, i.e.:

#### Waste water management

Waste water treatment systems of 577's projects have been designed up to standard capacities that are adequate to each project scale, ensuring that waste water from project construction and operation is collected for treatment before discharging to the environment.

#### Solid waste management

The collection, classification and treatment of wastes from the construction process, hazardous wastes, domestic wastes are monitored by the Corporation. The Corporation also coordinates with contractors, building management unit, signs contracts with related functional bodies ensure regulations are followed.

#### Other impact management

The Corporation implements technical measures to monitor and control air conditions, dust, dirt, minimize levels of noise and vibration released from construction activities that affect the environment in accordance with the regulated standards.

#### Compliance with regulations on environmental protection

All 577's projects are approved by the Department of Environment and Natural Resources in terms of environmental impact assessments.

Environmental monitoring is carried out regularly every 6 months and reported to relevant authorities.

The Corporation implements safety measures in compliance with environmental protection standards throughout the construction process as well as actively handle complaints if any from the local people.

### SOCIAL RESPONSIBILITY

577 always performs well the social work, the gratitude and charity work at regions where projects locate, contributes along with local authorities to help and encourage families under preferential treatment policy, contributes to poverty reduction in a spirit of solidarity. In the recent years, 577 has continued to sponsor "The Fund for the Poor", "The Fund for the Revolution" programs. Each staff member of the Corporation has donated one day wage to support people in flooded areas of Central Vietnam. The Corporation regularly organizes visits and gift giving to people in difficulty in the remote areas, poor families, builds charity houses, takes care of heroic Vietnamese elder mothers, families of martyrs ... and many other social activities.

## BUSINESS PERFORMANCE SITUATION

### OVERVIEW OF THE APARTMENT MARKET IN HCMC

Condominium market has changed significantly since 2015. These changes are important and necessary to build up a sustainable market. In 2019, government's stricter stance toward the real estate market and credit tightening have reduced the low-quality supply and helped the market to absorb the remaining inventory. Most of the projects being offered for sale on the market have good construction progress and ensure the time of handover. As of the end of Q3/2019, over 80% of supply was handed over to owners, indicating a healthy market environment

In addition, infrastructural issues such as flooding, traffic congestion and environmental pollution are increasingly affecting the living conditions of residents in big cities. As a result, urban areas in the fringe areas in the East and the West that offer full range of utilities and good connectivity have been well received by the market

Some notable main points about the overall market in the past year are as follows:

#### New supply of apartments declined

Apartments for sale in 2019 recorded continuous adjustments in the investor's project implementation with new launch supply by number of units reached 26,692 units, a decrease of 13% compared with 2018 (30,792 units). Mid-end segment accounted for the highest proportion of new launch units at 67%. The decline in total supply was due to the increasingly scarce land bank, leading to high land prices. Besides, changes in implementing projects' legal procedures made it more difficult and longer to apply for a construction permit and land transfer decision than before. As the inspection process and legal process become increasingly tight, the developers try to resolve the necessary legal procedures to increase customers' trust and maintain credibility. In Q3/2019, more than 70% of the primary apartments were delivered to customers with a Sale Purchase Agreement.

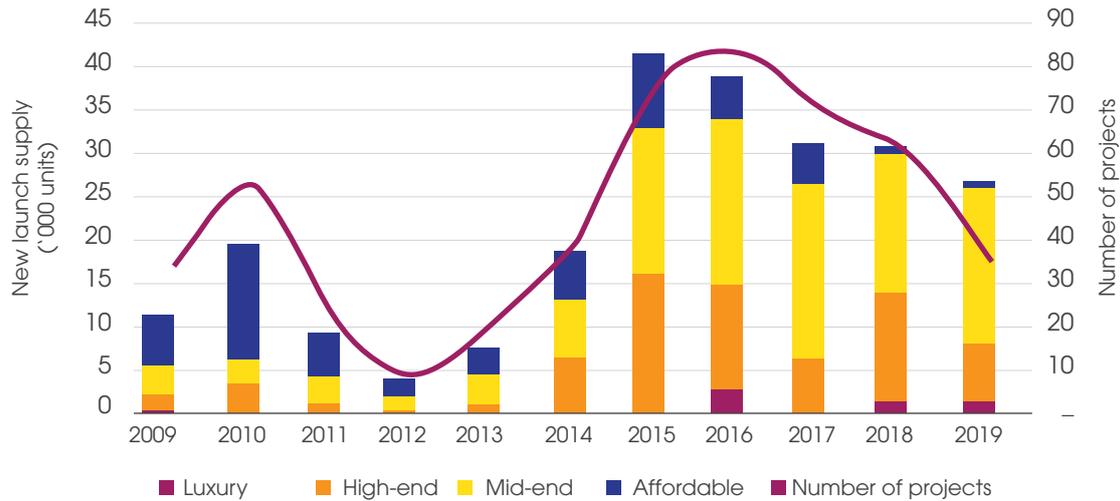


Source: CBRE Vietnam, Q 4/2019

#### The absorption situation of the market was still quite positive

The situation of apartment sales in the whole year was quite positive for all segments with more than 90% of new launch units having been absorbed, reaching 29,874 units, a slight decrease of 5% compared to the last year because the supply decreased. The mid-end segment continued to attract attention would remain the segment with the best absorption capacity in the market in the next few years.

### HCMC Condominium Market, New launch supply by units and projects



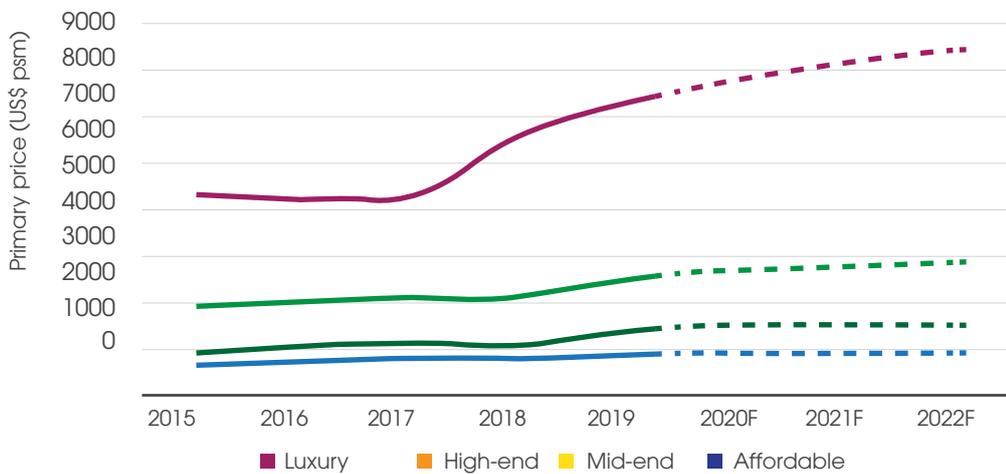
Source: CBRE Vietnam, Q 4/2019

### Prices tended to increase in all segments

Thanks to limited supply and strong demand, average price on the primary market increased to a new level at US\$1,902 psm, an increase of 10% compared to the last year. Increases in primary price were observed across the market for both remaining stocks and new supply.

Primary prices will continue to increase compared to 2019. Luxury segment is expected to have price increase of 10% y-o-y due to lack of supply. Prices for high-end and mid-end segments will increase 5% y-o-y, due to new supply and the high price level in 2019. Affordable segment will have a modest growth of 2% y-o-y.

### HCMC Condominium Market, Forecast on Primary Price



Source: CBRE Vietnam, Q 4/2019

Licensing issue and credit tightening continue to be the main challenges for the condominium market in 2020. Developers are well-positioned to increase profits thanks to the shortage of existing condo projects on the primary market.

## IMPLEMENTATION OF THE COMPANY'S REAL ESTATE PROJECTS

STT	Project	Location	Site Area (ha)	Investment capital (VNDm) excl VAT	Current status	Project Progress
<b>Projects in HCM City</b>						
1	<b>Diamond/City Gate 2</b>	TP.HCM	4,1	2.308	Handing over since Quarter 3/2020	2017 - 2020
2	<b>NBB 3/City Gate 3</b>	TP.HCM	7,75	3.199	Preparing for construction and sale	2017 - 2022
<b>Projects in provinces</b>						
3	<b>De Lagi</b>	Binh Thuan	124,7	1.993	Under compensation	2017 - 2023
4	<b>Son Tinh Residential Area</b>	Quang Ngai	102,6	1.589	Under construction and selling	2016 - 2020
5	<b>Thuy San Hill</b>	Quang Ninh	32,1	509	Completed selling and construction	2017 - 2020

### REAL ESTATE PROJECTS IN HCM



DIAMOND RIVERSIDE



NBB GARDEN III

### REAL ESTATE PROJECTS IN OTHER PROVINCES



DOI THUY SAN - QUANG NINH



SON TINH - QUANG NGAI



DE LAGI - BINH THUAN

## PROJECT INVESTMENT AND BUSINESS PERFORMANCE IN 2019



### HEADQUARTERS



**2.676**  
BILLION VND

TOTAL EXPECTED  
REVENUE

### DIAMOND RIVERSIDE CONDOMINIUM (CITY GATE TOWERS 2)

#### Project information

**Location** The front of Vo Van Kiet Street, Ward 16, District 8, HCM City.

**Total expected revenue** VND 2,657 billion

**Total investment** VND 2,206 billion

**Total planning area** 41.496,80 sqm

**Total gross floor are** 169.565,4 sqm

- Apartments: Apartment area of 67-70 sqm per unit
- Shopping center and shop houses : 12,395.12 sqm

- Other facilities: Kindergarten, elementary school, tennis courts, gym etc

**Apartment quantity** 1.652 units (4 blocks, height of 29 storeys) and 17 villas

#### Investment progress

Complete construction of the body, topping out. Expected to handover in 2020.

#### Business progress

The whole project apartments were signed Sale and Purchase Agreements.



**HEADQUARTERS****4.181**  
BILLION VNDTOTAL EXPECTED  
REVENUE**577 GARDEN III CONDOMINIUM****Project information**

**Location** The front of Vo Van Kiet Street, Ward 16, District 8, HCM City.

**Total expected revenue** VND 4,181 billion

**Total investment** VND 2,706 billion

**Total planning area** 7,75 ha

**Total gross floor area (apartments):** 201.987,84 sqm

**Total gross floor area (linked houses):** 40.164 sqm

- Apartments (2,222 units): Apartment area of 52.1- 80.3 sqm per unit

- Shop houses (34 units): Area of 165 - 214 sqm per unit

- Shopping center and community area: 1,929.2 sqm

- Other facilities: Kindergarten, elementary school, tennis courts, gym etc

**Apartment quantity** 2.222 units (03 Block A, B, C, height of 33 storeys) and 133 adjacent units.

**Investment progress**

Complete compensation and proceed with legal procedures to start construction in 2020.

**Business progress**

Expected to sign Sale and Purchase Agreements after completing the legal procedures.



## BRANCHES

### - THE NORTHERN BRANCH -

**Address** Floor 2 - Villa A29, Lot BT-A3, Thuy San Hill Villa area, Area 9B, Bai Chay Ward, Ha Long City, Quang Ninh Province.

**Telephone** (84-203) 3511577 | Fax: (84-203) 3515577

**Branch Director** LE TAM PHUC

#### Tasks and functions

On behalf of the Company, involving in marketing and seeking investment opportunities; managing the construction and sales process of the projects in Ha Long City, Quang Ninh Province and the Northern areas.



**586**  
BILLION VND  
TOTAL EXPECTED  
REVENUE

### THUY SAN HILL - HA LONG PROJECT

#### Project information

**Location** At Bai Chay Ward, Ha Long City, Quang Ninh Province.

**Total expected revenue** VND 586 billion

**Total investment** VND 484 billion

**Total planning area** 32,18 ha (Belonging to the tourism complex of the Ha Long Bay).

- Residential area: 107,047 sqm
- Service and public work area: 2,629 sqm
- Traffic and infrastructure area: 83,028 sqm
- Tree area: 107,278.3 sqm

**Total plots** 381 plots

The project includes luxury villas combined with the hotel complex, condominiums and commercial services.

#### Investment progress

Completed infrastructural construction.

#### Business progress

Recording revenue in 2019 - 2020



## - QUANG NGAI BRANCH -

**Address** 364 Vo Nguyen Giap, Truong Quang Trong Ward, Quang Ngai

**Telephone** (84-255) 3677577 | **Fax:** (84-255) 3687577

**Branch Director** TRAN CONG HIEN

### Tasks and functions

On behalf of the Company, involving in managing the construction processes and executive phases as well as land bank sales of the projects Son Tinh Residential Area - Quang Ngai. Marketing, seeking investment opportunities; managing and trading the construction and sales process of the projects in Quang Ngai.



**2.469**  
BILLION VND  
TOTAL EXPECTED  
REVENUE

## SON TINH - QUANG NGAI RESIDENTIAL AREA

### Project information

**Location** At Truong Quang Trong Ward, Quang Ngai City, Quang Ngai Province.

**Total expected revenue** VND 2,469 billion

**Total investment** VND 1,196 billion

**Total planning area** 102 ha

**Total plots** 2.896 plots

### Investment progress

Continuing to implement legal procedures and clearance compensation for the remaining area.

### Business progress

Doing business with the area in which infrastructure was completed. The land lots have been granted the land use right certificates



## BRANCHES

### - BINH THUAN BRANCH -

**Address** 47 Tran Hung Dao, Phan Thiet City, Binh Thuan Province.

**Telephone** (84-252) 3833189 | Fax: (84-252) 3833230

**Branch Director** LUU HAI CA

#### Tasks and functions

On behalf of the Company, involving in marketing and seeking investment opportunities; managing the construction processes and executive phases as well as land bank sales of the rojects in Binh Thuan.



**2.180**

BILLION VND

TOTAL EXPECTED  
REVENUE

### DE LAGI - BINH THUAN COMPLEX RESIDENTIAL AREA & CONDOMINIUM

#### Project information

**Location** At Lagi Town, Binh Thuan Province

**Total expected revenue** VND 2,180 billion

**Total investment** VND 1,290 billion

**Total planning area** 124,5 ha

- Construction area of residential land 84,56 ha
- Tourist area: 39,94 ha
- Facilities: Resort, amusement park, 5-star resorts, luxury villas etc

#### Investment progress

Continuing to implement legal procedures and compensation for site clearance. Expected to start construction in Q4/2020.

#### Business progress

Expected to launch in 2022.

## - SOUTHERN WEST BRANCH -

**Address** 39-40 Ninh Binh Street, Bac Lieu City, Bac Lieu Province.

**Telephone** (84-291) 3956775 | **Fax:** (84-291) 3956776

**Branch Director** NGUYEN VAN NHAM

### Tasks and functions

On behalf of the Company, managing the construction processes and execution phases as well as land bank sales of Residential Area of Ward 2, Bac Lieu City, Bac Lieu Province.



**380**  
BILLION VND  
TOTAL  
REVENUE

## RESIDENTIAL AREA PROJECT IN WARD 2, BAC LIEU CITY

### Project information

**Location:** At Ward 2, Bac Lieu City, Bac Lieu Province.

**Total revenue** VND 380 billion

**Total investment** VND 368 billion (577 invested 100%)

**Total planning area** 50,2 ha

- Commercial area: 201,624.66 sqm
- Shopping center and services area: 70,320 sqm

**Total plots** 2007 plots.

### Investment progress

Completed infrastructure construction and handed over to the local.

### Business progress

Completed entire sales of commercial land area.



