Vinhomes Joint Stock Company

Consolidated financial statements

For the years ended 31 December 2018 and 31 December 2017

Vinhomes Joint Stock Company

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Vinhomes Joint Stock Company

GENERAL INFORMATION

THE COMPANY

Vinhomes JSC ("the Company"), previously known as Hanoi Southern City Development JSC ("Hanoi Southern JSC"), is a joint stock company established in Vietnam in accordance with the Business Registration Certificate No. 0103022741 issued by the Hanoi Department of Planning and Investment on 6 March 2008 and the Business Registration Certificate No. 0102671977 dated 5 August 2010 on registration of a shareholding company. In accordance with the 19th amended Business Registration Certificate dated 2 February 2018, Hanoi Southern JSC has changed its business name to Vinhomes Joint Stock Company. The Company also subsequently received the 27th amended Business Registration Certificate dated 20 May 2019.

The current principal activities of the Company and its subsidiaries are to develop real estate properties for sale, provide leasing of offices, render real estate management and related services, provide general contractor services, consulting and designing construction services, supervision and construction management services.

The Company's head office is located at No. 458, Minh Khai street, Vinh Tuy ward, Hai Ba Trung district, Hanoi, Vietnam.

Vingroup JSC is the Company's parent. Vinhomes JSC and its subsidiaries are hereby referred to as the Company and its subsidiaries.

BOARD OF DIRECTORS

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

Ms. Nguyen Dieu Linh	Chairwoman	Appointed on 28 February 2019
Mr. Pham Nhat Vuong	Chairman	Appointed on 21 February 2018 Resigned on 28 February 2019
Ms. Mai Huong Noi	Chairwoman	Resigned on 21 February 2018
Mr. Nguyen Viet Quang	Member	Appointed on 21 February 2018
Ms. Cao Thi Ha An	Member	Appointed on 21 February 2018
Mr. Varun Kapur	Independent member	Appointed on 21 February 2018
Mr. Mueen Uddeen	Independent member	Appointed on 21 February 2018
Mr. Pham Thieu Hoa	Member	Resigned on 21 February 2018
Ms. Nguyen Mai Hoa	Member	Resigned on 21 February 2018

SUPERVISORY BOARD

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

Mr. Pham Khoi Nguyen	Head of the Supervisory Board	Appointed on 21 February 2018
Ms. Le Thi Kim Thanh	Head of the Supervisory Board	Resigned on 21 February 2018
Ms. Doan Thi Thu Mai	Member	Appointed on 21 February 2018
Ms. Le Thi Duyen	Member	Appointed on 21 February 2018
Ms. Doan Thi Bich Ngoc	Member	Resigned on 21 February 2018
Ms. Doan Thi Ha	Member	Resigned on 21 February 2018

MANAGEMENT

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

Mr. Pham Thieu Hoa	Chief Executive Officer Deputy Chief Executive Officer	Appointed on 18 May 2019 Resigned on 18 May 2019
Ms. Luu Thi Anh Xuan	Chief Executive Officer	Appointed on 28 February 2019 Resigned on 18 May 2019
Ms. Nguyen Dieu Linh	Chief Executive Officer	Appointed on 23 February 2018 Resigned on 28 February 2019
Mr. Nguyen Viet Quang	Chief Executive Officer	Resigned on 23 February 2018
Ms. Nguyen Thi Thu Hoai	Deputy Chief Executive Officer	Appointed on 21 February 2018 Resigned on 4 June 2018
Mr. Douglas John Farrell	Deputy Chief Executive Officer	Appointed on 21 February 2018
Ms. Nguyen Ngoc Thuy Linh	Deputy Chief Executive Officer	Appointed on 21 February 2018
Mr. Nguyen Duc Quang	Deputy Chief Executive Officer	Appointed on 21 February 2018
Ms. Nguyen Mai Hoa	Deputy Chief Executive Officer	Resigned on 21 February 2018
Ms. Phi Thi Thuc Nga	Deputy Chief Executive Officer	Resigned on 21 February 2018 Appointed on 8 June 2018
Ms. Mai Thu Thuy	Deputy Chief Executive Officer	Resigned on 21 February 2018
Mr. Nguyen Van Trai	Deputy Chief Executive Officer	Appointed on 1 June 2018
Mr. Pham Van Khuong	Deputy Chief Executive Officer	Appointed on 1 October 2018
Ms. Dao Thi Thien Huong	Deputy Chief Executive Officer	Appointed on 10 January 2019

LEGAL REPRESENTATIVE

The legal representatives of the Company:

- up to 22 February 2018 is Mr. Nguyen Viet Quang;
- from 23 February 2018 to 11 June 2018 is Ms. Nguyen Dieu Linh, Chief Executive Officer;
- from 12 June 2018 to 5 March 2019 are Ms. Nguyen Dieu Linh, Chief Executive Officer, Mr. Nguyen Van Trai, Deputy Chief Executive Officer and Mr. Pham Nhat Vuong, Chairman;
- from 6 March 2019 to 19 May 2019 are Ms. Nguyen Dieu Linh, Chairwoman, Ms. Luu Thi Anh Xuan, Chief Executive Officer and Mr. Nguyen Van Trai, Deputy Chief Executive Officer;
- from 20 May 2019 to the date of this report are Ms. Nguyen Dieu Linh, Chairwoman, Mr. Pham Thieu Hoa, Chief Executive Officer and Mr. Nguyen Van Trai, Deputy Chief Executive Officer.

Ms. Dao Thi Thien Huong, Deputy Chief Executive Officer, is authorised to sign the financial statement of the Company in accordance with the Letter of Authorisation No 040/2019/GUQ-TGD-VH dated 21 May 2019.

AUDITORS

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

Vinhomes Joint Stock Company

REPORT OF THE MANAGEMENT

Management of Vinhomes Joint Stock Company ("the Company") is pleased to present this report and the consolidated financial statements of the Company and its subsidiaries (collectively referred to as "the Company and its subsidiaries") for the years ended 31 December 2018, 31 December 2017.

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 Company and its subsidiaries and of the consolidated results and of the consolidated cash flows of the Company and its subsidiaries for the year. In preparing those consolidated financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company and its subsidiaries 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 Company and its subsidiaries and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company and its subsidiaries as at 31 December 2018, 31 December 2017 and 1 January 2017 and the consolidated results of operations and consolidated cash flows for the years ended 31 December 2018 and 31 December 2017 in accordance with International Financial Reporting Standards.

For and on behalf of management:

Dao Thi Thien Huong
Deputy Chief Executive Officer

Hanoi, Vietnam

19 June 2019

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Reference: 60871645/20331603-HN-IFRS

INDEPENDENT AUDITOR'S REPORT

To: The Shareholders of Vinhomes Joint Stock Company

Opinion

We have audited the accompanying consolidated financial statements of Vinhomes Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Company and its subsidiaries"), which comprise the consolidated statements of financial position as at 31 December 2018, 31 December 2017 and 1 January 2017 and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 31 December 2018 and 31 December 2017, and a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at 31 December 2018, 31 December 2017 and 1 January 2017 and their consolidated financial performance and their consolidated cash flows for the years ended 31 December 2018 and 31 December 2017 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Vietnam, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Fair value of financial assets through profit or loss

In 2018, the Company and its subsidiaries entered in Business and Investment co-operation contracts ("BCC") to contribute capital for the construction and development of real estate projects under a profit sharing arrangement depending on the project's periodic operating result. The Company and its subsidiaries account for the BCC contracts as financial assets through profit or loss using fair value method. (Note 33).

As of 31 December 2018, the carrying value of financial assets through profit or loss relating to BCCs as presented in Note 33 represents a significant portion of the Company and its subsidiaries' consolidated total assets. We considered the fair value of financial assets through profit or loss to be a key audit matter because the valuation process of these financial assets requires significant judgment in determining the appropriate valuation methodology. Besides, calculations are complex and involve certain range of estimates, assumptions and information, such as selling price, unit cost of the property, discount rate, selling and administrative expenses of real estate project, among others, based on external and internal factors as assessed by management and external appraisers of the Company and its subsidiaries.

Refer to Note 5 and 6 to the consolidated financial statements for the discussion of significant judgments and estimates and relevant accounting policy, and Notes 33 for the detailed disclosure about the Company and its subsidiaries's fair value of financial assets through profit or loss.