## SUBSIDIARIES

### - HUNG THANH CONSTRUCTION - COMMERCIAL - SERVICE - MANUFACTURING COMPANY, LTD -

**Address** Floor 3, Block B, 1648 Vo Van Kiet, Ward 16, District 8, HCMC

**Telephone** (84-28) 62 915 577 | Fax: (84-28) 62 977 555

**Director** TRAN QUANG HAI

**Charter Capital** VND 41.2 billion ( 95% stake owned by NBB)

**Tasks and functions** On behalf of the Company, involving in managing, executing and trading such projects as Carina Plaza, City Gate Tower at Ward 16, District 8, Hochiminh City and also being the managing company of 577's high-rise building projects in the future



**1.530**  
BILLION VND  
TOTAL  
REVENUE

### CITY GATE TOWERS CONDOMINIUM

#### Project information

**Location** In the front of Vo Van Kiet Avenue, Ward 16, District 8, HCM City

**Total expected revenue** VND 1,533 billion

**Total investment** VND 1,270 billion

**Total planning area** 1,93 ha

**Total gross floor are** 127.414,64 sqm

- Apartments: Apartment area of 67 - 86 sqm per unit
- Shopping center and shop houses: 3.106,53 sqm
- Facilities: Kindergarten, elementary school, tennis

courts, gym etc

**Total number of Apartment** 1,092 units  
(4 blocks, height of 28 storeys)

#### Investment progress

Elected and handed over the building's management to the Board of Directors.

#### Business progress

Elected and handed over the building's management to the Board of Directors



## SUBSIDIARIES

### - HUONG TRA COMPANY, LTD -

**Address** 364 Vo Nguyen Giap, Truong Quang Trong Ward, Quang Ngai Province.

**Telephone** (84-255) 3677777 | **Fax:** (84-255) 3677677

**Director** TRAN CONG HIEN

**Charter Capital** VND 20 billion (NBB owned 89.1%)

**Tasks and functions** Implementing legal procedures for mineral water exploitation in the Central region.



## ASSOCIATES

### - QUANG NGAI MINERAL INVESTMENT JOINT STOCK COMPANY (QMI) -

**Address** 364 Vo Nguyen Giap, Truong Quang Trong Ward, Quang Ngai Province.

**Telephone** (84-255) 3677777 | **Fax:** (84-255) 3677677

**Director** NGUYEN PHUC NGUYEN

**Charter Capital** VND 40 billion (NBB owned 49%)

**Tasks and functions** Exploiting and processing minerals in the Central region.



# REPORT AND EVALUATION OF THE BOD, BOM, BOS AND CORPORATE GOVERNANCE



## INTRODUCTION ABOUT THE BOD AND THE BOM



MR. **DOAN TUONG TREU**

**Board Chairman**

He is known to be the administrator, energetic and full of enthusiasm, a founding member and currently holds the position of Chairman at 577 Investment Corporation since 2005 until now.

**Nationality:** Vietnamese

**Expertise:** BA in Economics

**Holding positions in other organizations:** Not available



MR. **LUU HAI CA**

**BOD's Vice Chairman**  
**General manager**

He has extensive experiences in investment and construction, as BOD's Vice Chairman cum General Director of 577 Investment Corporation from May 2019 to the present.

**Nationality:** Vietnamese

**Expertise:** Bachelor of Economics

**Areas in charge:**

Responsible for overall management of all activities of the Company

**Holding positions in other organizations:**

Head of Supervisory Board of CII Infrastructure Construction Joint Stock Company (CEE)



MR. **MAI THANH TRUC**

**Board member**  
**Deputy General Director in charge of Finance and Sales**

He has considerable experience in investment and finance, is a member of the Board and Deputy General Director in charge of Finance and Sales of 557 from 4/2014 to present..

**Nationality:** Vietnamese

**Expertise:** BA in Economics

**Areas in charge:**

Directly in charge of investment, finance and sales; Supports General Director in relation to investors, institutions, foreign investment funds .....

**Holding positions in other organizations:**

Chairman at Nhip Cau Dia Oc Service JSC.

## INTRODUCTION ABOUT THE BOD AND THE BOM



MR. **NGUYEN PHI THUONG**

**Independent Board Member**

He has considerable experience in investment and construction, a board member of 557 Investment Corporation since 4/2016.

**Nationality:** Vietnamese

**Expertise:** Civil Engineer

**Holding positions in other organizations:**

General Director at Tri Viet Steel LTD.



MR. **HOANG THANH TUNG**

**Independent Board Member**

He has considerable experience in investment and finance, worked in a number of positions in the fund management company as Vinacapital and Temasek Holdings, a board member of 557 Investment Corporation since May 4/2016.

**Nationality:** Vietnamese

**Expertise:** Finance

**Holding positions in other organizations:** Not available



MR. **NGUYEN QUY BINH**

**Deputy General Director in charge of Human Resources and Projects**

He was appointed as Deputy General Director in charge of Human Resources and Projects of 577 since January/2020.

**Nationality:** Vietnamese

**Expertise:** Law

**Areas in charge:**

Directly responsible for managing all activities of the Project Department and HR Department; Managing and operating projects, legal work, and HR at the company members.



## INTRODUCTION ABOUT THE BOS AND CHIEF ACCOUNTANT



**MR. TRUONG HAI DANG KHOA**

**Chief Accountant**

He was appointed as Chief Accountant in 557 Investment Corporation since 8/2015.

**Nationality:** Vietnamese

**Expertise:** Finance - Accounting.



**MS. NGUYEN QUYNH HUONG**

**Chief Supervisor**

She graduated with the finance major in the US and has experienced various positions in the Fund Management and Audit company such as Indochina Capital, Vietbridge Capital, Saigon Asset Management, PricewaterhouseCoopers Vietnam (PwC Vietnam) ... She holds the position of Chief Supervisor in Investment Corporation 577 since 04/2010.

**Nationality:** Vietnamese

**Expertise:** Finance - Accounting

**Holding positions in other organizations:**

Capital Managing Director at HCMC Infrastructure Investment Corporation.



**MR. VO HOANG CHUONG**

**Supervisory Board Member**

He has considerable experience in finance, a member of the Board of Supervisory of 557 since 4/2015.

**Nationality:** Vietnamese

**Expertise:** Finance

**Holding positions in other organizations:**

Chief Investment Officer of the fund investment management Saigon Asset Management (SAM)



**MR. NGUYEN VAN TUNG**

**Supervisory Board Member**

He is a member of the Board of Supervisory of 557 since 4/2015.

**Nationality:** Vietnamese

**Expertise:** Civil Engineer

**Holding positions in other organizations:** Not available

## THE BOARD OF MANAGEMENT'S REPORT

**THE BOARD OF MANAGEMENT OF 577 CORPORATION IS APPOINTED BY THE BOARD OF DIRECTORS, RESPONSIBLE FOR IMPLEMENTING DECISIONS OF THE BOARD OF DIRECTORS AND THE GENERAL MEETING OF SHAREHOLDERS, IMPLEMENTING BUSINESS STRATEGIES RELATED TO THE COMPANY'S BUSINESS ACTIVITIES**

### THE SITUATION OF PERSONNEL OF THE BOARD OF MANAGEMENT DURING THE YEAR

Personnel of the Board of Management and Chief Accountant of the Company are as follows:

FULL NAME	TITLE	APPOINTMENT TIME
Luu Hai Ca	General Director	May/2019
Mai Thanh Truc	Deputy General Director - In charge of Finance and Sale	May/2019
Nguyen Quy Binh	Deputy General Director - In charge of Human resources and Projects	January/2020
Truong Hai Dang Khoa	Chief Accountant	July/2015

Changing the personnel of the Company's Board of Directors and Chief Accountant in 2019:

In 2019, the General Meeting of Shareholders held on April 24, 2019, approved the change of the title system from the Chief Executive Officer and the Department Directors to the General Director and Deputy General Directors. The personnel of Board of Management had the following changes:

1. Dismissing the position of Chief Executive Officer according to his resignation letter to Mr. Doan Tuong Trieu from May 2019.
2. Dismissing the position of Project Manager for Mr. Luu Hai Ca and appointing as the Company's General Director from May 2019.
3. Dismissing Chief Financial Officer for Mr. Mai Thanh Truc and appointing Deputy General Director due to the change of title system from May 2019.
4. Appointing the position of Deputy General Director for Mr. Nguyen Quy Binh from January 2020.

### IMPLEMENTATION CIRCUMSTANCES DURING THE YEAR 2019

In 2019, the Company achieved remarkable achievements in enforcing legal work, construction and sales implementation of the projects. Specifically:

**Regarding project legal work:** In the past year, although the overall situation of the country slowed down compared to previous years, the project's legal work completed the tasks and procedures according to the plan. Particularly:

- Diamond Riverside Project: was granted the construction permit (construction of body and completion);
- NBB 3 Project: completed Master Plan 1/500; the Ministry of Construction received the basic design document;
- Son Tinh Residential Area Project: coordinated with local authorities to promote compensation, site clearance and granting Land use right certificates;
- De Lagi Project: continued to speed up the progress of compensation, site clearance, handed land over for the first phase, to be handed over in June/2020 for the second phase;

- City Gate Towers Project: elected and handed over the building's management and operation to the Board of Directors.

**Regarding construction work:** Ensuring the progress of the projects under construction such as:

- Thuy San Hill Villa Project (Quang Ninh): completed the infrastructure construction;
- Diamond Riverside Project: completed the body construction, being executed the completion;
- NBB 3 Project: being pressing pile and drilling bored piles.

**Regarding business and sales:**

- Diamond Riverside Project: signed sale and purchase agreements for all apartments;
- Son Tinh Project: continued to hand over land use right to customers, completed procedures for granting certificates of land use right of 415 books.

**Regarding financial activities:** The company completed its financial obligations due to bondholders and banks, continued to maintain low credit balances at VND 277 billion at 31/12/2019, accounting for 5% total assets.

**Regarding to business administration and HR system:**

- The Company adjusted remuneration scheme, internal management system, improve transparency in operating in order to create legal and administrative corridors for the company's activities, to control risks and improve competitiveness in the Company's internal system.
- Continued to train, build a team of highly qualified, dedicated and enthusiastic employees in work to create a solid basis for the current and future development of the Company

**Social and environmental responsibilities:**

- The Company strictly complied with the regulations on environmental protection, environmental monitoring was carried out regularly and periodically, regularly reporting to the relevant departments.
- The company implemented social charity programs for individuals and families with unfortunate and difficult circumstances every year.

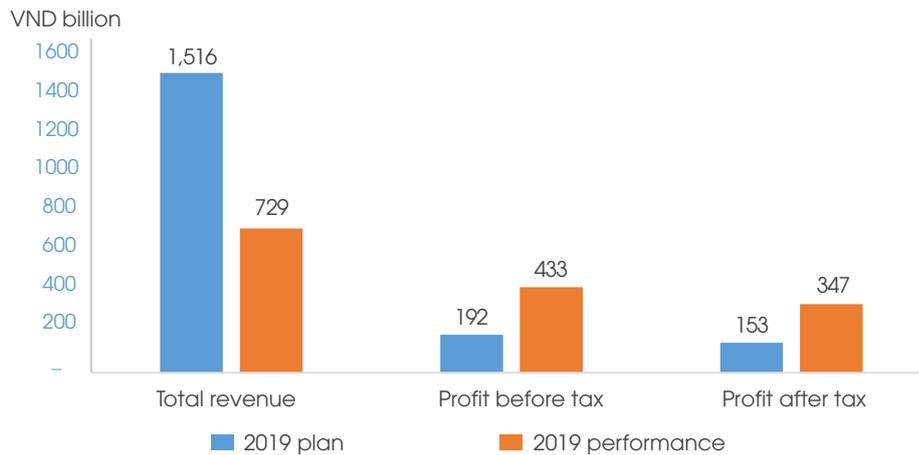
In general, in 2019, all the Board of Management and employees tried their best to complete the set objectives, creating a solid basis for projects to accelerate the implementation progress, creating stable revenues for the Company in the following year.

## RESULTS OF THE YEAR

Inheriting growth in 2018, profit after tax in 2019 continued to reach high and exceed the plan. Specifically, total profit after tax was recorded at VND 347 billion, coming from transferring shares and the right to participate in the project together with Doi Thuy San Project's profit recognition, exceeding 227% of the plan. This was the result achieved by the efforts of the Board of Directors as well as all employees of the whole Company in the past year.

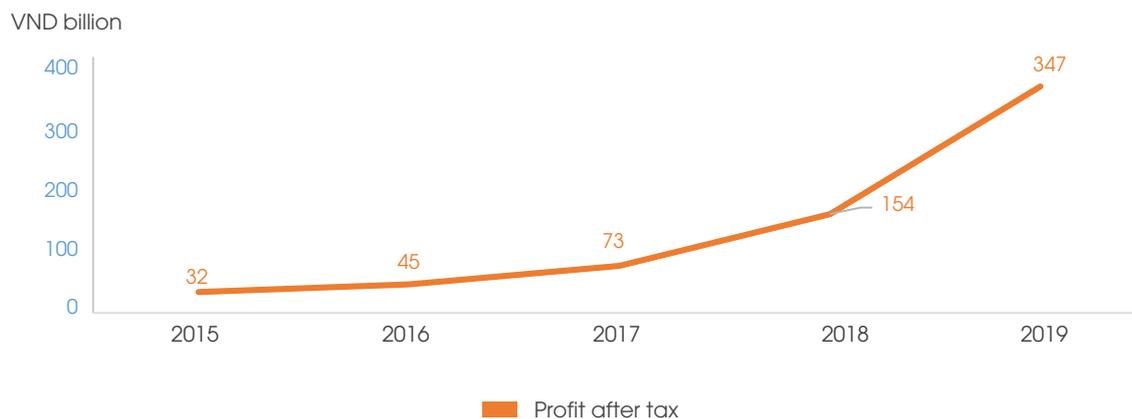
CRITERIA	2019 Plan (VND billion)	2019 Performance (VND billion)	Achievement ratio
Total revenue	1,516	729	48%
Profit before tax	192	433	225%
Profit after tax	153	347	227%

## 2019 PERFORMANCE



Since 2017, some projects have gradually completed construction and handed over to customers and started to record revenue, profit, thus, profit after tax surged.

## PROFIT GROWTH CHART



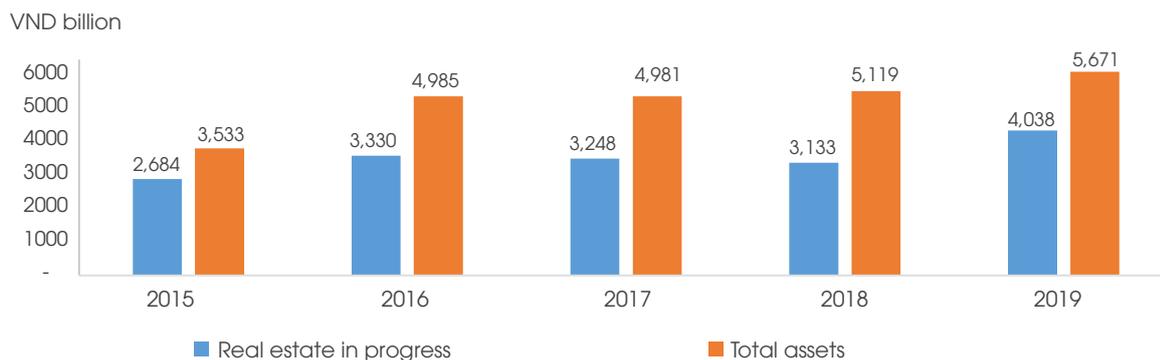
## FINANCIAL SITUATION

In 2019, the Company's financial situation continued to change a lot, creating a foundation to build a safe and effective financial structure.

### 1. ASSET STRUCTURE

Total assets as of December 31, 2019 was VND 5,670 billion, a rise of 10.8% compared to the end of 2018. In which, accounting for the largest proportion was inventory (71.0%). Inventory reached VND 4,038 billion, reflecting the production and real estate in progress costs related to the formation of land bank (cost of compensation, site clearance), investment and construction. Compared to the end of 2018, the balance of inventories rose due to the construction progress of the Projects, which increased the real estate in progress costs of the ongoing Projects to over VND 900 billion compared to the beginning of the year. In particular, key projects were being developed to promptly hand over to customers namely Diamond Riverside, De Lagi, Son Tinh and NBB 3 projects.

## REAL ESTATE IN PROGRESS VERSUS TOTAL ASSETS



In general, in the period of 2015-2019, the Company's total assets increased at the CAGR of 13%. With specific nature in the field of real estate business, short-term assets always account for a large proportion in the Company's total assets structure, averaging about 90% of the total assets value. In particular, work-in-progress accounts for the largest proportion, average 70% of the total assets value over the years

## TOTAL ASSETS GROWTH OVER YEARS



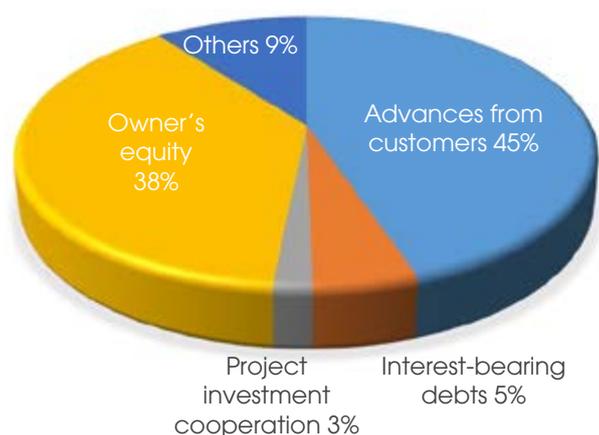
## 2. CAPITAL STRUCTURE

In recent years, the Company is focusing on the goal of building a healthy capital structure, reducing bank loans and increasing proceeds from customers to finance projects. In 2019, the Company continued to pay due obligations to banks as well as other credit institutions. Total outstanding bank loans as of December 31, 2019 were VND 277 billion, accounting for 5% of total assets. The Company did not have bad payables, receivables or assets that adversely affected the business results.



Along with reducing debt in the total capital, the Company's payment ratio has also been significantly improved. The loan-to-equity ratio continued to decrease, specifically from 0.66 in 2015 to 0.13 in 2019, ensuring the ability to repay debts with the Company's own equity. The Company's business results also were not affected by interest differences. Besides, with the current debt ratio in capital structure, it increases the chance to access banks' preferential credit packages to fund future growth opportunities. Therefore, the Company can use financial leverage whenever there is a need to borrow money to amplify the gains, bringing surplus value to shareholders thanks to the tax shield from interest expenses.

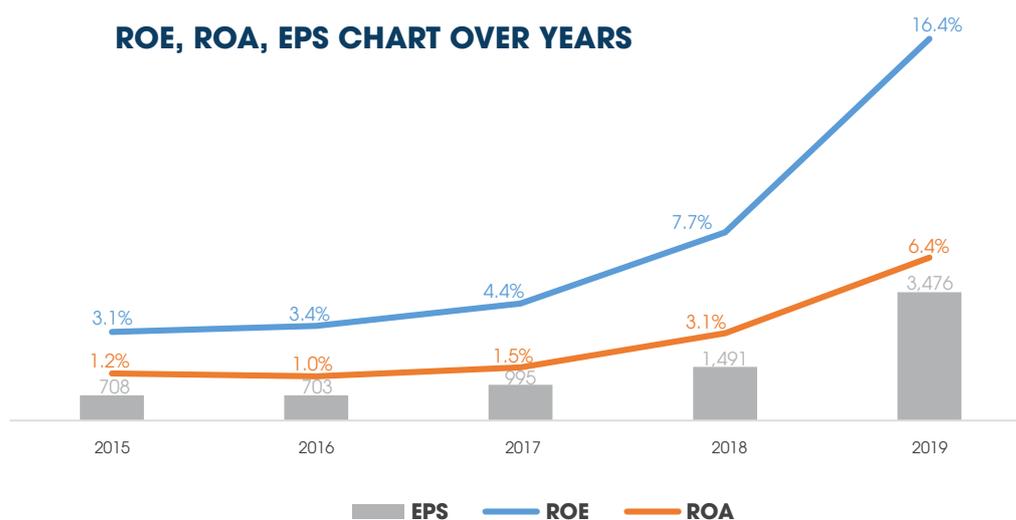
In 2019, the Company completed converting 52,500 convertible bonds into shares for Kallang Limited, recording a decrease of VND 52.5 billion in convertible bonds.



Along with that, the Company increased the effective use of capital raised from customers. The total proceeds from advances from customers and deposits by the end of the year was VND 2,553 billion. This is also the revenue in the future when the projects are completed, eligible to hand over and record revenue and profit.

In general, the Company's current capital structure was considered to be quite safe when reducing the bank loan ratio to a low level (5%), reducing the financial burden from interest payment. Along with that, the Company also promoted capital raised from customers together with implementing the project to increase investment efficiency, bringing maximum benefits to the Company.

<b>KEY FINANCIAL CRITERIA</b>					
<b>Target</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>1. Efficiency Ratio</b>					
+ Current Ratio	3,64	1,84	1,95	1,93	1,66
Current Assets/Current Liabilities					
+ Quick Ratio	0,52	0,49	0,54	0,64	0,38
(Current Assets - Inventories)/Current Liabilities					
<b>2. Solvency Ratio</b>					
+ Interest-bearing debts/Total Assets	0,23	0,16	0,09	0,05	0,05
+ Interest-bearing debts/Equity	0,66	0,57	0,23	0,13	0,13
<b>3. Operational Capacity</b>					
+ Inventory Turnover	0,04	0,01	0,28	0,27	0,07
COGS/Average Inventories					
+ Net Revenue/Average Total Assets	0,03	0,01	0,21	0,23	0,06
<b>4. Profitability</b>					
+ Net Profit/Total Revenue	19,8%	27,5%	6,6%	13,3%	47,6%
+ Net Profit/Average Equity	3,1%	3,4%	4,4%	7,7%	16,4%
+ Net Profit/Average Total Assets	1,2%	1,0%	1,5%	3,1%	6,4%
+ Operating Profit/Total Revenue	19,9%	31,3%	6,3%	14,8%	22,9%
<b>5. EPS</b>	<b>708</b>	<b>703</b>	<b>995</b>	<b>1.491</b>	<b>3.472</b>

**ROE, ROA, EPS CHART OVER YEARS**


## 2020 BUSINESS PLAN

In 2020, the Board of Management continues to implement the business plan in accordance with the strategic direction of the Board of Directors approved for the period from 2018 to 2020, focusing on deploying the Company's ongoing land bank as follows:

- **For Diamond Riverside project:** Continuing to complete the construction work to start handover from Quarter 3/2020 according to the schedule committed with customers. Accelerate the money collection from customers according to the payment schedule in the agreements;
- **For NBB 3 project:** Continuing to accelerate legal procedures and launch in 2020. Complete construction of pile foundations and basements;
- **For Son Tinh - Quang Ngai project:** Continuing to accelerate the progress of compensation, construction and business, the goal of completion in 2021;
- **For Thuy San Hill - Quang Ninh project:** Completing construction items, continue recording the remaining revenue and profit from the project in 2020;
- **For De Lagi - Binh Thuan project:** Continuing to implement legal procedures and project compensation;
- Ensuring a safe financial structure, creating stable sources of revenue and profit to serve the Company's development towards long-term sustainability;

The Board of Directors develops the Business Plan 2020 with the following basic targets:

CRITERIA	2020 PLAN (VND BILLION)
Expected total revenue	3,200
Profit before tax	460
Profit after tax	330

## THE BOARD OF DIRECTOR'S REPORT

**THE BOARD OF DIRECTORS WITH A 5-YEAR TERM OF OPERATION IS BASED ON THE COLLECTIVE PRINCIPLE OF LEADING AND DECIDING ISSUES RELATED TO THE PURPOSE AND INTERESTS OF THE COMPANY, EXCEPT FOR MATTERS UNDER THE AUTHORITY OF THE GENERAL MEETING OF SHAREHOLDERS. THE RIGHTS AND OBLIGATIONS OF THE BOARD OF DIRECTORS ARE REGULATED BY THE LAW ON ENTERPRISES, THE CHARTER AND THE COMPANY INTERNAL REGULATIONS**



The Board of Directors consists of 05 members, including 02 executive members, 01 non-executive members and 2 independent members, who are qualified and experienced in the field of real estate, construction and infrastructure, financial investment etc. The members have made a lot of contributions to the policy making, the direction of the Company's operations, to direct and supervise the operation of the Executive Board in order to achieve the highest efficiency in the Company's business and production activities...;

### MEMBERS OF THE BOARD OF DIRECTORS

On April 24, 2019, the 2018 Annual General Meeting of Shareholders approved the resignation of the member of the Board of Directors for the third term for Mr. Chong Kuan Yew.

On August 28, 2019, the 2019 Extraordinary General Meeting of Shareholders approved the resignation of the member of the Board of Directors for the third term for Mr. Hoang Huu Tuong.

Currently, the members of the Board of Directors 577 for the third term (2015-2020) include the following members:

## MEMBERS OF THE BOARD OF DIRECTORS

NO.	BOD'S MEMBERS	POSITION	STARTING/ ENDING DATE OF BOD'S MEM- BERSHIP	NOTE
1	Doan Tuong Trieu	Board Chairman	24/04/2015	
2	Luu Hai Ca	Vice Chairman cum General Director	24/04/2018	
3	Mai Thanh Truc	Board member cum Deputy General Director	24/04/2015	
4	Nguyen Phi Thuong	Board Member - Independent	24/04/2015	
5	Hoang Thanh Tung	Board Member - Independent	24/04/2015	
6	Hoang Huu Tuong	Non-executive Board member	28/08/2019	Resigned due to personal wishes at the General Meeting of Shareholders held on August 28, 2019
7	Chong Kuan Yew	Board Member - Independent	24/04/2019	Resigned due to personal wishes at the General Meeting of Shareholders held on April 24, 2019

## THE BOD'S ACTIVITIES IN 2019

### Organize meetings of the Board of Directors

The Board of Directors convened and organized the 2018 Annual General Meeting of Shareholders on April 24, 2019, and the 2019 Extraordinary General Meeting of Shareholders on August 28, 2019, the General Meeting of Shareholders approved the Resolutions with the following contents:

NO.	RESOLUTION/ DECISION NO.	DATE	CONTENT
01	24/NQ-ĐHĐCĐ	24/04/2019	<ol style="list-style-type: none"> <li>1. Approved BOD's report on 2018 production and business activities, plan of 2019 production and business activities;</li> <li>2. Approved Board of Supervisors' report on the Company's 2018 activities</li> <li>3. Approved 2018 audited financial statement and distribution of profit after tax according to audited results</li> <li>4. Criteria of 2019 production and business plan, use of 2019 profit and remuneration of BOD, BOS</li> <li>5. Approved the selection of the Audit firm to implement the auditing for the fiscal year 2019</li> <li>6. Approved BOD member's resignation for the Third Term (2015-2020) of Mr Chong Kuan Yew according to his resign letter dated 18/04/2018.</li> <li>7. Approved to change titles of Chief Executive Officer and Department Directors to General Director and Deputy General Directors</li> <li>8. Approved the changes of the Company's General Director and Legal representative as follows:</li> </ol>

NO.	RESOLUTION/ DECISION NO.	DATE	CONTENT
			<ul style="list-style-type: none"> <li>a. The resignation of Chief Executive Officer for Mr. Doan Tuong Trieu following his resignation letter dated January 9, 2019. and the appointment of Mr. Luu Hai Ca - the Board Member, Project Director to be the General Director.</li> <li>b. The handover of the General Director's tasks and related procedures was carried out according to the schedule from the present to June 30, 2019</li> <li>c. Approved the General Director of the Company as the legal representative</li> <li>d. To change of the legal representative of the Company.</li> </ul> <p>9. Approved the amendment of 577 Investment Corporation's Charter in accordance with the Law on Enterprises 2014.</p> <p>10. Approved the plan of repurchasing 20% shares.</p> <p>11. Approved Ho Chi Minh City Infrastructure Investment JSC (CII Company) to buy NBB shares to increase its ownership in NBB Company to 64% of issued shares without carrying out public tender procedures. The increase in this ownership percentage will be carried out from 24/04/2019 until 31/03/2020.</p> <p>12. Approved the principle of continuing the divestment of remaining projects to bring the proceeds for the Company as well as to ensure the divestment procedures in accordance with the laws. The AGM authorized the BOD to implement and decide issues relevant to this divestment.</p>
02	71/NQ-ĐHĐCĐ	28/08/2019	<ul style="list-style-type: none"> <li>1. Approved CII and/or CII's related people to purchase/ receive transfer of NBB shares to increase ownership in NBB to 79% of the Company's outstanding shares without public tender.</li> <li>2. Approved the authorization for the Board of Directors to adjust and promulgate the Internal Management Regulations in accordance with the Company's Charter, the Law on Enterprises No. 68/2014/QH13 and other relevant regulations.</li> <li>3. Approved the change of the Company's business lines which are limited in foreign ownership rate.</li> <li>4. Approved the plan to pay cash dividends to shareholders in 2019 with the maximum expected rate of 50%.</li> <li>5. Approved the resignation of the member of the Board of Directors for the third term (2015-2020) for Mr. Hoang Huu Tuong from August 28, 2019, according to the resignation letter dated August 21, 2019.</li> </ul>

**Supervisory activities of the Board of Directors to the Board of Management:**

The supervision of the Board of Directors to the Board of Management is implemented regularly and deeply through direct management of the Executive Board Members and other Board Members as follows:

- Directing the Board of Directors and relevant departments to successfully organize the Annual General Meeting of Shareholders for the fiscal year 2018 on April 24, 2019 and the 2019 Extraordinary General Meeting of Shareholders on 28/28 8/2019.
- Organizing meetings to discuss and unify the guidelines under the authority and responsibilities of the Board of Directors, directing the Board of Management and relevant departments to implement the guidelines in accordance with the Company's Charter and the law.

**Activities of subcommittees under the Board of Directors:**

The Board of Directors operates on the principle of a collective whole and decides the issues within its authority in accordance with the provisions of the Enterprise Law and the Company's Charter, not setting up subcommittees to handle separate areas of work.

**Organize meetings of the Board of Directors:**

The Board of Directors organized meetings at the end of each quarter, 6 months and the end of the year as well as issued opinion cards to deploy the implementation of the tasks approved by the General Meeting of Shareholders and the guidelines under its authority. Meetings of the Board of Directors were organized and conducted accordance with Company's Charter and stored in accordance with regulations.