We performed the following audit procedures to address this key audit matter:

- We involved our internal specialist in evaluating the methodologies and the assumptions used by the management and external appraisers of the Company and its subsidiaries;
- We reviewed the relevant inputs, assumptions and estimates used in the valuation by the management and external appraisers of the Company and its subsidiaries, such as selling price, unit cost of the property, discount rate, selling and administrative expenses of real estate project, among others, against market related information and historical experience of the Company and its subsidiaries;
- We assessed the professional qualification, independence and objectivity of the external appraisers engaged by the Company in valuing fair value of these financial instruments;
- We reviewed the accounting treatments of gains or losses arising from changes in the fair values applied by management; and
- We also reviewed the adequacy of the Company and its subsidiaries' disclosures with respect to the financial instruments.

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Consolidation process and first-time adoption

The Company is the holding company of a significant number of legal entities with diversified real estate portfolio and this is the first time they prepare consolidated financial statement under IFRS. In preparing the first time IFRS consolidated financial statements, the Company is required to do IFRS conversion entries from local consolidated financial statement and make disclosure that explain how the transition from the previously-applied reporting framework to IFRS affect the entity's reported consolidated statements of financial position, consolidated statements of profit or loss and consolidated statements of cash flows. For consolidation process, several factors were considered such as merger transactions, various fair value adjustments arising from business combinations and other equity adjustments, presence of significant non-controlling interests in certain subsidiaries and intercompany transactions. Accordingly, we considered the first time adoption and consolidation process as a key audit matter because of the inherent complexity involved due first conversion to IFRS to wide range of merger transactions, fair value adjustments arising from business combinations, adjustments to non-controlling interests and other equity accounts, and voluminous intercompany transactions that require elimination in consolidating the financial information of the entities comprising the Company and its subsidiaries.

Refer to Note 1, Note 4 and Note 7 to the consolidated financial statements for the relevant disclosures on the Company and its subsidiaries investees and first-time adoption reconciliation.

We performed the following audit procedures to address this key audit matter:

- We obtained an understanding of the IFRS first-time conversion process, consolidation process and controls by which the consolidated financial statements are prepared;
- We obtained an understanding of the Company and its subsidiaries' process for identifying related parties and related party transactions and the reconciliation of intercompany balances;
- We tested significant consolidation adjustments, including IFRS first time conversion, elimination, deferral and realisation of intercompany transactions and balances, amortisation/depreciation/reversal of fair value adjustments arising from business combinations, and movements in non-controlling interests and other equity adjustments; and
- We reviewed and assessed whether the disclosure sufficient comply with requirement of first time adoption.

Adoption of IFRS 15

As this is the first year the Company and its subsidiaries adopt and apply IFRS 15, the Company and its subsidiaries adopted IFRS 15 using the full retrospective method of adoption. Given the complexity in nature and volume of transactions within the scope of IFRS 15, there is a significant risk pertaining to the adoption of IFRS 15 due to its higher inherent risk in terms of (1) identification of contracts that would be under the scope of IFRS 15 and (2) determination of the impact of significant financing component on the consolidated financial statements.

Refer to Notes 5 and 6 for the discussion of significant judgment and estimates and relevant accounting policy.

We performed the following audit procedures to address this key audit matter:

- We obtained an understanding of the Company and is subsidiaries' process for implementing IFRS 15;
- We reviewed the identification of revenue stream and cost performed by the Company and its subsidiaries and selected sampling contracts for testing;
- We tested completeness of the contract population by selecting a sample of contracts from outside the revenue stream defined by management and performed test of detail for representative contracts;
- We reviewed and assessed whether disclosures in consolidated financial statements sufficiently comply with requirement of the standard;

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Adoption of IFRS 15 (continued)

We performed the following audit procedures to address this key audit matter: (continued)

- We reviewed the Company and its subsidiaries' determination of the impact of significant financing component on revenue from contract with customers, cost of sales, inventories and down payments from customers; and
- We involved our internal specialist in evaluating the methodologies and the assumptions used by the management.

Adoption of IFRS 9

As this is the first year the Company and its subsidiaries apply IFRS 9, the Company and its subsidiaries adopted IFRS 9 applying the relief on the date of initial application, 1 January 2018, of which comparative information for prior periods will not be restated. Given the complexity in nature and volume of transactions within the scope of IFRS 9, there is a significant risk pertaining to the adoption of IFRS 9 due to its higher inherent risk in terms of (1) classification & measurement of financial assets; and (2) valuation model for expected credit loss ("ECL") that involves a high level of estimation and complexity of inputs used in that model.

Refer to Notes 5 and 6 for the discussion of significant judgment and estimates and relevant accounting policy, and Notes 33 and 34 for the detailed disclosure about the financial instruments and its financial risk management objectives and policies, respectively.

We performed the following audit procedures to address this key audit matter:

- We obtained an understanding of the entity's process for implementing IFRS 9;
- We reviewed the Contractual cash-flow test and Business Model assessment performed by the Company and its subsidiaries;
- We tested completeness of the population by selecting a sample of contracts from outside the financial assets defined by management and testing of detail for representative contracts;
- We reviewed and assessed whether disclosures in consolidated financial statements sufficiently comply with requirement of the standard;
- We reviewed the cumulative catch-up adjustment, transition adjustment by the Company to ensure the calculation accounted properly; and
- We involved our internal specialist in evaluating the methodologies and the assumptions used by the management in calculating the impact of ECL.

Business combinations

During the financial year ended 31 December 2018, the Company and its subsidiaries have completed certain acquisitions of new subsidiaries which resulted to the goodwill and the fair value of net assets recognised in the consolidated financial statements. We considered the accounting for these acquisitions to be a key audit matter because of the significance of the fair value adjustments and it required significant management judgment and estimation in determining the valuation of net assets acquired, which are based on assumptions such as forecasted future cash flows and discount rates.

Refer to Note 7 to the consolidated financial statements for the relevant disclosure on these acquisitions.

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Business combinations (continued)

We performed the following audit procedures to address this key audit matter:

- We reviewed management's process in identifying the net assets, including intangible assets and contingent liabilities, of the acquiree;
- On identified assets with fair value adjustments, we involved our internal specialist in evaluating the methodologies and the assumptions used by the management, and the internal and external appraisers of the Company and its subsidiaries;
- We assessed the professional qualification, independence and objectivity of the external appraisers engaged by the Company; and
- We validated relevant inputs including estimated selling price, construction cost and other related expenses by comparison with historical performance, discussed with appraisers and the Management about key assumptions and estimates used in the valuation such as forecasted cash flows and discount rates.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also: (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For and on behalf of Ernst & Young Vietnam Limited

CÔNG TY TNHH ERNST & YOUNG VIỆT NAM CHI NHÁNH HÀ NỘI

Le Vu Truong
Deputy General Director
Audit Practising Registration Certificate No. 1588-2018-004-1

Hanoi, Vietnam

19 June 2019

Vinhomes Joint Stock Company

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
for the years ended 31 December 2018 and 31 December 2017

	Notes	*2018 VND*	*2017 VND*
Revenue from contract with customers	**9.1**		
Sale of inventory property		37,085,327,468,439	13,315,285,564,595
Rendering general contractor, construction consultancy and supervision services		3,889,230,150,477	744,128,496,013
Rendering real estate management and related services		960,729,445,575	-
Services related to amusement and entertainment		-	1,334,428,299,282
Retail outlets		8,155,016,467	875,032,962,332
Other revenue		123,950,284,973	44,192,563,034
Rental income			
Leasing of investment property and rendering of related services		816,436,951,824	263,340,348,860
Revenue		**42,883,829,317,755**	**16,576,408,234,116**
Cost of sales and services	9.2	(32,785,171,073,505)	(11,517,468,708,672)
Gross profit		**10,098,658,244,250**	**5,058,939,525,444**
Other operating income	9.3	12,838,099,707,140	9,878,690,209,671
Selling and distribution expenses	9.4	(1,361,189,137,917)	(1,478,059,212,631)
Administrative expenses	9.5	(1,291,401,883,844)	(534,860,665,300)
Other operating expenses	9.6	(146,589,068,619)	(2,829,338,542,131)
Operating profit		**20,137,577,861,010**	**10,095,371,315,053**
Finance income	9.7	1,712,463,254,374	587,832,898,056
Finance costs	9.8	(2,470,036,734,806)	(1,021,334,137,560)
Share in profit/(loss) of associates		191,238,076	(27,114,770,734)
Profit before tax		**19,380,195,618,654**	**9,634,755,304,815**
Income tax expenses	10.1	(4,833,734,103,901)	(1,507,495,076,662)
Profit for the year		**14,546,461,514,753**	**8,127,260,228,153**
Attributable to:			
Equity holders of the parent		14,054,595,435,969	7,976,651,995,132
Non-controlling interests		491,866,078,784	150,608,233,021
Earnings per share (EPS):	11.1		
▸ Basic, profit for the year attributable to ordinary equity holders of the parent		4,431	10,636
▸ Diluted, profit for the year attributable to ordinary equity holders of the parent		4,431	10,636