In 2019, the Board of Directors of the Company focused on solving and approving the following contents:

NO.	RESOLUTION/DE- CISION NO.	DATE	CONTENT
1	07/NQ-HĐQT	10/01/2019	Resolution on approving the plan to buy back 10% treasury shares
2	08/NQ-HĐQT	10/01/2019	Resolution on adjusting the implementation schedule, plans and efficiency of business and investment for Company's projects
3	09/NQ-HĐQT	25/02/2019	Resolution on remuneration payment to the Board of Directors and Supervisory Board in 2018
4	11/NQ-HĐQT	26/02/2019	Resolution on approving the result of converting convertible bonds into shares and increasing the Company's charter capital
5	12/NQ-HĐQT	11/03/2019	Resolution on convening the Annual General Meeting of Shareholders for the fiscal year 2018
6	16/NQ-HĐQT	18/03/2019	Resolution on approving the contents submitted to the 2018 Annual General Meeting of Shareholders
7	19/NQ-HĐQT	12/04/2019	Resolution on approving supplementary content submitted to Annual General Meeting of Shareholders for fiscal year 2018
8	29/QĐ-HĐQT	29/05/2019	Decision on dismissing the position of Chief Financial Officer and appointment of Deputy General Director to Mr. Mai Thanh Truc
9	30/QĐ-HĐQT	29/05/2019	Decision on dismissing the position of Project Director for Mr. Luu Hai Ca
10	31/QĐ-HĐQT	29/05/2019	Decision on dismissing the position of Executive Director for Mr. Doan Tuong Trieu
11	32/QĐ-HĐQT	29/05/2019	Decision on the appointment of General Director to Mr. Luu Hai Ca
12	33/QĐ-HĐQT	29/05/2019	Decision on Changing the Legal Representative of Nam Bay Bay Investment Corporation
13	34/NQ-HĐQT	29/05/2019	Resolution on adjusting the System of Regulations, Regulations, and operation management process of the Company
14	35/NQ-HĐQT	29/05/2019	Resolution on working, income and welfare regimes of Chairman of the Board of Directors and General Director

NO.	RESOLUTION/DECISION NO.	DATE	CONTENT
15	39/QĐ-HĐQT	01/07/2019	Decision on issuing interim regulations on corporate governance
16	46/NQ-HĐQT	03/07/2019	Resolution on the liquidation of all contributed capital at Thu Thiem Land Company Limited
17	47/QĐ-HĐQT	03/07/2019	Decision on dismissing Representative of contribution capital at Thu Thiem Land Co., Ltd.
18	48/QĐ-HĐQT	03/07/2019	Decision on appointing Representative to contribution capital in Thu Thiem Land Co., Ltd.
19	49/NQ-HĐQT	03/07/2019	Resolution on approving some contents of Son Tinh - Quang Ngai project
20	50/QĐ-HĐQT	03/07/2019	Resolution on the approval of the content of Company personnel
21	51/QĐ-HĐQT	03/07/2019	Decision on dismissing the position of Director of Binh Thuan Branch for Mr. Le Huu Hanh
22	52/QĐ-HĐQT	03/07/2019	Decision on the appointment of Director of Binh Thuan Branch to Mr. Luu Hai Ca
23	53/NQ-HĐQT	03/07/2019	Resolution on convening an Extraordinary General Meeting of Shareholders in 2019
24	54/NQ-HĐQT	03/07/2019	Resolution on approving the content submitted to the extraordinary General Meeting of Shareholders in 2019
25	54/NQ-HĐQT	09/07/2019	Resolution on the liquidation of all contribution capital at Saigon Riverfront Co., Ltd.
26	60/NQ-HĐQT	30/07/2019	Resolution on mortgage of receivable rights from the transfer of NBB2 and NBB4 projects
27	63/NQ-HĐQT	12/08/2019	Resolution on approving additional content e submitted to the Extraordinary General Meeting of Shareholders in 2019
28	65/NQ-HĐQT	22/08/2019	Resolution on approving capital raising for production and business activities of the Company
29	72/QĐ-HĐQT	09/09/2019	The Decision on issuing the Internal Regulations on Corporate Governance
30	78/NQ-HĐQT	10/12/2019	Resolution on the appointment of the Person in charge of corporate governance
31	79/NQ-HĐQT	10/12/2019	Resolution on approving the policy of relocating the Binh Thuan Branch office
32	80/NQ-HĐQT	10/12/2019	Resolution on approving the policy of restructuring the functional departments at the Member Units and the Company's Office
33	81/NQ-HĐQT	10/12/2019	Resolution on not using Resolution No.20/NQ-HĐQT March 31, 2016 to transfer NBB2 project
34	82/NQ-HĐQT	10/12/2019	Resolution on approving interim dividend payment for the fiscal year 2019
35	83/NQ-HĐQT	10/12/2019	Resolution on Approving the Total Investment of the De Lagi Residential Complex project
36	84/NQ-HĐQT	10/12/2019	Resolutions through the change of a number of the Company's business lines
37	87/NQ-HĐQT	14/12/2019	Resolution on the transfer of NBB2 project
38	88/NQ-HĐQT	14/12/2019	Resolution on short-term borrowing for production and business activities of the Company

## ◆ EVALUATION OF THE BOARD OF DIRECTORS ON THE COMPANY'S ACTIVITIES

In the past year, with the stable real estate market situation, based on the actual operation results of the Company, the Board of Directors gave the evaluation opinions on the Company's activities as follows:

### Achievements and advantages

- 2019 was the year the Company completed the duties set by the Board of Directors: promoting legal procedures, compensation, construction, sales business, to focus all resources for constructing key projects. This was the basis for creating trust for customers, investors and other partners to continue to trust in developing other Company's projects in the future and at the same time, making 577 to become the familiar and prestigious real estate developer brand to customers.
- Putting significant efforts in stabilizing the Company's cash flow, significantly improved financial indicators at a healthy level, the bank debt ratio is very low.
- In construction activities, the Company always focused on using some energy-saving and environmentally friendly materials, applying advanced construction methods and investing in drainage and waste treatment systems that met all the requirements in the environmental impact assessment report.
- For social responsibility, the Company implemented social charity activities, visited and shared encouragement to individuals and families in unfortunate and difficult circumstances together with local authorities every year.
- Human resources constantly improved professional qualifications and had a high sense of responsibility. The management system gradually was built toward scientific and transparent way to meet the requirements in the new development stage.

### Difficulties

- Changes of the Law on Real Estate Business affected the process of implementing legal procedures, compensation of projects, causing slow progress of the Company's projects.

## ◆ EVALUATION OF THE BOARD OF DIRECTORS ON THE ACTIVITIES OF THE COMPANY'S BOARD OF MANAGEMENT

In 2019, the Board of Management with capable and experienced members in executive work has made an especially important contribution to the management and development of the Company.

The BOD highly appreciates the synchronous and drastic management of the BOM in complying with the strategy, objectives and tasks guided by the BOD, to organize and administer flexible and effective business activities, timely handle problems arising in practice, implement management and regular monitoring of member units, grasp the situation of making right and timely decisions, and at the same time recommend many solutions suitable for business operations of the whole Company

2019 was the year to recognize the great efforts of all employees of the Company, striving to complete the plans set by the Board. This was a solid premise for the company to reach stably to new achievements in the coming years. However, due to changes in real estate law and other related regulations, some projects were behind schedule, leading to the failure to achieve the target of operation and business plan of the Company.

The Board of Directors assessed that the Board of Management has made significant contributions and all employees of the Company united and tried their best to complete the plan approved by the General Meeting of Shareholders. In order to well implement the targets and tasks in 2020 as well as the following years, the Board of Directors requested the Board of Management to be active in the management and follow up the orientations, goals and plans already setting up and consolidating organizational and personnel models towards streamlining, quality and effective assurance in the coming development period..

## **◆ PLANS AND ORIENTATIONS OF THE BOARD OF DIRECTORS IN 2020 AND THE FOLLOWING YEARS**

The BOD assessed that the real estate market and the macro economy in 2020 will go down due to SAR - COV 2 pandemic's influence. In addition to promoting the achieved results, the Board of Directors oriented the process of implementing business targets as follows:

### **Regarding to finance**

- Focusing on raising capital from many resources to ensure adequate and timely response to investment activities of real estate projects.
- Continuing to maintain financial structure towards ensuring a safe debt ratio towards seeking new credit sources with low interest rates to use them more effectively.

### **Regarding to project, product development**

- Ensuring the implementation progress for key projects including Diamond Riverside high-rise apartments project (City Gate 2), Son Tinh residential area and Thuy San Hill villa project according to the commitments with customers and create products and financial revenue sources for 2020. At the same time, implementing the construction of new projects in 2020: NBB Garden III residential area (City Gate 3), De Lagi to create new products and stable revenue sources for the next years.
- Speeding up the compensation and completion of legal procedures for existing projects to invest in implementing or seeking investment cooperation partners if necessary.
- Supplementing the development of the service industry, including service apartment chain in HCMC and resort tourism in the Central Coastal Provinces to diversify revenue sources for the Company's activities.

### **Regarding to sales business**

- Promoting the completion of the key business plan of City Gate 3 High-rise Apartment, Son Tinh Residential Area and launching new project De Lagi.

### **Regarding to business administration and HR system**

- Continuing to improve remuneration scheme, internal management system, improve transparency in operating in order to create legal and administrative corridors for the company's activities, to control risks effectively and improve competitiveness in the company's internal system.
- Building a team of highly qualified, dedicated and enthusiastic employees in work to create a solid basis for the current and future development of the Company.

### **Regarding to investor relations**

- Continuing to strengthen investor relations activities, provide the most complete and accurate information to shareholders, investors, financial institutions to keep existing shareholders, attract more potential investors, contributing to improve the brand and image of the Company in the new period.

### **Regarding environmental and social responsibilities:**

- Continuing to implement measures to reduce and treat pollution, to ensure standards and regulations on environmental protection from the formation to the operation of projects.
- Continuing to participate in social and charitable activities in localities, sponsoring programs such as "Fund for the Poor", "Fund for People with Revolutionary", organizing visits and giving gifts to individuals, households in difficult circumstances ... and many other social activities.



## REPORT OF THE BOARD OF SUPERVISORS

**THE BOARD OF SUPERVISORS OPERATES INDEPENDENTLY AND PLAYS A ROLE IN CHECKING AND MONITORING THE ADMINISTRATION OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT TO ENSURE THAT THEIR MANAGEMENT IS REASONABLE, TRANSPARENT AND IN COMPLIANCE WITH APPLICABLE LAWS, RESOLUTIONS OF THE GENERAL SHAREHOLDERS MEETING AND THE INTERESTS OF SHAREHOLDERS OF THE CORPORATION.**

The Board of Supervisors consists of 3 members, who are selected as qualified, competent and, experienced people with professional qualifications in the field of finance, accounting to be able to perform duties given.

### MEMBERS OF THE BOARD OF SUPERVISORS

Member of 577 Corporation's Board of Supervisors for the term III (2015-2020) are as follows:

NO.	MEMBERS OF THE BOS	POSITION	START/END BOS MEMBERSHIP	NOTE
1	Nguyen Quynh Huong	Head of the Board of Supervisorst	24/04/2015	
2	Nguyen Van Tung	Member	24/04/2015	
3	Vo Hoang Chuong	Member	24/04/2015	

### ACTIVITIES OF THE BOARD OF SUPERVISORS IN 2019

In 2019, the Board of Supervisors executed its duties as follows:

- Representatives of the Board of Supervisors participated in all meetings of the Board of Directors to comment on strategic direction and business strategies of the Corporation.
- Considering the transparency of information disclosure process to ensure the interests of investors; simultaneously suggesting and giving opinions to the Board of Directors and Board of Executives to ensure the sustainable development of the Corporation as well as to protect shareholders' rights and interests.

### REPORT BY THE BOARD OF SUPERVISORS FOR THE FISCAL YEAR 2019 AT THE ANNUAL GENERAL SHAREHOLDERS' MEETING

#### I. 577 CORPORATION'S PERFORMANCE IN FISCAL YEAR 2019

*Dear Shareholders of 577 Investment Corporation*

In 2019, on behalf of the Shareholders, the Board of Supervisors (BOS) performed its monitoring responsibility to the management and administration of the Company's business activities based on the functions and rights stipulated in the Company's Charter, the provisions of Law on Enterprises and operation regulations of listed companies.

On behalf of the Board of Supervisors, we would like to report to the General Meeting of Shareholders the following contents:

#### A. THE APPRAISAL AND EVALUATION RESULTS OF THE BOARD OF SUPERVISORS ON THE 2019 FINANCIAL STATEMENTS:

After revision and appraisal, the Board of Supervisors agreed with the contents of 2019 consolidated financial statements audited by Ernst & Young Vietnam Co. Ltd. The financial statements reflected truthfully and accurately on the significant aspects on financial situation and business activities of 577 Investment Corporation for the year as of 31st December 2019

At the end of the fiscal year 2019, the operating performance of 577 were as follows:

**Regarding to the business performance:** In the fiscal year of 2019, revenue from real estate decreased significantly from VND1,117.4 billion to VND294.6 billion because the ongoing projects were still under construction and not qualified to be recorded according to the laws.

Revenue from other activities reached VND 36.0 billion, mainly coming from Carina condominium's service supply. Thus, the total net revenue from sales and service in the fiscal year 2019 was VND 330.6 billion, down 71.0% compared to 2018 and only achieved 22% of the plan.

However, the financial revenue increased sharply compared to the previous year because the Company transferred 51% of the capital contribution of Saigon Riverfront Co., Ltd. ("SGR") to its partners, with a total value of VND 342 billion, and recorded an income of VND122.9 billion from the transfer of this stake.

In 2019, with abundant net cash flow from operating activities and divestments of subsidiaries, NBB made efforts to pay loans, minimize debt and thus financial expenses, mainly interest expense decreased significantly from VND 37.2 billion in 2018 to only VND 81 million in 2019.

Selling expenses dropped significantly from VND 37.8 billion to VND 3.5 billion because project brokerage costs decreased. However, administrative expenses increased by 64.5% due to increasing staff costs, depreciation and outsourcing services.

Accordingly, net profit from business activities reached VND 166.7 billion, a decrease of 3.6% compared to 2018. Operating profit margin reached 50.4%, significantly higher than that of 15.2% of 2018.

In addition, other profits also increased sharply from VND 22.4 billion in 2018 to VND 266.0 billion in 2019 mainly from VND 255.0 billion transfer interest of 30% right to invest in Son Tinh - Quang Ngai project to partners.

By the end of 2019, the profit after-tax of the parent company's shareholders reached VND 347.2 billion, an increase of 127.1% compared to 2018, achieved 266.8% AGM's plan. Net profit margin was 105.0%, much higher than 13.4% of the previous year.

**Regarding to the financial situation:** The company's short-term assets increased by 11.7% to VND 5,243.8 billion as of December 31, 2019, in which inventories went up by 28.9% to VND 4,038.1 billion and were still a key amount accounting for 77.0% of the company's current assets. Most of these inventories came from the real estate in progress costs of the major projects namely Diamond Riverside (VND 1,508.4 billion), NBB Garden II (VND 710.6 billion) and NBB Garden III (VND 700.0 billion) and. Inventories increased in the year because the real estate in progress costs rose considerably namely: (1) Diamond Riverside increased from VND 600.8 billion to VND 1,508.4 billion, (2) Son Tinh Residential Area increased from VND 421.1 billion to VND 581.4 billion, (3) De Lagi increased from VND 129.6 billion to VND 161.5 billion. Construction investment activities in these projects are being implemented by the collective level for early handover or market launch. This is a remarkable highlight in the company's business operation in 2019. In addition, short-term receivables decreased by 25.5%, as the Company collected an additional VND 136 billion from the transfer of NBB Garden IV project and no advance of VND 300 billion to CII related to shares trading of Thu Thiem land project.

Meanwhile, long-term assets were almost unchanged compared to 2018, reaching VND 426.4 billion. However, the structure of long-term assets had remarkable changes including (1) long-term receivables decreased by VND 100.1 billion due to no longer long-term receivables of CII Company; (2) Fixed assets increased by VND 99.1 billion mainly due to the transfer of the basement of City Gate project from real estate in progress cost to fixed assets. At the end of the fiscal year 2019, the total assets of the company increased by VND 551.5 billion, equivalent to 10.8% compared to the previous year, reaching at VND 5,670.2 billion mainly due to the increase of short-term assets as presented above.

Corresponding to the movement of total assets in 2019, the counterbalance source on the other side of the balance sheet also had noticeable shifts. Short-term debt increased by 29.4% to VND 3,154.6 billion in 2019. The majority of this increase came from the short-term advances from customers (a rise of VND 1,319.7 billion), mainly from the increase of payment according to the sale purchase agreements of Diamond Riverside (VND 1,324.2 billion).

Other short-term payables decreased by 29.2%, equivalent to VND 521.8 billion, mainly due to a decrease of VND 300 billion in deposits from customers in Diamond Riverside project because of partial recognition to prepaid buyers and no longer payable amount of VND 430 billion related to the purchase and sale of shares of Thu Thiem Land Project. On

the other hand, customer deposits in other projects saw encouraging growth such as NBB Garden III (a rise of VND 166.6 billion), Son Tinh - Quang Ngai residential area (a rise of VND 74.4 billion) and NBB II (an increase of VND 40 billion)

Besides, short-term loans also decreased significantly by 52.6%, standing at VND 114.9 billion because the company paid principal and bond respectively at VND 213.5 billion and VND 80.2 billion; however, there was an increase of VND 158.5 billion due to the moving from long-term ones to short-term ones.

Long-term liabilities decreased by 42.1% to VND 353.3 billion. Particularly, long-term payables decreased by 60.7% to VND 181.5 billion because investment capital for Diamond Riverside và De Lagi reduced. In addition, long-term borrowings and financial liabilities increased by 89.1% to VND 161.8 billion due to borrowing an additional VND 234.8 billion although moving VND 158.5 billion to short-term loans. Besides, VND 52.5 billion convertible bonds were converted into 2.904.082 shares with the conversion price of VND18,078/share.

Total equity increased by 4.4% to VND 2,162.3 billion as of December 31, 2019 mainly due to the equivalent increase from retained after-tax profit. Book value per share reached VND 23,085 per share and basic earnings per share was VND 3,472 per share.

#### **B. THE IMPLEMENTATION OF THE STATE LAW AND IMPLEMENTATION OF THE COMPANY'S REGULATIONS AND GENERAL SHAREHOLDERS' RESOLUTIONS:**

In 2019, BOS sent its members to fully participate in the meetings of the Board of Directors and at the same time check the reasonableness and legality in managing and operating business activities. BOS acknowledged the responsibility and transparency of the Board of Directors and the Board of Management of 577 in accordance with the law, the Company's Charter, as well as the Resolutions and Decisions of the AGM.

Although the company's image was negatively affected by the Carina fire, the management team made every effort to produce positive business results in 2019. However, due to the failure to arrange money sources, the Company did not yet purchase the second treasury shares and pay dividends in accordance with the resolution of the Annual and Extraordinary General Meeting of Shareholders in 2019.

#### **C. RECOMMENDATIONS OF BOS ON THE COMPANY'S OPERATION:**

Based on the achievements as well as the problems in the company's operations, BOS has the following recommendations:

1. Strengthen monitoring and inspection of member companies and partners as well as projects that 577 has invested to limit possible accidents and if in case of accidents it must be handled quickly and promptly to limit damage.
2. The Board of Management should make more efforts to complete the resolution of the General Meeting of Shareholders on the treasury shares purchase and dividend payment.
3. The Board of Management should pay more attention to IR work to promptly inform the shareholders and investors the latest news about the company's operations, helping investors have a comprehensive and profound look about the company from which to make the right investment decisions as well as avoid losses for shareholders due to lack of timely grasp of information.
4. Continue to select Big 4 audit companies for the fiscal year 2019 to ensure transparency and reliability of financial statements.

On behalf of the BOS, we wish 577 Corporation more successes, bringing more benefits to shareholders who have trusted and invested into the company during the past years.

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**NGUYEN QUYNH HUONG**  
**Head of the BOS**



## CORPORATE GOVERNANCE

### REMNERATION OF THE BOARD OF DIRECTORS AND THE BOARD OF SUPERVISORS

Pursuant to the Resolution of the General Meeting of Shareholders No. 22/NQ-DHDCD passed on 24/04/2019, the remuneration of the BOD and BOS are paid the equivalent of 1% of the profit after tax of the Company, (the Board of Directors and the Board of Supervisors did not receive any other benefits other than the remuneration), details are as follows:

Full name	Position	Remuneration during the year (VND)
Doan Tuong Trieu	BOD's Chairman	350.000.000
Luu Hai Ca	BOD's Vice Chairman	350.000.000
Hoang Huu Tuong	BOD's member	250.000.000
Mai Thanh Truc	BOD's member	350.000.000
Hoang Thanh Tung	BOD's member	350.000.000
Nguyen Phi Thuong	BOD's member	350.000.000
Nguyen Quynh Huong	Head of BOS	350.000.000
Vo Hoang Chuong	BOS's member	250.000.000
Nguyen Van Tung	BOS's member	200.000.000

Pursuant to the Resolution of the General Meeting of Shareholders No. 22/NQ-DHDCD dated April 24, 2019, dismissing Mr. Chong Kuan Yew from the BOD's member.

Pursuant to the Resolution of the General Meeting of Shareholders No. 71/NQ-DHDCD dated August 28, 2019, dismissing Mr. Hoang Huu Tuong from the BOD's member

BOM and Chief Accountant had the same benefits as other employees: rewarded once every 12 months, rewarded for having recognized initiatives that bring practical benefits to the Company. The Board of Directors and the Chief Accountant did not receive any other benefits other than the salaries and bonuses.

Full name	Position	Remuneration during the year (VND)
Luu Hai Ca	General Director	1.336.154.000
Mai Thanh Truc	Deputy General Director	1.335.000.000
Truong Hai Dang Khoa	Chief Accountant	987.170.632

Pursuant to the Board of Directors' Decision No. 31/QD-HDQT dated May 29, 2019 on the dismissal of Mr. Doan Tuong Trieu from the Chief Executive Officer

## SHAREHOLDERS STRUCTURE, CHANGE IN THE OWNER'S EQUITY

### SHAREHOLDERS STRUCTURE

Indicators	2018	2019
<b>Total issued shares</b>	<b>97.571.574</b>	<b>100.475.656</b>
Ordinary shares	97.571.574	100.475.656
Others	0	0
<b>Number of existing shares</b>	<b>97.432.174</b>	<b>93.321.256</b>
Ordinary shares	97.432.174	93.321.256
Others	0	0
<b>Number of Treasury shares</b>	<b>139.400</b>	<b>7.154.400</b>
<b>Number of freely transferred shares</b>	<b>95.739.680</b>	<b>100.475.656</b>
<b>Number of restricted transferred shares</b>	<b>1.831.894</b>	<b>0</b>

### SHAREHOLDING PROPORTION

NO.	Subject	Number of shares	Proportional ownership (%)	Number of shareholders
1	<b>Shareholders owning more than 5%</b>	<b>63.654.362</b>	<b>63,4</b>	<b>1</b>
	Domestic	63.654.362	63,4	1
	- Institution	63.654.362	63,4	1
	- Individual			
	Foreign shareholders	-	-	-
	- Institution			
	- Individual			
2	<b>Shareholders owning less than 5%</b>	<b>29.666.894</b>	<b>29,5</b>	<b>456</b>
	Domestic	17.804.563	17,7	414
	- Institution	9.175.931	9,1	23
	- Individual	8.628.632	8,6	391
	Foreign shareholders	11.862.331	11,8	42
	- Institution	10.809.726	10,8	13
	- Individual	1.052.605	1,0	29
3	<b>Treasury shares</b>	<b>7.154.400</b>	<b>7,1</b>	<b>1</b>
<b>TOTAL</b>		<b>100.475.656</b>	<b>100,0</b>	<b>458</b>

Note: According to the shareholders list as of 31 December 2019 by Vietnam Securities Depository

### CHANGE IN THE OWNER'S EQUITY

On February 26, 2019, the Company converted 52,500 convertible bonds of Kallang Limited into 2,904,082 shares, increasing its charter capital from VND975,715,740,000 to VND1,004,756,560,000

## 💧 TRANSACTION OF TREASURY STOCKS

From April 1, 2019 to April 26, 2019, the Company purchased 7,015,000 shares to be treasury shares with the average transaction price of VND18,820/share by the order matching method. As of December 31, 2019, the number of treasury shares of the Company was 7,154,400 shares.

## 💧 OTHER SECURITIES

During the year, the Company did not issue any other securities.

## 💧 NUMBER OF SHARES OWNED BY BOD, BOS, BOM

NO.	Name	Position	Total stocks	Proportional ownership (%)
1	Doan Tuong Trieu	BOD's Chairman	500.000	0,50%
2	Luu Hai Ca	BOD's Vice Chairman and General Director	50.000	0,05%
3	Mai Thanh Truc	BOD's member and Deputy General Director	112.500	0,11%
4	Hoang Thanh Tung	BOD's member	15.000	0,01%
5	Nguyen Phi Thuong	BOD's member	100.000	0,10%
6	Nguyen Quynh Huong	Head of BOS	15.000	0,01%
7	Vo Hoang Chuong	BOS's member	-	0,00%
8	Nguyen Van Tung	BOS's member	1.492	0,0015%
<b>TOTAL</b>			<b>793.992</b>	<b>0,79%</b>

## 💧 STOCK TRANSACTIONS BY INSIDE SHAREHOLDERS AND AFFILIATED PEOPLE

NO.	Transactors	Relationship with insiders/major shareholders	Ownership at the beginning		Ownership at the ending		Reasons of increase/decrease (buy, sell, transfer, reward etc.)
			No. of shares	%	No. of shares	%	
1	Doan Tuong Trieu	BOD's Chairman	3.000.000	2,99%	500.000	0,5%	Sold shares

## 💧 CONTRACTS OR TRANSACTIONS WITH INTERNAL SHAREHOLDERS

Information about the contracts, or transactions that Company's members of the Board of Supervisors, Director (General Director), managers and affiliated persons entered into or executed in the year with the company, subsidiaries, other companies in which the company hold the control rights: no transactions



# CONSOLIDATED FINANCIAL STATEMENTS



## 1. GENERAL INFORMATION

### A. 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:

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

### B. 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	resigned on 28 August 2019
Mr Nguyen Phi Thuong	Member	
Mr Hoang Thanh Tung	Member	
Mr Luu Hai Ca	Member	

### C. 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

## D. MANAGEMENT

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

<b>Mr Luu Hai ca</b>	General Director	assigned on 29th May 2019
	Acting Chief Project Officer	resigned on 29th May 2019
<b>Mr Mai Thanh Truc</b>	Deputy General Director	assigned on 29th May 2019
	Chief Finance Officer	resigned on 29th May 2019
<b>Mr Doan Tuong Trieu</b>	Chief Executive Officer	resigned on 29th May 2019

## E. LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report are:

Mr Luu Hai Ca	from 29th May 2019
Mr Doan Tuong Trieu	to 28th May 2019

## F. AUDITORS

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

# 2. 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 2019.**

## ♦ 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:

1. Select suitable accounting policies and then apply them consistently;
2. Make judgements and estimates that are reasonable and prudent;
3. State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
4. 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

## 2. REPORT OF MANAGEMENT

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 2019 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 the consolidated financial statements.

For and on behalf of management:



**LUU HAI CA**

**General Director**

Ho Chi Minh City, Viet Nam

12 March 2020

## 3. 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 12 March 2020 and set out on pages 6 to 48, which comprise the consolidated balance sheet as at 31 December 2019, 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 2019, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, 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 9 to the consolidated financial statements, Hung Thanh Company, financed by the Company, had made the advance payments amounting to VND 103,933,950,348 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 this matter.

### Công ty Trách nhiệm Hữu hạn Ernst & Young Việt Nam



Le Vu Truong  
Deputy General Director  
Audit Practicing Registration Certificate  
No: 1588-2018-004-1  
Ho Chi Minh City, Vietnam  
12 March 2020

Nguyen Quoc Hoang  
Auditor  
Audit Practicing Registration Certificate  
No: 2787-2016-004-1

## 4. CONSOLIDATED BALANCE SHEET

B01-DN/HN  
VND

as at 31 December 2019

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>CURRENT ASSETS</b>		<b>5.243.791.044.716</b>	<b>4.692.608.054.768</b>
<b>110</b>	<b>Cash and cash equivalents</b>	5	<b>139.476.989.035</b>	<b>130.598.980.236</b>
111	1. Cash		109.926.696.808	110.798.126.950
112	2. Cash equivalents		29.550.292.227	19.800.853.286
<b>130</b>	<b>Current accounts receivable</b>		<b>1.021.331.093.938</b>	<b>1.371.623.496.149</b>
131	1. Short-term trade receivables	6	344.225.490.133	506.166.459.102
132	2. Short-term advances to suppliers	7	402.055.985.182	546.274.119.637
135	3. Short-term loan receivables	8	9.500.000.000	-
136	4. Other short-term receivables	9	266.259.430.109	319.892.728.896
137	5. Provision for doubtful short-term receivables	6	(709.811.486)	(709.811.486)
<b>140</b>	<b>Inventory</b>	<b>10</b>	<b>4.038.053.904.763</b>	<b>3.133.410.175.319</b>
141	Inventories		4.038.053.904.763	3.133.410.175.319
<b>150</b>	<b>Other current assets</b>		<b>44.929.056.980</b>	<b>56.975.403.064</b>
151	1. Short-term prepaid expenses	16	651.476.488	250.835.582
152	2. Value-added tax deductible	19	43.765.249.894	56.724.567.482
153	3. Tax and other receivables from the State	19	512.330.598	-
<b>200</b>	<b>NON-CURRENT ASSETS</b>		<b>426.385.659.666</b>	<b>426.058.871.678</b>
<b>210</b>	<b>Các khoản phải thu dài hạn</b>		<b>63.860.744.954</b>	<b>163.916.413.229</b>
216	1. Other long-term receivables	9	63.860.744.954	163.916.413.229
<b>220</b>	<b>Fixed assets</b>		<b>180.892.534.729</b>	<b>81.809.363.824</b>
221	Tangible fixed assets	12	176.876.429.983	77.793.259.078
222	- Cost		205.494.987.356	101.863.920.464
223	- Accumulated depreciation		(28.618.557.373)	(24.070.661.386)
227	Intangible assets		4.016.104.746	4.016.104.746
228	- Cost		4.016.104.746	4.016.104.746
229	- Accumulated amortization		-	-
<b>230</b>	<b>Investment properties</b>	<b>13</b>	<b>57.285.122.131</b>	<b>59.739.615.727</b>
231	1. Cost		67.786.031.001	67.786.031.001
232	2. Accumulated depreciation		(10.500.908.870)	(8.046.415.274)
<b>240</b>	<b>Long-term asset in progress</b>	<b>14</b>	<b>3.875.266.717</b>	<b>1.338.588.717</b>
242	1. Construction in progress		3.875.266.717	1.338.588.717
<b>250</b>	<b>Long-term investments</b>	<b>15</b>	<b>11.939.135.190</b>	<b>11.939.135.190</b>
252	1. Investments in associates		11.939.135.190	11.939.135.190
253	2. Investment in other entities		2.000.000.000	2.000.000.000
254	3. Provision for long-term investments		(2.000.000.000)	(2.000.000.000)
<b>260</b>	<b>Other long-term assets</b>		<b>108.532.855.945</b>	<b>107.315.754.991</b>
261	1. Long-term prepaid expenses	16	107.429.335.945	106.513.194.991
262	2. Deferred tax assets	32.4	1.103.520.000	802.560.000
<b>270</b>	<b>TOTAL ASSETS</b>		<b>5.670.176.704.382</b>	<b>5.118.666.926.446</b>