Vinhomes Joint Stock Company

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
for the years ended 31 December 2018 and 31 December 2017

	Notes	*2018 VND*	*2017 VND*
Profit for the year		**14,546,461,514,753**	**8,127,260,228,153**
Other comprehensive income		75,306,456,000	759,967,651,800
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):			
Revaluation of financial asset at fair value through other comprehensive income (net of tax)	24	75,306,456,000	759,967,651,800
Net other comprehensive income, net of tax		**14,621,767,970,753**	**8,887,227,879,953**
Other comprehensive income, net of tax		-	-
Total comprehensive income, net of tax		**14,621,767,970,753**	**8,887,227,879,953**
Attributable to:			
Equity holders of the parent		14,129,901,891,969	8,736,619,646,932
Non-controlling interests		491,866,078,784	150,608,233,021

Vinhomes Joint Stock Company

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
as at 31 December 2018, 31 December 2017 and 1 January 2017

	Notes	*2018 VND*	*2017 VND*	*As at 1 January 2017 VND*
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	12	100,435,383,996	479,046,905,842	2,877,279,959,368
Intangible assets	13	1,092,602,108,561	930,383,814,849	734,728,674,363
Completed investment property	14	5,762,345,047,843	882,364,725,410	2,265,366,146,144
Investment property under construction	15	18,119,988,797,244	2,312,989,325,102	107,851,916,362
Construction in progress	16	206,258,201,921	15,282,099,369	726,072,887,992
Investment in associates		-	9,443,697,124	8,778,457,121,302
Long-term deposits and receivables from related parties	35	621,114,249,391	127,502,947,610	-
Other non-current assets	17	1,258,736,353,039	7,648,531,099,716	1,795,769,420,687
Deferred tax assets	10.2	424,603,402,803	39,743,980,836	8,255,174,025
Long-term prepayments		143,333,050,169	2,331,912,332	47,574,090,345
Total non-current assets		**27,729,416,594,967**	**12,447,620,508,190**	**17,341,355,390,588**
CURRENT ASSETS				
Inventories	18	34,956,245,491,191	17,073,315,739,165	12,627,105,754,211
Trade receivables	19	4,414,815,200,340	897,150,609,839	408,400,085,783
Short-term advances to suppliers	20	2,493,815,475,508	1,554,310,853,857	485,979,253,253
Amounts due from related parties	35	7,837,423,870,251	13,355,779,262,800	2,758,746,608,296
Short-term prepayments and other receivables	21	18,559,268,823,504	2,442,928,753,746	1,021,794,987,161
Short-term investments	22	5,388,174,189,578	6,722,176,088,905	459,944,044,460
Financial assets at fair value through profit or loss	33	16,404,900,558,903	-	-
Cash and cash equivalents	23	3,513,849,563,519	1,543,342,969,790	2,802,422,910,160
Total current assets		**93,568,493,172,794**	**43,589,004,278,102**	**20,564,393,643,324**
Assets classified as held for sale	8.2	-	394,572,911,961	-
TOTAL ASSETS		**121,297,909,767,761**	**56,431,197,698,253**	**37,905,749,033,912**

Vinhomes Joint Stock Company

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
as at 31 December 2018, 31 December 2017 and 1 January 2017

	Notes	2018 VND	2017 VND	As at 1 January 2017 VND
EQUITY AND LIABILITIES				
EQUITY	25			
Issued capital		33,495,139,180,000	2,000,000,000,000	2,000,000,000,000
Share premium		295,000,000,000	-	-
Under common control reserve		1,270,988,495,309	(99,117,851,011)	(2,768,622,679,306)
Other reserve		3,114,932,969,471	807,408,972,748	-
Retained earnings		7,202,726,231,740	8,797,145,317,968	2,917,332,498,537
Equity attributable to equity holders of the parent		**45,378,786,876,520**	**11,505,436,439,705**	**2,148,709,819,231**
Non-controlling interests		4,908,652,906,157	3,217,871,327,438	7,350,264,162,481
Total equity		**50,287,439,782,677**	**14,723,307,767,143**	**9,498,973,981,712**
NON-CURRENT LIABILITIES				
Long-term interest-bearing loans and borrowings	27	18,933,846,684,569	6,627,686,696,069	-
Long-term customer's deposit		96,036,970,974	4,444,508,314	5,279,232,731
Long-term deferred revenues	30	1,460,577,430,887	-	17,710,706,100
Deferred tax liabilities	10.2	1,342,149,710,041	1,170,627,732,614	4,573,401,611
Long-term accruals	29.2	102,099,452,056	-	-
Warranty provisions	29.3	189,388,181,704	56,817,809,435	36,322,821,770
Long-term deferred revenue and payables to related parties	35	7,029,618,072,213	282,221,465,931	1,084,011,858,038
Total non-current liabilities		**29,153,716,502,444**	**8,141,798,212,363**	**1,147,898,020,250**
CURRENT LIABILITIES				
Short-term interest-bearing loans and borrowings	26	5,020,307,456,806	1,999,156,418,433	226,949,095,582
Trade payables		2,173,770,632,024	562,211,241,638	1,314,460,580,746
Down payment from customers	28	19,652,254,561,869	20,759,197,025,495	13,673,706,896,888
Short-term deferred revenues	30	475,450,284,104	6,615,841,241	40,532,077,606
Short-term borrowings, deposits from and payables to related parties	35	3,184,884,797,552	6,826,622,888,940	9,790,007,082,536
Short-term accruals	29.1	5,919,430,828,953	1,898,606,874,024	1,186,252,020,001
Corporate income tax payable		2,121,042,729,021	124,431,747,979	379,099,693,226
Other current liabilities	31	3,309,612,192,311	604,004,145,861	647,869,585,365
Total current liabilities		**41,856,753,482,640**	**32,780,846,183,611**	**27,258,877,031,950**
Total liabilities		**71,010,469,985,084**	**40,922,644,395,974**	**28,406,775,052,200**
Liabilities directly associated with assets classified as held for sale	8.2	-	785,245,535,136	-
TOTAL EQUITY AND LIABILITIES		**121,297,909,767,761**	**56,431,197,698,253**	**37,905,749,033,912**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the years ended 31 December 2018 and 31 December 2017

	Attributable to the equity holders of the parent							
	Issued capital VND	Share premium VND	Under common control reserve VND	Other reserve VND	Retained earnings VND	Total VND	Non-controlling interests VND	Total equity VND
As at 31 December 2017	**2,000,000,000,000**	**-**	**(99,117,851,011)**	**807,408,972,748**	**8,797,145,317,968**	**11,505,436,439,705**	**3,217,871,327,438**	**14,723,307,767,143**
Effect of adoption of new accounting standards (Note 6)	-	-	-	-	(36,532,431,874)	(36,532,431,874)	-	(36,532,431,874)
As at 1 January 2018	**2,000,000,000,000**	**-**	**(99,117,851,011)**	**807,408,972,748**	**8,760,612,886,094**	**11,468,904,007,831**	**3,217,871,327,438**	**14,686,775,335,269**
Profit for the year	-	-	-	-	14,054,595,435,969	14,054,595,435,969	491,866,078,784	14,546,461,514,753
Other comprehensive income	-	-	-	75,306,456,000	-	75,306,456,000	-	75,306,456,000
Total comprehensive income	**-**	**-**	**-**	**75,306,456,000**	**14,054,595,435,969**	**14,129,901,891,969**	**491,866,078,784**	**14,621,767,970,753**
Additional shares issued (Note 25)	12,000,000,000,000	-	-	-	-	12,000,000,000,000	-	12,000,000,000,000
Shares issued to acquire subsidiaries (Note 25)	10,365,000,000,000	295,000,000,000	1,723,915,139,981	-	-	12,383,915,139,981	174,867,536,302	12,558,782,676,283
Stock dividends (Note 25)	10,699,023,680,000	-	-	-	(10,699,023,680,000)	-	-	-
Dividends paid (Note 25)	-	-	-	-	(900,000,000,000)	(900,000,000,000)	(45,277,040,000)	(945,277,040,000)
Decrease due to demerger (Note 24), (Note 25)	(1,568,884,500,000)	-	-	-	(5,922,538,987,500)	(7,491,423,487,500)	-	(7,491,423,487,500)
Acquisition of new subsidiaries (Note 7.1)	-	-	(402,741,767,916)	-	-	(402,741,767,916)	2,542,300,769,899	2,139,559,001,983
Acquisition of non-controlling interests in existing subsidiaries	-	-	-	-	474,639,313	474,639,313	(1,693,631,723,710)	(1,693,157,084,397)
Partial disposal of equity interest in existing subsidiaries without loss of control	-	-	-	-	(62,242,993,181)	(62,242,993,181)	62,242,993,181	-
Capital contribution from non-controlling interest	-	-	-	-	-	-	240,978,700,000	240,978,700,000
Day 1 difference on financial asset at fair value through profit or loss (Note 33)	-	-	-	3,019,443,545,699	-	3,019,443,545,699	-	3,019,443,545,699
Derecognition of financial asset at fair value through profit or loss (Note 7.1)	-	-	-	(87,633,940,974)	-	(87,633,940,974)	-	(87,633,940,974)
Recycle of gain on remeasurement of investment in equity instruments at fair value through other comprehensive income (Note 24)	-	-	-	(1,044,092,634,750)	1,044,092,634,750	-	-	-
Realisation of deferred tax liability on disposal of investment in equity instruments at fair value through other comprehensive income	-	-	-	208,818,526,950	975,689,270,550	1,184,507,797,500	-	1,184,507,797,500
Disposal of a subsidiary	-	-	48,932,974,255	-	(48,932,974,255)	-	(82,565,735,737)	(82,565,735,737)
Other decreases	-	-	-	135,682,043,798	-	135,682,043,798	-	135,682,043,798
As at 31 December 2018	**33,495,139,180,000**	**295,000,000,000**	**1,270,988,495,309**	**3,114,932,969,471**	**7,202,726,231,740**	**45,378,786,876,520**	**4,908,652,906,157**	**50,287,439,782,677**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)
for the years ended 31 December 2018 and 31 December 2017

	Attributable to the equity holders of the parent							
	Issued capital VND	*Share premium*	*Under common control reserve VND*	*Other reserve VND*	*Retained earnings VND*	*Total VND*	*Non-controlling interests VND*	*Total equity VND*
As at 1 January 2017	**2,000,000,000,000**	**-**	**(2,768,622,679,306)**	**-**	**2,917,332,498,537**	**2,148,709,819,231**	**7,350,264,162,481**	**9,498,973,981,712**
Profit for the year	-	-	-	-	7,976,651,995,132	7,976,651,995,132	150,608,233,021	8,127,260,228,153
Total comprehensive income	**-**	**-**	**-**	**-**	**7,976,651,995,132**	**7,976,651,995,132**	**150,608,233,021**	**8,127,260,228,153**
Acquisition of new subsidiaries (Note 7.1)	-	-	(50,184,876,756)	-	-	(50,184,876,756)	107,699,880,268	57,515,003,512
Capital contribution from non - controlling interest	-	-	-	-	-	-	28,111,000,000	28,111,000,000
Acquisition of non-controlling interests in existing subsidiaries	-	-	-	-	603,537,326,742	603,537,326,742	(1,146,823,045,242)	(543,285,718,500)
Disposal of subsidiaries	-	-	2,719,689,705,051	-	(2,719,689,705,051)	-	(3,271,988,903,090)	(3,271,988,903,090)
Other increases	-	-	-	807,408,972,748	19,313,202,608	826,722,175,356	-	826,722,175,356
As at 31 December 2017	**2,000,000,000,000**	**-**	**(99,117,851,011)**	**807,408,972,748**	**8,797,145,317,968**	**11,505,436,439,705**	**3,217,871,327,438**	**14,723,307,767,143**

Vinhomes Joint Stock Company

CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended 31 December 2018 and 31 December 2017

	Notes	*2018 VND*	*2017 VND*
OPERATING ACTIVITIES			
Profit before tax		19,380,195,618,654	9,634,755,304,815
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation, amortisation and impairment	12,13,14	259,593,256,428	492,499,458,801
Net foreign exchange differences		(1,413,212,829)	15,599,813,801
(Gain)/loss on disposal of property and equipment, and investment property	9.3, 9.6	(163,636,363)	277,174,546,052
(Reversal of provision)/provision		(6,093,691,928)	20,494,987,665
Net gain from disposal of investments	9.3, 9.6	(3,524,838,172,082)	(7,292,635,123,062)
Interest income	9.7	(1,541,305,187,782)	(541,879,952,178)
Interest expense	9.8	2,382,621,895,215	901,949,220,589
Changes in amortised cost of loans, receivables and payables other than nominal interest		(87,190,928,989)	57,435,913,671
Net gain on financial asset at fair value through profit or loss	9.3	(9,180,192,517,264)	-
Share in (profit)/loss of associate		(191,238,076)	27,114,770,734
Working capital adjustments:			
Decrease/(increase) in trade and other receivables		5,542,500,640,183	(2,595,127,979,864)
Decrease in inventories		12,608,097,734,605	1,143,840,475,510
(Decrease)/increase in trade and other payables		(21,701,177,847,644)	2,773,965,456,755
Decrease/(increase) in prepayments		393,900,999,657	(696,801,595,134)
Interest paid		(2,579,916,793,715)	(561,183,467,403)
Income tax paid		(3,407,626,140,888)	(871,578,330,632)
Net cash flows (used in)/provided by operating activities		**(1,463,199,222,818)**	**2,785,623,500,120**

	Notes	2018 VND	2017 VND
INVESTING ACTIVITIES			
Purchase of property and equipment, investment property, investment property under construction and construction in progress		(750,554,985,693)	(2,405,312,393,577)
Deposits and capital contribution for investment in potential real estate projects		(29,506,466,934,039)	-
Disbursements of loans		(13,352,891,070,118)	(10,670,000,000,000)
Collections of loans		19,449,598,413,961	4,692,359,866,717
Short-term/ long-term deposit for interest gain		(586,750,661,235)	-
Redeemption of short-term deposit for interest gain		545,890,987,640	-
Payment for acquisition of subsidiaries and equity interest in other entities		(21,340,358,358,028)	(2,926,014,014,140)
Proceeds from disposal of subsidiaries, equity investments in other entities		17,126,014,690,508	878,962,090,055
Proceeds from disposals of fixed assets, long-term asset		1,618,544,881,294	33,942,874,366
Deposits received for purpose of transferring other long-term assets and shares in other entities		-	1,149,124,640,000
Collection of deposits for purchasing shares in other entities		5,110,000,000,000	-
Proceeds from transfer rights and obligations related to deposit of share transfer agreement		4,180,000,000,000	-
Dividend received		-	134,074,067,877
Interest received		1,113,712,586,604	197,186,671,473
Net cash flows used in investing activities		**(16,393,260,449,106)**	**(8,915,676,197,229)**
FINANCING ACTIVITIES			
Proceeds from issuance of shares	25	12,000,000,000,000	-
Capital contribution from minority interest		240,978,700,000	28,111,000,000
Dividend paid to equity holders of the parent		(900,000,000,000)	-
Dividend paid to non-controlling interests		(45,277,040,000)	-
Payment for acquisition of additional interest in existing subsidiaries		(1,430,456,097,650)	(543,285,718,500)
Proceeds from borrowings		100,191,075,763,433	31,224,023,947,466
Repayment of borrowings		(90,227,832,170,577)	(25,837,875,938,367)
Net cash flows from financing activities		**19,828,489,155,206**	**4,870,973,290,599**
Net increase/(decrease) in cash and cash equivalents		**1,972,029,483,282**	**(1,259,079,406,510)**
Cash and cash equivalents at 1 January		1,543,342,969,790	2,802,422,910,160
Impact of exchange rate fluctuation		-	(533,860)
Impact of provision for expected credit loss		(1,522,889,553)	-
Cash and cash equivalents at 31 December	23	**3,513,849,563,519**	**1,543,342,969,790**