## 4. CONSOLIDATED BALANCE SHEET

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>LIABILITIES</b>		<b>3.048.021.473.740</b>	<b>3.057.675.039.994</b>
<b>310</b>	<b>Current liabilities</b>		<b>3.154.559.326.261</b>	<b>2.437.700.976.322</b>
311	Short-term trade payables	17	177.528.569.012	140.489.745.162
312	Short-term advances from customers	18	1.360.800.528.643	41.088.356.492
313	Statutory obligations	19	94.412.503.264	46.908.746.583
314	Payables to employees		3.081.620.550	1.491.476.007
315	Short-term accrued expenses	20	125.110.420.886	162.119.577.060
319	Other short-term payables	21	1.263.667.611.402	1.785.506.924.452
320	Short-term loans	23	114.943.911.978	242.316.887.454
322	Bonus and welfare fund	22	15.014.160.526	17.779.263.112
<b>330</b>	<b>Non-current liabilities</b>		<b>353.282.417.662</b>	<b>610.320.497.418</b>
337	Other long-term liabilities	21	181.450.681.729	462.222.703.176
338	LONG-TERM LOANS	23	161.831.735.933	85.597.794.242
339	Convertible bonds	24	-	52.500.000.000
341	Thuế thu nhập hoãn lại phải trả		10.000.000.000	10.000.000.000
342	Long-term provisions		10.000.000.000	10.000.000.000
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>2.162.334.960.459</b>	<b>2.070.645.452.706</b>
<b>410</b>	<b>Capital</b>		<b>2.162.334.960.459</b>	<b>2.070.645.452.706</b>
411	Share capital	25.1	1.004.756.560.000	975.715.740.000
411a	- Shares with voting rights		1.004.756.560.000	975.715.740.000
412	Share premium	25.1	479.559.579.732	459.600.399.732
415	Treasury shares	25.1	(139.163.566.214)	(6.891.019.437)
418	Investment and development fund	25.1	131.477.728.497	131.477.728.497
421	Undistributed earnings	25.1	677.689.286.904	355.410.457.541
421a	- Undistributed earnings by the end of prior year		330.476.996.223	202.504.459.278
421b	- Undistributed earnings of current year		347.212.290.681	152.905.998.263
429	Non-controlling interests	26	8.015.371.540	155.332.146.373
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>5.670.176.704.382</b>	<b>5.118.666.926.446</b>



**NGUYEN VAN MINH**  
Preparer

12 March 2020



**TRUONG HAI DANG KHOA**  
Chief Accountant



**LUU HAI CA**  
General Director

## 5. CONSOLIDATED INCOME STATEMENT

for year ended 31 December 2019

**B02-DN/HN**  
VND

Code	ITEMS	Notes	Current year	Previous year
10	Net revenue from sale of goods and rendering of services	27.1	330.584.936.687	1.139.374.006.328
11	Cost of goods sold and services rendered	28	(250.971.214.676)	(872.094.277.461)
20	Gross profit from sale of goods and rendering of services		79.613.722.011	267.279.728.867
21	Finance income	27.2	123.295.126.586	508.121.260
22	Finance expenses	29	(81.155.694)	(37.243.506.235)
23	- In which: Interest expense		(81.155.694)	(33.742.893.042)
25	Selling expenses	30	(3.536.124.415)	(37.791.577.390)
26	General and administrative expenses	30	(32.637.861.620)	(19.834.962.843)
30	Operating profit		166.653.706.868	172.917.803.659
31	Other income	31	274.870.528.245	24.762.830.637
32	Other expenses	31	(8.875.932.384)	(2.331.302.035)
40	Other profit	31	265.994.595.861	22.431.528.602
50	ACCOUNTING PROFIT BEFORE TAX		432.648.302.729	195.349.332.261
51	Current corporate income tax expense	32.1	(86.038.637.269)	(41.121.388.384)
52	Deferred tax income	32.1	300.960.000	235.142.791
60	Net profit after tax		346.910.625.460	154.463.086.668
61	Net profit after tax attributable to shareholders of the parent		347.212.290.681	152.905.998.263
62	Net profit after tax attributable to non-controlling interests		(301.665.221)	1.557.088.405
70	Basic earnings per share	25.4	3.472	1.491
71	Diluted earnings per share	25.4	3.472	1.448



**NGUYEN VAN MINH**  
Preparer

12 March 2020



**TRUONG HAI DANG KHOA**  
Chief Accountant



**LUU HAI CA**  
General Director

## 5. CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2019

**B03-DN/HH**  
 VND

Code	ITEMS	Notes	Current year	Previous year
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Accounting profit before tax</b>		<b>432.648.302.729</b>	<b>195.349.332.261</b>
	Adjustments for:			
02	Depreciation and amortisation		7.298.862.150	9.673.699.303
05	Profits from investing activities		(123.567.853.858)	(1.314.463.284)
06	Interest expenses	29	81.155.694	33.742.893.042
<b>08</b>	<b>Operating profit profit before changes in working capital</b>		<b>316.460.466.715</b>	<b>237.451.461.322</b>
09	Decrease (increase) in receivables		94.851.354.748	(418.963.130.048)
10	(Increase) decrease in inventories		(904.643.729.444)	149.848.656.217
11	Increase in payables		843.945.935.403	317.131.274.516
12	(Increase) decrease in prepaid expenses		(1.316.781.860)	24.233.865.896
14	Interest paid		(59.653.962.738)	(54.715.266.299)
15	Corporate income tax paid		(41.159.778.339)	(4.954.043.840)
17	Other cash outflows from operating activities		(11.296.254.251)	(10.924.970.288)
<b>20</b>	<b>Net cash flows from operating activities</b>		<b>237.187.250.234</b>	<b>239.107.847.476</b>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase of fixed assets and other long-term assets		(106.464.217.459)	(289.349.091)
22	Proceeds from disposals of fixed assets		300.000.000	6.050.000.000
23	Loan to another entity		(19.000.000.000)	-
24	Collections from borrowers		9.500.000.000	4.307.416.666
25	Payment for investment in another entity		(430.000.000.000)	-
26	Proceeds from sale of investment in another entity		500.294.500.000	6.720.000.000
27	Interest received		417.056.586	508.121.260
<b>30</b>	<b>Net cash flows (used in) from investing activities</b>		<b>(44.952.660.873)</b>	<b>17.296.188.835</b>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Capital redemption		(132.217.546.777)	-
33	Drawdown of borrowings	23	242.515.031.231	43.597.794.242
34	Repayment of borrowings	23	(293.654.065.016)	(414.672.000.000)
36	Dividends paid	25.2	-	(869.466.600)
<b>40</b>	<b>Net cash flows used in financing activities</b>		<b>(183.356.580.562)</b>	<b>(371.943.672.358)</b>
<b>50</b>	<b>Net increase (decrease) in cash and cash equivalents for the year</b>		<b>8.878.008.799</b>	<b>(115.539.636.047)</b>
<b>60</b>	<b>Cash and cash equivalents at beginning of year</b>		<b>130.598.980.236</b>	<b>246.138.616.283</b>
<b>70</b>	<b>Cash and cash equivalents at year of end</b>	5	<b>139.476.989.035</b>	<b>130.598.980.236</b>

**NGUYEN VAN MINH**

Preparer

12 March 2020

**TRUONG HAI DANG KHOA**

Chief Accountant

**LUU HAI CA**

General Director

## 6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2019 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:

1. Binh Thuan Branch, registered at 47 Tran Hung Dao, Phu Thuy Ward, Phan Thiet City, Binh Thuan Province, Viet Nam..
2. Tay Nam Branch, registered at C7 Shopping mall, Ba Trieu Street, Ward 3, Bac Lieu City, Bac Lieu Province, Viet Nam.
3. Mien Bac Branch, registered at Group 1, Block 6, Bai Chay Ward, Ha Long City, Quang Ninh Province, Viet Nam.
4. 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 2019 was 126 (31 December 2018: 107).

### Corporate structure

As at 31 December 2019, the Company’s corporate structure includes two direct subsidiaries, in which:

Name	Location	Percentage of ownership		Principal activities
		Ending balance	Beginning balance	
<i>Hung Thanh Construction - Trading - Service - Production Co., Ltd. (“Hung Thanh”)</i>	3rd 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
<i>Huong Tra Company Limited (“Huong Tra”)</i>	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

### 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/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4);
- Decision No. 100/2005/QĐ-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 2019.

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.

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

### 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:

<b>Raw materials, tools and supplies</b>	<b>Cost of purchase on a weighted average basis</b>
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..

*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 fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed 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 fixed 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 fixed 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

### 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.

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 of the investment is made when there are reliable evidences of the diminution in value of those investments at the balance sheet date.

Increases or 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

### 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.

### **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.

#### *Income from transferring the right to participate in Project*

Income from transferring the right to participate in Project is defined as the received amount from transferring

the right to participate in Project to customer. The income is recognised into other income on the consolidated income statement when the customer has right to participate in the Company's Project and the Company do not have obligation to refund this amount in any circumstances according to Transfer Contract.

### **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.

#### *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:

1. Either the same taxable entity; or
2. 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.

### 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 51% of its interest ownership in Saigon Riverfront Limited Liability Company ("SGR") for partners, with the total amount of VND 342,200,000,000 in accordance with the Stock Transfer Agreement No. 01/NBB-VT/2019, 02/NBB-LNDH and 02/HDCN-2019. Accordingly, SGR has been no longer the Group's subsidiary and the Group recorded an income from this transfer amounting to VND 122,878,070,000 (Note 27.2) in the consolidated income statement.

## 5. CASH AND CASH EQUIVALENTS

VND

	Ending balance	Beginning balance
Cash on hand	2.218.308.654	15.851.488.016
Cash in banks	107.708.388.154	94.946.638.934
Cash equivalents (*)	29.550.292.227	19.800.853.286
<b>TOTAL</b>	<b>139.476.989.035</b>	<b>130.598.980.236</b>

(\*) This is term deposits at Saigon Thuong tin Commercial Joint Stock Bank - Phan Xich Branch with the original maturities of one (1) months and earn interest at the rate of 4.3% p.a.

## 6. SHORT-TERM TRADE RECEIVABLES

VND

	Ending balance	Beginning balance
Tan Kien Complex Area Project - Binh Chanh District NBB Garden IV	221.617.727.000	357.617.727.000
In which:		
<i>Gia Linh Real Estate Corporation</i>	77.403.482.500	127.403.482.500
<i>Dang Duong Real Estate Development Corporation</i>	43.255.720.000	78.255.720.000
<i>Hung Vuong Real Estate Management and Development Corporation</i>	36.507.742.500	87.507.742.500
<i>Individuals</i>	64.450.782.000	64.450.782.000
The City Gate Towers Apartment Project	98.354.789.544	107.290.723.740
Seafood Hill Villas Project - Quang Ninh Province	10.482.906.371	-
Son Tinh Residential Project - Quang Ngai Province	7.600.000.000	7.462.750.000
Residential Project, Ward 2, Bac Lieu City	-	28.588.878.000
Others	6.170.067.218	5.206.380.362
<b>TOTAL</b>	<b>344.225.490.133</b>	<b>506.166.459.102</b>
Provision for doubtful short-term receivables	(709.811.486)	(709.811.486)
<b>NET</b>	<b>343.515.678.647</b>	<b>505.456.647.616</b>

## 7. SHORT-TERM ADVANCES TO SUPPLIERS

VND

	Ending balance	Beginning balance
Arch Real Estate Service Joint Stock Company	196.497.045.050	105.485.081.886
E&C Construction Joint Stock Company	78.096.224.840	54.814.784.967
Nam Thinh Mechanical Electrical Refrigeration Corporation	25.103.388.307	94.407.260
AI NGHIA CONSTRUCTION ONE LIMITED COMPANY	22.103.082.769	21.820.738.523
DIEN THIEN KHANG PRODUCE - COMMERCIAL - SERVICE - CONSTRUCTION LIMITED COMPANY	17.710.438.126	16.570.104.183
Land Development Center of De - Lagi Resort Project	15.745.157.413	15.745.157.413
592 Trading & Construction Joint Stock Company	8.959.109.773	-
Ho Chi Minh City Infrastructure Investment Joint Stock Company ("CII")	-	299.980.000.000
Others	37.841.538.904	31.763.845.405
<b>TOTAL</b>	<b>402.055.985.182</b>	<b>546.274.119.637</b>
In which:		
<i>Third parties</i>	402.055.985.182	246.294.119.637
<i>Related parties (Note 33)</i>	-	299.980.000.000

## 8. SHORT-TERM LOAN RECEIVABLE

	Ending balance (VND)	Maturity date	Interest rate %/year	Collateral
592 Construction and Trading Investment Joint Stock Company	9.500.000.000	20 December 2020	10.5	Unsecured

## 9. OTHER RECEIVABLES

VND

	Ending balance	Beginning balance
<b>Short-term</b>		
Advance receivables for fire damages in Carina Apartment (Note 35)	103.933.950.348	77.855.271.704
Arch Real Estate Service Joint Stock Company	38.188.351.642	206.188.351.642
Advance for compensation (i)	32.300.000.000	-
Hifill Holding Company (ii)	15.648.060.434	15.648.060.434
Mr. Le Van Hoa (iii) SaigonRiverfront Investment Joint Stock Company (formerly as Saigon Riverfront Limited Liability Company)	14.363.519.750	-
Others	48.833.725.535	20.201.045.116
	266.259.430.109	319.892.728.896
<b>Long-term</b>		
Deposits	48.860.744.954	48.848.765.003
Hifill Holding Company (ii)	15.000.000.000	15.000.000.000
Ho Chi Minh City Infrastructure Investment Joint Stock Company ("CI")	-	100.067.648.226
	<b>63.860.744.954</b>	<b>163.916.413.229</b>
<b>TOTAL</b>	<b>330.120.175.063</b>	<b>483.809.142.125</b>
<b>In which:</b>		
<i>Third parties</i>	328.420.175.063	381.741.493.899
<i>Related parties (Note 33)</i>	1.700.000.000	102.067.648.226

(i) The balance represented advance for land compensation of expand road of NBB Garden II and NBB III Apartment Project.

(ii) The balance represented loans granted to Hifill Holding Company which was paid annually with maturity on 31 December 2021.

(iii) Ending balances represented advances for an investment cooperation amount to Mr Le Van Hoa of the Diamond Riverside Apartment Project of the Company (Note 21).

## 10. INVENTORIES

VND

	Ending balance	Beginning balance
Real estate in progress (i)	4.038.053.904.763	3.133.302.535.203
Raw materials	-	107.640.116
<b>TOTAL</b>	<b>4.038.053.904.763</b>	<b>3.133.410.175.319</b>

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

	Ending balance	Beginning balance
Diamond Riverside Apartment Project (*)	1.508.370.306.763	600.796.286.131
NBB Garden II Apartment Project	710.634.295.947	710.306.096.038
NBB Garden III Apartment Project	699.994.258.067	671.324.714.382
Son Tinh Residential Project - Quang Ngai Province (*)	581.370.213.723	421.094.807.834
Seafood Hill Villas Project - Quang Ninh Province	290.774.076.020	371.655.335.696
De - Lagi Resort Project	161.472.278.641	129.618.528.272
The City Gate Towers Apartment Project	51.094.617.148	124.964.656.846
Ha Long Farm Ecological Urban Area Project	27.996.328.839	27.996.328.839
Residential Project, Ward 2, Bac Lieu City	5.142.984.159	4.957.468.983
Ruby Island Project - Quang Ngai Province	1.204.545.456	1.204.545.455
Thu Thiem New Urban Area Project	-	69.383.766.727
<b>TOTAL</b>	<b>4.038.053.904.763</b>	<b>3.133.302.535.203</b>

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

Giá trị quyền sử dụng đất và tài sản hình thành từ vốn vay của một số dự án được trình bày trên khoản mục bất động sản dở dang của Nhóm Công ty vào ngày 31 tháng 12 năm 2018 đã được thế chấp cho các khoản vay ngắn hạn cũng như các khoản vay dài hạn (Thuyết minh số 23).

## 11. CAPITALIZED BORROWING COSTS

During the year, the Group capitalized borrowing costs amounting to VND 28,308,216,005 (previous year: VND 34,869,468,354) into the cost of projects.