1. CORPORATE INFORMATION

Vinhomes JSC ("the Company"), previously known as Hanoi Southern City Development JSC ("Hanoi Southern JSC"), is a joint stock company established in Vietnam in accordance with the Business Registration Certificate No. 0103022741 issued by the Hanoi Department of Planning and Investment on 6 March 2008 and the Business Registration Certificate No. 0102671977 dated 5 August 2010 on registration of a shareholding company. In accordance with the 19th amended Business Registration Certificate dated 2 February 2018, Hanoi Southern JSC has changed its business name to Vinhomes Joint Stock Company. The Company also subsequently received the 27th amended Business Registration Certificate dated 20 May 2019 as the latest.

The current principal activities of the Company and its subsidiaries are to develop real estate properties for sale, provide leasing of offices, render real estate management and related services, provide general contractor services, consulting and designing construction services, supervision and construction management services.

The Company's normal course of business cycle of real estate business starts at the time of application for investment certificate, commencement of site clearance, construction, and ends at the time of completion, thus, the normal course of real estate business is from 12 months to 36 months. The Company's normal course of business cycle of other business activities is 12 months.

The Company's head office is located at No. 458, Minh Khai street, Vinh Tuy ward, Hai Ba Trung district, Hanoi, Vietnam.

The number of the Company's employees as at 31 December 2018 is 6,258 (31 December 2017: 11).

Vingroup JSC is the Company's parent. Vinhomes JSC and its subsidiaries are hereby referred to as the Company and its subsidiaries.

Corporate structure

The Company has the following subsidiaries as at 31 December 2018 and 31 December 2017.

1. CORPORATE INFORMATION (continued)

Corporate structure (continued)

			As at 31 December 2018		*As at 31 December 2017*				
No.	*Name*	*Short name*	*Voting Right (%)*	*Equity interest (%)*	*Voting right (%)*	*Equity interest (%)*	*Registered office's address*	*Principal activities*	*Note*
1	Ecology Development and Investment JSC	Ecology JSC	99.18	98.76	98.18	98.18	No.191, Ba Trieu street, Le Dai Hanh ward, Hai Ba Trung district, Hanoi	Investing, developing and trading real estate properties	(i), (viii)
2	Gia Lam Urban Development and Investment LLC	Gia Lam LLC	85.00	83.95	85.00	83.45	No.7, Bang Lang 1 street, Vinhomes Riverside Eco-Urban Area, Viet Hung ward, Long Bien district, Hanoi	Investing, developing and trading real estate properties	(i)
3	Phu Gia Property Trading LLC	Phu Gia LLC	98.00	96.79	98.00	96.22	No.63 Hang Ga street, Hang Bo ward, Hoan Kiem district, Hanoi	Investing, developing and trading real estate properties	(i)
4	Vietnam Investment and Consulting Investment JSC	Vietnam Investment JSC	69.50	68.64	50.00	49.09	No.191, Ba Trieu street, Le Dai Hanh ward, Hai Ba Trung district, Hanoi	Investing, developing and trading real estate properties	(i)
5	Metri Sport and Entertainment Development JSC	Metri JSC	-	-	98.00	98.00	No.7 Thang Long avenue, MeTri ward, Nam Tu Liem district, Hanoi	Investing, developing and trading real estate properties	(ii)
6	Prime Land Real Estate Development JSC	Prime Land JSC	92.47	92.37	91.48	89.65	No. 7 Bang Lang 1 Street, Vinhomes Riverside Eco-Urban Area, Viet Hung Ward, Long Bien	Investing, developing and trading real estate properties	(iii), (iv)
7	Tay Tang Long Real Estate LLC	Tay Tang Long LLC	90.00	90.00	31.00	30.44	No.72, Le Thanh Ton street, Ben Nghe ward, district 1, Ho Chi Minh city	Investing, developing and trading real estate properties	(iv)
8	Can Gio Tourist City Corporation	Can Gio JSC	99.89	99.89	-	-	No.72, Le Thanh Ton street, Ben Nghe ward, district 1, Ho Chi Minh city	Investing, developing and trading real estate properties	(v)
9	Berjaya Vietnam International University Township LLC	Berjaya VIUT LLC	97.90	97.89	-	-	20A Floor, Dong Khoi Vincom Center, No. 72 Le Thanh Ton, Ben Nghe ward, district 1, Ho Chi Minh City	Investing, developing and trading real estate properties	(vi)
10	Metropolis Hanoi LLC	Metropolis Hanoi LLC	100.00	100.00	-	-	HH land area, Pham Hung street, Nam Tu Liem district, Hanoi	Investing, developing and trading real estate properties	(vii)

1. **CORPORATE INFORMATION** (continued)

Corporate structure (continued)

			As at 31 December 2018		As at 31 December 2017				
No.	*Name*	*Short name*	*Voting Right (%)*	*Equity interest (%)*	*Voting right (%)*	*Equity interest (%)*	*Registered office's address*	*Principal activities*	*Note*
11	Royal City Real Estate Development & Investment JSC	Royal City JSC	57.85	57.85	-	-	No. 72A, Nguyen Trai street, Thuong Dinh ward, Thanh Xuan district, Hanoi	Investing, developing and trading real estate properties	(viii)
12	Lang Van Development and Investment JSC	Lang Van JSC	99.00	95.82	-	-	No. 7 Truong Sa, Hoa Hai ward, Ngu Hanh Son district, Da Nang city	Investing, developing and trading real estate properties	(viii),(ix)
13	Berjaya Vietnam Financial Center LLC	Berjaya VFC LLC	67.50	67.50	-	-	20A Floor, Dong Khoi Vincom Center, No. 72 Le Thanh Ton, Ben Nghe ward, district 1, Ho Chi Minh city	Investing, developing and trading real estate properties	(x)
14	Thai Son Investment and Construction JSC	Thai Son JSC	100.00	99.99	-	-	No. 290 Nam Ky Khoi Nghia Street, ward 8, district 3, Ho Chi Minh city	Investing, developing and trading real estate properties	(xi)
15	West Hanoi Urban Development and Trading Investment LLC	West Hanoi LLC	100.00	99.99	-	-	T4-L2-10 Times City, No. 458 Minh Khai Street, Vinh Tuy ward, Hai Ba Trung district, Hanoi	Investing, developing and trading real estate properties	(xi)
16	Dat Rong Vang Investment and Construction LLC	Dat Rong Vang LLC	100.00	99.99	-	-	No. 290 Nam Ky Khoi Nghia street, ward 8, district 3, Ho Chi Minh city	Investing, developing and trading real estate properties	(xi)
17	Millenium Trading Investment and Development LLC	Millenium LLC	100.00	100.00	-	-	20A Floor, Dong Khoi Vincom Center, No. 72 Le Thanh Ton, Ben Nghe ward, district 1, Ho Chi Minh city	Investing, developing and trading real estate properties	(xii)
18	GS Cu Chi Development JSC	GS Cu Chi JSC	100.00	99.90	-	-	20A Floor, Dong Khoi Vincom Center, No. 72 Le Thanh Ton, Ben Nghe ward, district 1, Ho Chi Minh city	Investing, developing and trading real estate properties	(xiii)
19	An Thinh Trading and Commercial Development JSC	An Thinh JSC	85.00	85.00	-	-	20A Floor, Dong Khoi Vincom Center, No. 72 Le Thanh Ton, Ben Nghe ward, district 1, Ho Chi Minh city	Investing, developing and trading real estate properties	(xiv)

1. CORPORATE INFORMATION (continued)

Corporate structure (continued)

(i) On 15 December 2016, the Company completed the acquisition of 80.94% equity interest in Ecology JSC as presented in Note 7.3. The principal activities of Ecology JSC are to invest, construct, trade real estate properties, lease retail outlets and retail. As at the acquisition date, Ecology JSC had three (03) subsidiaries, namely Vietnam Investment JSC, Phu Gia LLC and Gia Lam LLC with its equity interests in these entities being 50%, 98% and 85%, respectively. These entities became indirect subsidiaries of the Company since the date the Company acquired control over Ecology JSC. Details of these entities are as below:

a. Vietnam Investment JSC is a joint stock company which was established in February 2014. The main activities of this subsidiary are to develop and trade real estate properties of Vinhomes Metropolis project;

b. Phu Gia LLC is a limited liability company which was established in June 2011. The main activities of this subsidiary are to operate in trading promotion, real estate trading, real estate management and consultation at Vinhomes Riverside project. As at 31 December 2018, this company is in process of completing dissolution procedures; and

c. Gia Lam LLC is a limited liability company which was established in June 2013. The main activities of this subsidiary are to develop and trade real estate properties of Vinhomes Ocean Park project. This project is currently in development phase.

On 3 April 2017, the Company completed the acquisition of additional 17.25% equity interest in Ecology JSC from a subsidiary of Vingroup JSC, thereby increasing the Company and its subsidiaries' equity interest in this subsidiary to 98.18%.

In February 2018, Ecology JSC transferred 0.5% shares of Vietnam Investment JSC to a subsidiary of Vingroup JSC. Subsequently, Ecology JSC completed the acquisition of additional 20% shares of Vietnam Investment JSC from a corporate counterparty for a consideration of VND116 billion, thereby increasing the Company and its subsidiaries' equity interest in this subsidiary to 68.64%.

(ii) On 3 April 2017, the Company signed an agreement with Vingroup JSC to acquire 96.8% equity interest in Metri JSC for a total consideration of VND2,624 billion. At the date of acquisition, the Company already held 1.2% equity interest in Me Tri JSC. Accordingly, Metri JSC became a subsidiary of the Company as presented in Note 7.2. Metri JSC was the owner of a potential real estate project located in Nam Tu Liem district, Hanoi. In April 2018, the Company acquired additional 2% shares of Me Tri JSC, thereby, increased the Company and its subsidiaries' voting right in this company to 100%. Subsequently, Me Tri JSC was merged into Vinhomes JSC.

(iii) On 24 May 2017, the Company and its subsidiaries acquired 91.48% shares of Prime Land JSC for a total consideration of VND585 billion from two individuals. Accordingly, Prime Land JSC became a subsidiary of the Company as presented in Note 7.2. At the date of acquisition, Prime Land JSC was the owner of a potential project located in Tien Phong commune, Me Linh district, Hanoi.

(iv) On 18 January 2018, the Company and its subsidiaries completed the acquisition of 59% shares in Tay Tang Long LLC from Vingroup JSC and Vinpearl JSC for a total consideration of VND177 billion. At the date of acquisition, the Company and its subsidiaries already held 31% equity interest in Tay Tang Long LLC. Accordingly, the Company and its subsidiaries hold 90% equity interest in Tay Tang Long LLC as presented in Note 7.1. At the acquisition date, Tay Tang Long LLC held 0.99% equity interest in Prime Land JSC, thereby, voting right of the Company and its subsidiaries in Prime Land JSC increased to 92.47%.

1. CORPORATE INFORMATION (continued)

Corporate structure (continued)

(v) On 1 February 2018, the Company acquired and merged Tan Lien Phat Construction Investment Corporation JSC ("Tan Lien Phat JSC"), which, at that time, held 99.05% equity interest in Can Gio JSC. Accordingly, the Company directly control Can Gio JSC as presented in Note 7.1. Can Gio JSC was established in 2004 with the purpose to develop a potential real estate project which is Vinhomes Long Beach with an area of about 1,080 hectares.

On 17 September 2018, the Company and its subsidiaries contributed additional capital to Can Gio JSC and increased equity interest in this company by 0.02%. On 31 October 2018, the Company completed the acquisition of additional 0.82% shares of Can Gio JSC from an individual with a total consideration of VND580 billion, thereby increased equity interest of the Company and its subsidiaries in Can Gio JSC to 99.89%.

(vi) On 8 February 2018, the Company completed the acquisition of 97.9% equity interest in Berjaya VIUT LLC from counterparties for consideration of VND11,748 billion. Accordingly, Berjaya VIUT LLC became a subsidiary of the Company as presented in Note 7.1. At the date of acquisition, Berjaya VIUT LLC owned a potential real estate project located in Hoc Mon district, Ho Chi Minh city with total area of 100 hectares.

Subsequently on 28 December 2018, the Company transferred all of its equity interest in Berjaya VIUT LLC to Thai Son JSC, another subsidiary, therefore slightly decrease its equity interest in this company to 97.89%.

(vii) On 28 February 2018, the Company completed the acquisition of 100% shares of Metropolis Hanoi LLC from Vincommerce General Commerce Services JSC ("Vincommerce JSC") for a consideration of VND2,000 billion. Accordingly, Metropolis Hanoi LLC became a subsidiary of the Company as presented in Note 7.1. Metropolis Hanoi LLC was the owner of a potential project located in Nam Tu Liem district, Hanoi.

(viii) On 27 February 2018, the Company completed the acquisition of 57.85% shares of Royal City JSC from Vingroup JSC with the consideration of VND1,402 billion. Accordingly, Royal City JSC became a subsidiary of the Company as presented in Note 7.1. Royal City JSC owned the Royal City project which is a complex project on Nguyen Trai street, Thanh Xuan district, Hanoi. As at the acquisition date, Royal City JSC held 7.53% equity interest in Lang Van JSC and 1% equity interest in Ecology JSC, thereby the Company deem acquired 7.53% voting right in Lang Van JSC and 1% voting right in Ecology JSC.

(ix) On 27 February 2018, the Company completed the acquisition of 91.47% shares of Lang Van JSC from Vingroup JSC for a consideration of VND302 billion. Accordingly, Lang Van JSC became a subsidiary of the Company as presented in Note 7.1. At the date of acquisition, Lang Van JSC was the owner of a potential real estate project located in Hoa Hiep ward, Lien Chieu district, Da Nang city.

(x) On 7 March 2018, the Company has contributed capital amounting to VND2,009 billion to Berjaya VFC LLC, equivalent to 67.5% charter capital of Berjaya VFC LLC. As a result, Berjaya VFC LLC became a subsidiary of the Company as presented in Note 7.1. At the date of acquisition, Berjaya VFC LLC was the owner of a potential real estate project located in 10 District, Ho Chi Minh City.

(xi) On 8 May 2018, the Company completed the acquisition of 96.47% shares of Thai Son JSC from a corporate counterparty for a total consideration of VND1,700 billion. As a result, Thai Son JSC became a subsidiary of the Company as presented in Note 7.1. At acquisition date, Thai Son JSC held 90.32% and 98.32% voting right in Dat Rong Vang JSC and West Hanoi JSC, respectively. As a result, Dat Rong Vang JSC and West Hanoi JSC became subsidiaries of the Company as presented in Note 7.1. At the date of acquisition, West Hanoi JSC was the owner of a potential real estate project.

1. **CORPORATE INFORMATION** (continued)

Corporate structure (continued)

(xi) (continued)
On 30 May 2018, the Company completed additional capital contribution of VND9,000 billion into Thai Son JSC, therefore, increased voting right in this company to 99.44%.

In September 2018, Thai Son JSC acquired the remaining equity interest in Dat Rong Vang JSC and West Hanoi JSC, thereby, increased voting rights in those companies to 100%.

In October 2018, the Company and its subsidiaries completed the acquisitions of 0.56% shares of Thai Son JSC from individuals, thereby increased voting right in Thai Son JSC to 100%.

(xii) On 1 June 2018, the Company completed the acquisition of 100% equity interest in Millenium LLC from Vingroup JSC, the Parent Company, for a total consideration of VND1,000 billion, and thereby, Millenium LLC became a subsidiary of the Company as presented in Note 7.1.

At the date of acquisition, Millenium LLC was the developer of potential real estate project at Ben Nghe ward, District 1, Ho Chi Minh City.