## 12. TANGIBLE FIXED ASSETS

VND

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Others	Total
<b>Cost:</b>						
Beginning balance	79,860,833,881	6,855,230,507	11,026,959,060	1,649,344,455	2,471,552,561	101,863,920,464
Transfer from construction in progress	95,098,393,334	-	-	-	-	95,098,393,334
New purchase	-	233,692,727	8,261,136,125	334,317,273	-	8,829,146,125
Disposal	-	-	(296,472,567)	-	-	(296,472,567)
Ending balance	174,959,227,215	7,088,923,234	18,991,622,618	1,983,661,728	2,471,552,561	205,494,987,356
<b>In which:</b>						
Fully depreciated	-	966,913,712	3,055,722,857	150,725,000	93,179,519	4,266,541,088
<b>Giá trị khấu hao lũy kế:</b>						
Beginning balance	(11,451,628,306)	(2,853,209,442)	(8,116,376,770)	(664,669,384)	(984,777,484)	(24,070,661,386)
Depreciation for the year	(1,914,211,324)	(786,818,210)	(1,507,421,653)	(250,575,400)	(385,341,967)	(4,844,368,554)
Disposal	-	-	296,472,567	-	-	296,472,567
Ending balance	(13,365,839,630)	(3,640,027,652)	(9,327,325,856)	(915,244,784)	(1,370,119,451)	(28,618,557,373)
<b>Net carrying amount:</b>						
Beginning balance	<b>68,409,205,575</b>	<b>4,002,021,065</b>	<b>2,910,582,290</b>	<b>984,675,071</b>	<b>1,486,775,077</b>	<b>77,793,259,078</b>
Ending balance	<b>161,593,387,585</b>	<b>3,448,895,582</b>	<b>9,664,296,762</b>	<b>1,068,416,944</b>	<b>1,101,433,110</b>	<b>176,876,429,983</b>

### 13. INVESTMENT PROPERTIES

VND

	Hồ bơi và sân quần vợt	Trung tâm thương mại chung cư Carina	Tổng cộng
<b>Cost:</b>			
Beginning and ending balances	11.334.257.682	56.451.773.319	67.786.031.001
<b>Accumulated amortization:</b>			
Beginning balance	(2.285.267.760)	(5.761.147.514)	(8.046.415.274)
Amortization for the year	(572.767.824)	(1.881.725.772)	(2.454.493.596)
Ending balance	(2.858.035.584)	(7.642.873.286)	(10.500.908.870)
<b>Net carrying amount:</b>			
<b>Beginning balance</b>	<b>9.048.989.922</b>	<b>50.690.625.805</b>	<b>59.739.615.727</b>
<b>Ending balance</b>	<b>8.476.222.098</b>	<b>48.808.900.033</b>	<b>57.285.122.131</b>

Additional disclosure on:

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

VND

	Current year	Previous year
Rental income from investment properties	7.951.805.440	3.413.890.910
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 2019. However, it is management's assessment that these properties' market value is higher than its carrying value as at the balance sheet date.

### 14. CONSTRUCTION IN PROGRESS

VND

	Ending balance	Beginning balance
Others	3.875.266.717	1.338.588.717

### 15. LONG-TERM INVESTMENTS

VND

	Ending balance	Beginning balance
Investments in associates (Note 15.1)	11.939.135.190	11.939.135.190
Investments in other entities (Note 15.2)	2.000.000.000	2.000.000.000
<b>TOTAL</b>	<b>13.939.135.190</b>	<b>13.939.135.190</b>
Provision for long-term investments	(2.000.000.000)	(2.000.000.000)
<b>NET</b>	<b>11.939.135.190</b>	<b>11.939.135.190</b>

## 15.1 Investments in associates

VND

Name	Business activity	Status of operation	Ending balance		Beginning balance	
			Ownership %	Carrying value (VND)	Ownership %	Carrying value (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	49	7.364.156.882
<b>TOTAL</b>				<b>11.939.135.190</b>		<b>11.939.135.190</b>

Details of investments in associates as at 31 December 2019 are presented as follows:

VND

	Tam Phu Investment and Construction Co., Ltd	Quang Ngai Mineral Investment Joint Stock Company	Total
<b>Cost of investment:</b>			
Beginning balance and ending balance	4.579.636.245	7.364.156.882	11.943.793.127
<b>Accumulated share in post-acquisition profit of the associates:</b>			
Beginning balance and ending balance	(4.657.937)	-	(4.657.937)
<b>Net carrying amount:</b>			
<b>Beginning balance and ending balance</b>	<b>4.574.978.308</b>	<b>7.364.156.882</b>	<b>11.939.135.190</b>

## 15.2 Investments in other entities

VND

Name	Business activity	Ending balance	Beginning balance
Hifill Holding Company	Car supplies	2.000.000.000	2.000.000.000
Provision for long-term investments		(2.000.000.000)	(2.000.000.000)
<b>NET</b>		<b>-</b>	<b>-</b>

## 16. PREPAID EXPENSES

VND

	Ending balance	Beginning balance
<b>Short-term</b>	651.476.488	250.835.582
Tools and equipment in use	651.476.488	250.835.582
<b>Long-term</b>	107.429.335.945	106.513.194.991
Brokerage commission and show flat (*)	106.330.493.834	104.025.111.120
Others	1.098.842.111	2.488.083.871
<b>TOTAL</b>	<b>108.080.812.433</b>	<b>106.764.030.573</b>

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

## 17. SHORT-TERM TRADE PAYABLES

VND

	Ending balance	Beginning balance
Saigon Construction Joint Stock Company	80.011.767.766	78.068.207.718
Kone Vietnam Limited Liability Company	19.820.583.900	-
Tan Hung Thinh Co., Ltd	19.126.793.915	14.652.013.876
Quyết Thắng Trading Services and Import - Export Company Limited	10.283.545.102	5.083.497.906
Hung Phuc Investment Joint Stock Company	9.177.595.000	-
PIDI Vietnam Electricity Consultant and Construction Corporation	8.568.009.179	3.429.474.952
Nam Thinh Mechanical Joint Stock Company	7.861.361.735	8.400.790.860
Others	22.678.912.415	30.855.759.850
<b>TOTAL</b>	<b>177.528.569.012</b>	<b>140.489.745.162</b>
In which		
<i>Third parties</i>	172.272.312.856	140.489.745.162
<i>Related parties (Note 33)</i>	5.256.256.156	-

## 18. SHORT-TERM ADVANCES FROM CUSTOMERS

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

VND

	Ending balance	Beginning balance
Diamond Riverside Residential Project	1.324.158.968.244	-
Son Tinh Residential Project - Quang Ngai Province	33.018.929.168	36.608.761.261
Residential Project, Ward 2, Bac Lieu City	3.022.631.231	3.022.631.231
The City Gate Towers Apartment Project	600.000.000	1.456.964.000
<b>TOTAL</b>	<b>1.360.800.528.643</b>	<b>41.088.356.492</b>

## 19. STATUTORY OBLIGATIONS

VND

	Beginning balance	Increase in the year	Decrease in the year	Ending balance
<b>Receivables</b>				
Value added tax deductible	56.724.567.482	51.592.353.790	(64.551.671.378)	43.765.249.894
Corporate income tax	-	669.701.735	(157.371.137)	512.330.598
	<b>56.724.567.482</b>	<b>52.262.055.525</b>	<b>(64.709.042.515)</b>	<b>44.277.580.492</b>
<b>Payables</b>				
Corporate income tax	32.005.728.559	86.038.637.269	(41.159.778.339)	76.884.587.489
Value added tax	12.483.073.908	6.536.097.804	(13.786.542.367)	5.232.629.345
Personal income tax	2.345.068.148	11.082.929.565	(2.166.833.117)	11.261.164.596
Other taxes	74.875.968	1.937.582.342	(978.336.476)	1.034.121.834
<b>TOTAL</b>	<b>46.908.746.583</b>	<b>105.595.246.980</b>	<b>(58.091.490.299)</b>	<b>94.412.503.264</b>

## 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
Construction fee	3.593.389.211	-
Interest expenses	1.517.031.675	31.958.127.060
Brokerage commission fee	-	10.161.450.000
<b>TOTAL</b>	<b>125.110.420.886</b>	<b>162.119.577.060</b>
<b>In which</b>		
<i>Third parties</i>	125.110.420.886	141.593.558.412
<i>Related parties (Note 33)</i>	-	20.526.018.648

## 21. CÁC KHOẢN PHẢI TRẢ KHÁC

VND

	Ending balance	Beginning balance
<b>Short-term</b>		
Deposits from customers	<b>1.192.559.485.029</b>	<b>1.240.425.742.190</b>
<b>In which:</b>		
<i>BB Garden III Apartment Project</i>	486.099.768.550	319.521.014.280
<i>Diamond Riverside Apartment Project</i>	337.381.772.352	636.949.204.910
<i>Seafood Hill Villas Project - Quang Ninh Province</i>	159.694.504.127	188.955.523.000
<i>NBB Garden II Apartment Project</i>	120.000.000.000	80.000.000.000
<i>Son Tinh Residential Project - Quang Ngai Province</i>	74.383.440.000	-
The School Project at NBB Garden III Apartment Project and Diamond Riverside Apartment Project	15.000.000.000	15.000.000.000
Mr. Pham Van Dau	26.042.828.700	49.042.828.700
Thanh Gia Real Estate Limited Company	19.126.187.941	39.826.187.941
Truong Phuc Hai Investment and Construction Limited Liability Company	15.200.000.000	-
Capital transfer for Saigon Riverfront Investment Joint Stock Company (formerly as Saigon Riverfrony Limited Liability Company)	-	430.000.000.000
Others	10.739.109.732	26.212.165.621
	1.263.667.611.402	1.785.506.924.452
<b>Long-term</b>		
Investment cooperation capital contribution payable (*)	142.512.254.949	410.718.121.288
Payable to maintainance fund of Apartment Building Project (**)	28.396.991.167	44.816.037.887
Long-term deposits	7.638.931.000	6.688.544.001
Others	<b>2.902.504.613</b>	-
	181.450.681.729	462.222.703.176
<b>TOTAL</b>	<b>1.445.118.293.131</b>	<b>2.247.729.627.628</b>
<b>In which</b>		
<i>Other parties</i>	1.364.697.810.482	1.428.201.880.997
<i>Related parties (Note 33)</i>	80.420.482.649	819.527.746.631

(\*) Details of capital payables from investment cooperation contracts are as follow

VND

	Ending balance	Beginning balance
Cooperation with CII - The Diamond Riverside Apartment Project (i)	39.106.803.042	260.487.200.000
Cooperation with CII - Son Tinh Residential Project - Quang Ngai Province (ii)	38.203.273.972	-
Cooperation with Billion Ways Investment Limited Company (iii)	30.234.917.935	29.734.917.935
Cooperation with Pearl City - Son Tinh Residential Project - Quang Ngai Province (iv)	26.500.000.000	-
Cooperation with Mr. Le Van Hoa - The Diamond Riverside Apartment Project (v)	8.467.260.000	8.467.260.000
Cooperation with CII - De - Lagi Resort Project	-	112.028.743.353
<b>TOTAL</b>	<b>142.512.254.949</b>	<b>410.718.121.288</b>

(i) 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.

(ii) The Group cooperated with CII under investment cooperation contract No. 02/2019/HDHTKD dated 26 September 2019 to build Son Tinh - Quang Ngai Residential Area Project located at Truong Quang Trong Ward, Tinh An Dong Commune, Quang Ngai City, Quang Ngai Province. After the construction is completed and products are sold, profits will be distributed among the parties based on each party's contributed capital.

(iii) 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.

(iv) The Group cooperated with Pearl City under investment cooperation contract No. 02/2019/HD-PC dated 28 September 2019 to build Son Tinh - Quang Ngai Residential Area Project located at Truong Quang Trong Ward, Tinh An Dong Commune, Quang Ngai City, Quang Ngai Province. After the construction is completed and products are sold, profits will be distributed among the parties based on each party's contributed capital.

(v) 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 m<sup>2</sup>. Capital contributed by the Company 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.

(\*\*) Ending balance represented Maintenance fund for The City Gate which was held on behalf by the Group in banks.

## 22. BONUS AND WELFARE FUND

VND

	Current year	Previous year
<b>Beginning balance</b>	<b>17.779.263.112</b>	<b>24.208.561.092</b>
Fund appropriation during the year	8.531.151.665	4.495.672.308
Utilization of fund	(11.296.254.251)	(10.924.970.288)
<b>Ending balance</b>	<b>15.014.160.526</b>	<b>17.779.263.112</b>

**23. LOANS**

VND

	Beginning balance	Drawdown	Repayment	Reclassified to current portion of long-term loans	Ending balance
<b>Vay ngắn hạn</b>					
Short-term loan	155.029.681.696	7.739.383.320	(162.769.065.016)	-	-
Current portion of long-term loans (Note 23.1)	7.115.205.758	-	(50.713.000.000)	158.541.706.220	114.943.911.978
Current portion of long-term bonds (Note 23.2)	80.172.000.000	-	(80.172.000.000)	-	-
<b>Long-term loan</b>	<b>242.316.887.454</b>	<b>7.739.383.320</b>	<b>(293.654.065.016)</b>	<b>158.541.706.220</b>	<b>114.943.911.978</b>
Loans from banks (Note 23.1)	85.597.794.242	234.775.647.911	-	(158.541.706.220)	161.831.735.933
<b>TOTAL</b>	<b>327.914.681.696</b>	<b>242.515.031.231</b>	<b>(293.654.065.016)</b>	<b>-</b>	<b>276.775.647.911</b>
<b>In which:</b>					
Loans from other parties	247.742.681.696				276.775.647.911
Loans from related parties (Note 33)	80.172.000.000				-

### 23.1 Long-term loans from banks

VND

Bank	Ending balance	Principal and interest repayment term	Interest rate	Purposes	Description of collateral
Tien Phong Commercial Joint Stock Bank	234,775,647,911	23 April 2020 - 23 January 2023	10.0%	To finance for Highrise Apartment Diamond Riverside Project	Asset use right arising from Diamond Riverside project
Asia Commercial Joint Stock Bank	42,000,000,000	30 December 2022	10.5%	To finance for NBB Garden II and NBB Garden III Apartment Project	Land use rights, ownership of houses and properties associated with Land No. CT 61951 issued by Ho Chi Minh City Department of Natural Resources and Environmental dated 18 April 2017 with a value of VND 54,082,000,000
<b>TOTAL</b>	<b>276,775,647,911</b>				
<b>In which:</b>					
Current portion	114,943,911,978				
Long-term loan	161,831,735,933				

## 23.2 Bond issued

VND

	Ending balance	Beginning balance
Bond issued to Creed Investments VN-1 Ltd (i)	-	80.172.000.000
<b>In which:</b>		
<i>Current portion</i>	-	80.172.000.000

(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.

## 24. CONVERTIBLE BONDS

VND

Trái chủ	31 December 2019			31 December 2018		
	Amount VND	Interest %/year	Maturity	Amount VND	Interest %/year	Maturity
Kallang Limited	-	-	-	52.500.000.000	8	5
<b>Trong đó</b>						
Phát hành cho bên liên quan (Thuyết minh số 33)	-			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.

As at 26 February 2019, the Company completely 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 according to Resolution of the General Meeting of Shareholders dated 11/NQ-DHDCD dated 26 February 2019. Accordingly, the Company's registered share capital increased from 975,715,740,000 VND to 1,004,756,560,000 and approved by the Ho Chi Minh City Department of Planning and Investment in accordance with the thirteenth amended Business Registration Certificate dated 8 May 2019 (Note 25).