(xiii) On 2 July 2018, the Company and its subsidiaries completed the acquisition of 100% equity interest in GS Cu Chi JSC from individuals for a total consideration of VND2,229 billion. As a result, GS Cu Chi JSC became a subsidiary of the Company as presented in Note 7.1. At the date of acquisition, GS Cu Chi JSC was the owner of a potential real estate project located in Cu Chi District, Ho Chi Minh City.

(xiv) The Company is in the process of completing capital contribution procedures for establishment of this company pursuant to Resolution No. 43/2018/NQ-HDQT-VINHOMES dated 29 October 2018.

2. BASIS OF PREPARATION

2.1. *Basis of preparation*

The consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value and certain recognised financial assets and financial liabilities measured at amortised cost. The consolidated financial statements are presented in Vietnam dong ("VND").

The consolidated financial statements provide comparative information in respect of the previous years. In addition, the Company and its subsidiaries present an additional statement of financial position at the beginning of the preceding period.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the consolidated financial statements are disclosed below. Except as otherwise indicated, the Company and its subsidiaries does not expect the adoption of these new and amended standards to have a significant impact on the financial statements. The Company and its subsidiaries intend to adopt these standards, if applicable, when they become effective.

Effective beginning on or after 1 January, 2019

Amendments to IFRS 9, Prepayment Features with Negative Compensation

The amendments to IFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortised cost or fair value through other comprehensive income. An entity shall apply these amendments for annual reporting periods beginning on or after 1 January, 2019. Earlier application is permitted.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 16 Leases (continued)

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Company and its subsidiaries are currently assessing the potential effect of IFRS 16 on its consolidated financial statements.

Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures

The amendments to IAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using IFRS 9. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

Annual Improvements 2014-2016 Cycle (issued in December 2016)

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Company and its subsidiaries will apply the interpretation from its effective date. In addition, the Company and its subsidiaries may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Deferred effectivity

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Company and its subsidiaries will apply these amendments when they become effective.

4. FIRST - TIME ADOPTION OF IFRS

These consolidated financial statements for the year ended 31 December 2018 are the first financial statements the Company and its subsidiaries have prepared in accordance with IFRS. For period up to and including the year ended 31 December 2018, the Company and its subsidiaries prepared consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements, hereafter referred to as local generally accepted accounting principles (Local GAAP).

Accordingly, the Company and its subsidiaries have prepared the consolidated financial statements that comply with IFRS applicable as at and for the year ended 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. In preparing the consolidated financial statements, the Company and its subsidiaries' opening consolidated statement of financial position was prepared as at 1 January 2017, the Company and its subsidiaries' date of transition to IFRS. This note explains the principal adjustments made by the Company and its subsidiaries in restating its Local GAAP consolidated financial statements, including the consolidated statements of financial position as at 1 January 2017 and 31 December 2017.

In the Company and its subsidiaries' consolidated statement of financial position as at 1 January 2017, the Company and its subsidiaries reclassified certain accounts that it recognised under Local GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity under IFRSs.

4. FIRST - TIME ADOPTION OF IFRS (continued)

Exemptions applied

IFRS 1 allows adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Company and its subsidiaries have applied the following exemptions:

- IFRS 3, *Business Combinations* has not been applied to acquisitions of subsidiaries, which are considered businesses for IFRS, or of interests in associates and joint ventures that occurred before 1 January 2017. Use of this exemption means that the Local GAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS consolidated statement of financial position. The Company and its subsidiaries did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements.

  IFRS 1 also requires that the Local GAAP carrying amount of goodwill must be used in the opening IFRS consolidated statement of financial position. In accordance with IFRS 1, the Company and its subsidiaries have tested goodwill for impairment at the date of transition to IFRS. No goodwill impairment was deemed necessary at 1 January 2017.

- The Company and its subsidiaries did not present the comparative information required under IFRS 7, *Financial Instruments*: Disclosure to the extent that the disclosures required by IFRS 7 relate to items within the scope of IFRS 9, *Financial Instruments*. The effect of the adoption of IFRS 9 on 1 January 2018 is due to the allowance for expected credit losses for all loans and other debt financial assets not measured at FVPL, which was presented in consolidated statements of changes in equity.

Estimates

The estimates at 1 January 2017, at 31 December 2017 and at 31 December 2018 are consistent with those made for the same dates in accordance with Local GAAP.

The estimates used by the Company and its subsidiaries to present these amounts in accordance with IFRS reflect conditions at 1 January 2017, the date of transition to IFRS, at 31 December 2017 and at 31 December 2018.

4. FIRST - TIME ADOPTION OF IFRS (continued)

Reconciliation of equity as at 1 January 2017 (date of transition to IFRS)

ASSETS	*As previously stated under Local GAAP VND*	*Remeasurement VND*	*Reclassification and other adjustments VND*	*IFRS as at 1 January 2017 VND*
NON-CURRENT ASSETS				
Property and equipment (L)	3,604,596,313,488	-	(727,316,354,120)	2,877,279,959,368
Intangible assets	734,728,674,363	-	-	734,728,674,363
Completed investment property (L)	1,538,049,792,026	-	727,316,354,118	2,265,366,146,144
Investment property under construction (D)	-	-	107,851,916,362	107,851,916,362
Construction in progress (D) (L)	4,453,581,454,272	-	(3,727,508,566,280)	726,072,887,992
Investment in associates (N)	8,846,077,533,594	(67,620,412,292)	-	8,778,457,121,302
Other non-current assets (L)	1,796,000,313,132	-	(230,892,445)	1,795,769,420,687
Deferred tax assets	8,255,174,025	-	-	8,255,174,025
Long-term prepayments	47,574,090,345	-	-	47,574,090,345
Total non-current assets	**21,028,863,345,245**	**(67,620,412,292)**	**(3,619,887,542,365)**	**17,341,355,390,588**
CURRENT ASSETS				
Inventories (L) (O)	8,475,032,237,345	435,600,228,908	3,716,473,287,958	12,627,105,754,211
Trade receivables (F)	425,995,510,193	-	(17,595,424,410)	408,400,085,783
Short-term advances to suppliers (F)	535,598,217,891	-	(49,618,964,638)	485,979,253,253
Short-term loans and advances to, trade and other receivables from related parties (F) (H)	-	18,035,678,640	2,740,710,929,656	2,758,746,608,296
Short-term prepayments and other receivables (F) (I) (L)	1,138,911,287,658	-	(117,116,300,497)	1,021,794,987,161
Short-term investments (F) (H) (I)	3,122,655,962,694	(1,012,243,795)	(2,661,699,674,439)	459,944,044,460
Provision for doubtful debt (I)	(8,733,688,735)	-	8,733,688,735	-
Cash and cash equivalents	2,802,422,910,160	-	-	2,802,422,910,160
Total current assets	**16,491,882,437,206**	**452,623,663,753**	**3,619,887,542,365**	**20,564,393,643,324**
TOTAL ASSETS	**37,520,745,782,451**	**385,003,251,461**	**-**	**37,905,749,033,912**

4. FIRST - TIME ADOPTION OF IFRS (continued)

Reconciliation of equity as at 1 January 2017 (date of transition to IFRS) (continued)