## 25. OWNERS' EQUITY

VND

### 25.1 Increase and decrease in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
<b>Previous year</b>						
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
Appropriation of bonus and welfare funds	392.503.740.000	74.183.300.700	-	-	(4.459.449.298)	(4.459.449.298)
Remuneration of Board of Directors	-	-	-	-	(1.595.000.000)	(1.595.000.000)
Net profit for the year	-	-	-	-	152.905.998.263	152.905.998.263
<b>Ending balance</b>	<b>975.715.740.000</b>	<b>459.600.399.732</b>	<b>(6.891.019.437)</b>	<b>131.477.728.497</b>	<b>355.410.457.541</b>	<b>1.915.313.306.333</b>
<b>Current year</b>						
Beginning balance	975.715.740.000	459.600.399.732	(6.891.019.437)	131.477.728.497	355.410.457.541	1.915.313.306.333
Increase in capital (Note 24)	29.040.820.000	23.459.180.000	-	-	-	52.500.000.000
Buy treasury share (*)	-	-	(132.272.546.777)	-	-	(132.272.546.777)
Net profit for the year	-	-	-	-	347.212.290.681	347.212.290.681
Appropriation of bonus and welfare funds	-	-	-	-	(8.531.151.665)	(8.531.151.665)
Remuneration of Board of Directors	-	-	-	-	(1.500.000.000)	(1.500.000.000)
Others	-	(3.500.000.000)	-	-	(14.902.309.653)	(18.402.309.653)
<b>Ending balance</b>	<b>1.004.756.560.000</b>	<b>479.559.579.732</b>	<b>(139.163.566.214)</b>	<b>131.477.728.497</b>	<b>677.689.286.904</b>	<b>2.154.319.588.919</b>

(\*) According to the Resolution of the Board of Directors No. 7/NG-HĐQT dated 10 January 2019, it approved the plan to repurchase treasury shares with the expected number of repurchases of 9,757,150 shares corresponding to a rate of 10% of the total number of shares issued by the Group at market price but not exceeding VND 22,000 VND/ share. On 26 April 2019, the Group completed the purchase of 7,015,000 treasury share with par value of VND 10,000 per share at total amount of VND 132,217,546,777 corresponding to the average trading price of VND 18,820 per share.

## 25.2 Capital transactions with owners and distribution of dividends, profits

VND

	Current year	Previous year
<b>Contributed capital</b>		
Beginning balance	975.715.740.000	975.715.740.000
Increase	29.040.820.000	-
<b>Ending balance</b>	<b>1.004.756.560.000</b>	<b>975.715.740.000</b>
Dividends paid	-	869.466.600

## 25.3 Cổ phiếu

VND

	Ending balance Number of shares	Beginning balance Number of shares
<b>Issued shares</b>	<b>100.475.656</b>	<b>97.571.574</b>
<b>Issued and paid-up shares</b>		
Ordinary shares	100.475.656	97.571.574
<b>Repurchased shares (treasury shares)</b>		
Ordinary shares	(7.154.400)	(139.400)
<b>Shares in circulation</b>		
Ordinary shares	93.321.256	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:

VND

	Current year	Previous year
Net profit after tax attributable to ordinary equity holders (VND)	347.212.290.681	152.905.998.263
Distributions of profit (VND) (i)	(17.360.614.534)	(7.645.299.913)
<b>Net profit attributable to ordinary equity holders adjusted for the effect of dilution (VND)</b>	<b>329.851.676.147</b>	<b>145.260.698.350</b>
Weighted average number of ordinary shares for basic earnings per share	95.010.025	97.432.174
Effect of dilution due to convertible bonds	-	2.904.082
<b>Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution</b>	<b>95.010.025</b>	<b>100.336.256</b>
<b>Earnings per share (VND)</b>		
Basic earnings per share	3.472	1.491
Diluted earnings per share	3.472	1.448

(i) Profit used to compute earnings per share for the year ended 31 December 2018 was restated to reflect the actual allocation to bonus and welfare fund from 2018 undistributed earnings following the Resolution of Annual General Meeting dated 24 April 2019.

Profit used to compute earnings per share for the year ended 31 December 2019 was adjusted reflect the actual allocation to bonus and welfare fund from 2019 undistributed earnings following the Resolution of Annual General Meeting dated 24 April 2019.

## 26. NON-CONTROLLING INTEREST

VND

	Current year	Previous year
<b>Beginning balance</b>	<b>155.332.146.373</b>	<b>155.314.179.536</b>
Profit for the year	(257.372.633)	1.557.088.405
Fund appropriation during the year	(44.292.588)	(36.223.012)
Disposal of a subsidiary during the year	(147.015.109.612)	(1.502.898.556)
<b>Ending balance</b>	<b>8.015.371.540</b>	<b>155.332.146.373</b>

## 27. REVENUES

### 27.1 Revenue from sale of goods and rendering of services

VND

	Current year	Previous year
Sales of land lots and land with related infrastructures	294.628.322.187	625.723.341.389
Sales of goods and rendering of services	35.956.614.500	21.929.278.163
Sales of apartments	-	491.721.386.776
<b>TOTAL</b>	<b>330.584.936.687</b>	<b>1.139.374.006.328</b>

### 27.2 Finance income

VND

	Current year	Previous year
<i>Gain from disposal of subsidiary (Note 4)</i>	122.878.070.000	-
Interest from bank deposit and loans	417.056.586	508.121.260
<b>TOTAL</b>	<b>123.295.126.586</b>	<b>508.121.260</b>

## 28. COST OF GOODS SOLD AND SERVICES RENDERED

VND

	Current year	Previous year
Cost of land lots and land with related infrastructures sold	215.775.502.136	429.150.664.519
Cost of goods sold and service rendered	35.195.712.540	29.267.411.470
Cost of apartments sold	-	413.676.201.472
<b>TOTAL</b>	<b>250.971.214.676</b>	<b>872.094.277.461</b>

## 29. FINANCE EXPENSES

VND

	Current year	Previous year
Interest expenses	81.155.694	33.742.893.042
Loss from disposal of a subsidiary	-	3.500.613.193
<b>TOTAL</b>	<b>81.155.694</b>	<b>37.243.506.235</b>

### 30. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

VND

	Current year	Previous year
<b>Selling expenses</b>		
Expenses for external services	3.536.124.415	100.169.393
Brokerage commission fee	-	33.753.414.649
Expenses for show flat	-	3.932.288.348
Others	-	5.705.000
	<b>3.536.124.415</b>	<b>37.791.577.390</b>
<b>General and administrative expenses</b>		
Labour costs	18.115.625.236	9.148.482.880
Expenses for external services	7.649.844.708	3.725.766.081
Depreciation expenses	3.745.232.911	-
Goodwill allocation	-	3.956.262.599
Others	3.127.158.765	3.004.451.283
	<b>32.637.861.620</b>	<b>19.834.962.843</b>
<b>TOTAL</b>	<b>36.173.986.035</b>	<b>57.626.540.233</b>

### 31. OTHER INCOME AND EXPENSES

VND

	Current year	Previous year
<b>Other income</b>		
Gain from transfer investment project right (*)	255.000.000.000	-
Compensation and penalty received	18.930.584.565	20.028.639.316
Gains from disposal of fixed assets	272.727.272	4.306.955.217
Others	667.216.408	427.236.104
	<b>274.870.528.245</b>	<b>24.762.830.637</b>
<b>Other expenses</b>		
Penalty Paid	(7.548.255.681)	(545.332.602)
Others	(1.327.676.703)	(1.785.969.433)
	(8.875.932.384)	(2.331.302.035)
<b>NET OTHER PROFIT</b>	<b>265.994.595.861</b>	<b>22.431.528.602</b>

(\*) On 20 June 2019, the Group and Pearl City Investment Joint Stock Company ("Pearl City") signed a contract of transfer of right to participate in Investment project No.01/2019/HĐ-PC. Accordingly, the Group will transfer to Pearl City 30% the right to participate in investment project of Son Tinh - Quang Ngai Residential Area in Truong Quang Trong Ward and Tinh An Dong Commune, Quang Ngai City, Quang Ngai Province with the value of VND 255,000,000,000. The Company has no obligation to refund this amount under any circumstances under the above contract. As at balance sheet date, the Company fully received this receivable.

### 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

VND

	Current year	Previous year
Current tax expense	86.038.637.269	41.121.388.384
Deferred tax income	(300.960.000)	(235.142.791)
<b>TOTAL</b>	<b>85.737.677.269</b>	<b>40.886.245.593</b>

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

VND

	Current year			Previous year
	Real estate activity	Other activities	Total	
<b>Accounting profit before tax</b>	<b>59.089.481.592</b>	<b>373.558.821.137</b>	<b>432.648.302.729</b>	<b>195.349.332.261</b>
At CIT rate of 20%	11.817.896.318	74.711.764.227	86.529.660.545	39.069.866.452
<b>Adjustments:</b>				
Non-deductible expenses	17.714.548	1.658.463.653	1.676.178.201	358.358.170
Utilisation of tax loss carried forward	-	(2.071.994.033)	(2.071.994.033)	-
Income from disposal of a subsidiary	-	-	-	1.341.860.944
Loss in year	-	1.085.849.935	1.085.849.935	-
Unrealized profit in consolidated financial statements	(980.417.379)	(501.600.000)	(1.482.017.379)	(1.515.247.985)
Unrecognized deferred tax of tax loss carried forward	-	-	-	1.595.072.793
Others	-	-	-	36.335.219
<b>CIT EXPENSE</b>	<b>10.855.193.487</b>	<b>74.882.483.782</b>	<b>85.737.677.269</b>	<b>40.886.245.593</b>

## 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.

## 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 5,453,681,002 (31 December 2018: VND 29,931,331) 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 2019	Forfeited	Unutilized at 31 December 2019
2016	2021	5.002.915.474	(4.994.029.677)	-	8.885.797
2017	2022	15.545.534	-	-	15.545.534
2018	2023	10.359.970.166	(10.359.970.166)	-	-
2019	2024	5.429.249.671	-	-	5.429.249.671
<b>TOTAL</b>		<b>20.807.680.845</b>	<b>(15.353.999.843)</b>	<b>-</b>	<b>5.453.681.002</b>

(\*) 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:

VND

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
<b>Deferred tax assets</b>				
Unrealised profit	1.103.520.000	802.560.000	300.960.000	(1.573.948.497)
<b>Deferred tax liabilities</b>				
Provision for investments in subsidiaries at consolidated level	-	-	-	1.809.091.288
	<b>1.103.520.000</b>	<b>802.560.000</b>		
<b>NET DEFERRED TAX CREDIT TO CONSOLIDATED INCOME STATEMENT</b>			<b>300.960.000</b>	<b>235.142.791</b>

### 33. TRANSACTIONS WITH RELATED PARTIES

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

VND

Related parties	Relationship	Transactions	Current year	Previous year
Ho Chi Minh City Infrastructure Investment Joint Stock Company	Parent Company			
		Capital transferred for Diamond Riverside Project	260,487,200,000	-
		Refund cost of capital for Diamond Riverside Project	71,000,000,000	-
		Interest expense for Diamond Riverside Project	36,772,188,774	-
		Capital transferred for De-Lagi Resort Project	119,028,743,353	-
		Capital received for Son Tinh Project	86,000,000,000	-
		Interests expenses for De-Lagi Resort Project	28,514,462,950	-
	Capital received for De-Lagi Resort Project	7,000,000,000	10,000,000,000	
Creed Investments VN-1 Ltd.	Major shareholder			
		Repayment of bonds	80,172,000,000	185,000,000,000
Kallang Limited	Major shareholder	Bond interests	20,526,018,648	26,277,517,272
		Transfer convertible bonds to share	13,566,020,054	5,513,441,564
		Bonds interests	49,000,000,000	-
	Refund	11,267,600,000	-	
Quang Ngai Mineral Investment Joint Stock Company				
		Lending	-	100,000,000

### 33. TRANSACTIONS WITH RELATED PARTIES

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

Related parties	Relationship	Transactions	Ending balance	Beginning balance
<b>Other short-term receivable</b>				
Công ty TNHH Nhà thép Trí Việt	Common key personnel	Receipt from disposal of a subsidiary	1.700.000.000	2.000.000.000
<b>Other long-term receivable</b>				
HCMC Infrastructure Investment Joint Stock Co.	Parent Company	Advances for profits of the Diamond Riverside Apartment Project	-	100.067.648.226
<b>Other short-term payables</b>				
Quang Ngai Mineral Investment Joint Stock Co.	Associate	Supporting for operating activities	3.110.405.635	3.110.405.635
HCMC Infrastructure Investment Joint Stock Co.	Parent Company	Subsidiary acquisition	-	430.000.000.000
Kallang Limited	Major shareholder	Payables due to non - conversion of preference shares to common shares	-	13.901.397.643
			<b>3.110.405.635</b>	<b>447.011.803.278</b>
<b>Other long-term payables</b>				
Ho Chi Minh City Infrastructure Investment Joint Stock Company	Parent Company	Capital contribution for the Diamond Riverside Apartment Project	39.106.803.042	260.487.200.000
		Capital contribution for Son Tinh Project	38.203.273.972	-
		Capital contribution for De - Lagi Resort Project	-	112.028.743.353
			<b>77.310.077.014</b>	<b>372.515.943.353</b>
			<b>80.420.482.649</b>	<b>819.527.746.631</b>

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

Related party	Relationship	Nature of transaction	Ending balance	Beginning balance
<b>Short-term trade payables</b>				
CII E&C Infrastructure Construction Joint Stock Company	Affiliate	Construction service	4.600.588.025	-
NBB Quang Ngai Limited Liability Company		Construction service	655.668.131	-
<b>TOTAL</b>			<b>5.256.256.156</b>	<b>-</b>
<b>Short-term advances to suppliers</b>				
Ho Chi Minh City Infrastructure Investment Joint Stock Company	Parent Company	Advance for purchasing asset	-	299.980.000.000
<b>Short-term accrued expense</b>				
Creed Investments VN-1 Ltd.	Major shareholder	Bonds interests	-	20.526.018.648
<b>Bonds</b>				
Creed Investments VN-1 Ltd.	Major shareholder	Ordinary bonds	-	80.172.000.000
<b>Convertible bonds</b>				
Kallang Limited	Major shareholder	Convertible bonds	-	52.500.000.000

#### Transactions with other related parties

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

	Current year	Previous year
Salaries, bonus and other benefits	5.037.500.000	3.797.500.000

### 34. SEGMENT INFORMATION

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

VND

	Real estate	Others	Elimination	Total
<b>AS AT 31 DECEMBER 2019 AND FOR YEAR THEN ENDED</b>				
<b>Revenue</b>				
Sales to external customers	294,628,322,187	39,904,034,616	(3,947,420,116)	330,584,936,687
<b>Results</b>				
Segment result	78,852,820,051	(2,701,764,820)	3,462,666,780	79,613,722,011
(-) Unallocated expense				(36,173,986,035)
Phần lợi nhuận từ công ty liên kết				-
Finance income				123,295,126,586
Finance expense				(81,155,694)
Other profit				265,994,595,861
<b>Profit before tax</b>				<b>432,648,302,729</b>
(-) CIT expense				(86,038,637,269)
(+) Deferred CIT income				300,960,000
<b>Profit after tax</b>				<b>346,910,625,460</b>
Non-controlling interest				(301,665,221)
<b>Net profit after tax</b>				<b>347,212,290,681</b>
<b>AS AT 31 DECEMBER 2019</b>				
<b>Assets and liabilities</b>				
Segment assets	5,571,439,345,181	4,100,683,266	(121,033,901,758)	5,454,506,126,689
Unallocated assets				215,670,577,693
<b>Total assets</b>				<b>5,670,176,704,382</b>
Segment liabilities	3,516,652,975,341	141,232,000	(131,460,747,758)	3,385,333,459,583
Unallocated liabilities				122,508,284,340
<b>TOTAL LIABILITIES</b>				<b>3,507,841,743,923</b>

### 34. SEGMENT INFORMATION

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

VND

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

### 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 9 to the consolidated financial statements, Hung Thanh Company, financed by the Company, had made the advance payments amounting to VND 103,933,950,348 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

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**

12 March 2020



**Chief Accountant**  
**TRUONG HAI ĐANG KHOA**



**General Director**  
**LUU HAI CA**





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