	As previously stated under Local GAAP *VND*	*Remeasurement* *VND*	*Reclassification and other adjustments* *VND*	*IFRS as at 1 January 2017* *VND*
EQUITY AND LIABILITIES				
EQUITY				
Issued capital	2,000,000,000,000	-	-	2,000,000,000,000
Other reserve (K)	(2,768,622,679,306)	-	2,768,622,679,306	-
Under common control reserve (K)	-	-	(2,768,622,679,306)	(2,768,622,679,306)
Retained earnings	2,970,805,560,320	(53,473,061,783)	-	2,917,332,498,537
Equity attributable to equity holders of the parent	**2,202,182,881,014**	**(53,473,061,783)**	**-**	**2,148,709,819,231**
Non-controlling interests	7,346,759,266,096	3,504,896,385	-	7,350,264,162,481
Total equity	**9,548,942,147,110**	**(49,968,165,398)**	**-**	**9,498,973,981,712**
NON-CURRENT LIABILITIES				
Long-term customers' deposits	5,279,232,731	-	-	5,279,232,731
Long-term deferred revenues (F)	1,101,722,564,138	-	(1,084,011,858,038)	17,710,706,100
Deferred tax liabilities (J)	-	4,573,401,611	-	4,573,401,611
Long-term provision	36,322,821,770	-	-	36,322,821,770
Amounts due to related parties (F)	-	-	1,084,011,858,038	1,084,011,858,038
	1,143,324,618,639	**4,573,401,611**	**-**	**1,147,898,020,250**
CURRENT LIABILITIES				
Short-term interest-bearing loans and borrowings (F)	9,156,627,147,612	-	(8,929,678,052,030)	226,949,095,582
Trade payables (F)	1,666,274,701,367	-	(351,814,120,621)	1,314,460,580,746
Deposits and down payment from customers (F) (L) (O)	10,663,036,084,145	50,722,963,778	2,959,947,848,965	13,673,706,896,888
Short-term deferred revenue	40,532,077,606	-	-	40,532,077,606
Accruals (F) (O)	1,203,017,876,116	384,877,265,132	(401,643,121,247)	1,186,252,020,001
Statutory obligations (L)	672,182,791,882	-	(672,182,791,882)	-
Corporate income tax payable (L)	-	-	379,099,693,226	379,099,693,226
Amounts due to related parties (F) (H)	-	(5,202,213,662)	9,795,209,296,198	9,790,007,082,536
Other current liabilities (F) (L)	3,426,808,337,974	-	(2,778,938,752,609)	647,869,585,365
	26,828,479,016,702	**430,398,015,248**	**-**	**27,258,877,031,950**
Total liabilities	**27,971,803,635,341**	**434,971,416,859**	**-**	**28,406,775,052,200**
TOTAL EQUITY AND LIABILITIES	**37,520,745,782,451**	**385,003,251,461**	**-**	**37,905,749,033,912**

4. FIRST - TIME ADOPTION OF IFRS (continued)

Reconciliation of equity as at 31 December 2017

ASSETS	*As previously stated under Local GAAP VND*	*Remeasurement VND*	*Reclassification and other adjustments VND*	*IFRS as at 31 December 2017 VND*
NON-CURRENT ASSETS				
Property and equipment (L) (M)	1,296,934,619,609	-	(817,887,713,767)	479,046,905,842
Intangible assets (A) (B) (C) (M)	685,771,175,185	(81,549,000,518)	326,161,640,182	930,383,814,849
Completed investment property (L)	163,038,247,202	-	719,326,478,208	882,364,725,410
Investment property under construction (D)	-	-	2,312,989,325,102	2,312,989,325,102
Construction in progress (D) (E) (L)	2,462,055,543,041	(82,491,159,026)	(2,364,282,284,646)	15,282,099,369
Investment in associates	9,443,697,124	-	-	9,443,697,124
Amounts dues from related party (F)	-	-	127,502,947,610	127,502,947,610
Other non-current assets (G) (M)	1,833,266,732,397	5,828,405,917,500	(13,141,550,181)	7,648,531,099,716
Deferred tax assets	39,743,980,836	-	-	39,743,980,836
Long-term prepayments (C) (M)	392,514,863,581	-	(390,182,951,249)	2,331,912,332
Total non-current assets	**6,882,768,858,975**	**5,664,365,757,956**	**(99,514,108,741)**	**12,447,620,508,190**
CURRENT ASSETS				
Inventories (E) (L) (M) (O)	17,006,259,676,992	(114,304,544,266)	181,360,606,439	17,073,315,739,165
Trade receivables (C) (F) (L) (M)	11,945,377,777,386	3,716,663,046	(11,051,943,830,593)	897,150,609,839
Short-term advances to suppliers (F) (M)	1,695,194,896,147	-	(140,884,042,290)	1,554,310,853,857
Short-term loans and advances to, trade and other receivables from related parties (F) (H) (O)	-	541,191,688,342	12,814,587,574,458	13,355,779,262,800
Short-term prepayments and other receivables (F) (I) (L) (M)	2,834,360,201,611	-	(391,431,447,865)	2,442,928,753,746
Short-term investments (F) (H) (I)	9,477,028,513,431	(6,466,252,882)	(2,748,386,171,644)	6,722,176,088,905
Provision for doubtful debt (I)	(98,748,669,305)	-	98,748,669,305	-
Cash and cash equivalents (M)	1,561,577,770,818	-	(18,234,801,028)	1,543,342,969,790
Total current assets	**44,421,050,167,080**	**424,137,554,240**	**(1,256,183,443,218)**	**43,589,004,278,102**
Assets classified as held for sale (M)	-	-	394,572,911,961	394,572,911,961
TOTAL ASSETS	**51,303,819,026,055**	**6,088,503,312,196**	**(961,124,639,998)**	**56,431,197,698,253**

4. FIRST - TIME ADOPTION OF IFRS (continued)

Reconciliation of equity as at 31 December 2017 (continued)

	As previously stated under Local GAAP VND	*Remeasurement VND*	*Reclassification and other adjustments VND*	*IFRS as at 31 December 2017 VND*
EQUITY AND LIABILITIES				
EQUITY				
Issued capital	2,000,000,000,000	-	-	2,000,000,000,000
Other reserve (G) (H) (J) (K)	(99,117,851,011)	807,408,972,748	99,117,851,011	807,408,972,748
Under common control reserve (K)	-	-	(99,117,851,011)	(99,117,851,011)
Retained earnings	5,003,298,133,184	3,793,847,184,784	-	8,797,145,317,968
Equity attributable to equity holders of the parent	**6,904,180,282,173**	**4,601,256,157,532**	-	**11,505,436,439,705**
Non-controlling interests	3,219,605,214,270	(1,733,886,832)	-	3,217,871,327,438
Total equity	**10,123,785,496,443**	**4,599,522,270,700**	-	**14,723,307,767,143**
NON-CURRENT LIABILITIES				
Long-term interest-bearing loans and borrowings	6,627,686,696,069	-	-	6,627,686,696,069
Other non-current liabilities (M)	4,453,549,069	-	(9,040,755)	4,444,508,314
Long-term deferred revenues (C) (F)	268,018,281,667	4,515,268,833	(272,533,550,500)	-
Deferred tax liabilities (J)	-	1,170,627,732,614	-	1,170,627,732,614
Long-term provision	56,817,809,435	-	-	56,817,809,435
Long-term deferred revenue and payables to related parties (F)	-	-	282,221,465,931	282,221,465,931
	6,956,976,336,240	**1,175,143,001,447**	**9,678,874,676**	**8,141,798,212,363**
CURRENT LIABILITIES				
Short-term interest-bearing loans and borrowings (F) (H)	8,699,590,490,328	(843,581,567)	(6,699,590,490,328)	1,999,156,418,433
Trade payables (F) (M)	925,390,582,708	-	(363,179,341,070)	562,211,241,638
Deposits and down payment from customers (L) (M) (O)	16,845,744,264,404	(150,185,733,383)	4,063,638,494,474	20,759,197,025,495
Short-term deferred revenue (F)	16,617,259,917	-	(10,001,418,676)	6,615,841,241
Accruals (F) (M) (O)	1,738,436,383,603	697,518,220,005	(537,347,729,584)	1,898,606,874,024
Statutory obligations (L)	230,506,823,635	-	(230,506,823,635)	-
Corporate income tax payable (L)	-	-	124,431,747,979	124,431,747,979
Short-term borrowings, deposits from and payables to related parties (F) (H) (M) (O)	-	(232,650,865,006)	7,059,273,753,946	6,826,622,888,940
Other current liabilities (F) (L) (M)	5,766,771,388,777	-	(5,162,767,242,916)	604,004,145,861
	34,223,057,193,372	**313,838,040,049**	**(1,756,049,049,810)**	**32,780,846,183,611**
Total liabilities	**41,180,033,529,612**	**1,488,981,041,496**	**(1,746,370,175,134)**	**40,922,644,395,974**
Liabilities directly associated with assets classified as held for sale (M)	-	-	785,245,535,136	785,245,535,136
TOTAL EQUITY AND LIABILITIES	**51,303,819,026,055**	**6,088,503,312,196**	**(961,124,639,998)**	**56,431,197,698,253**

4. FIRST - TIME ADOPTION OF IFRS (continued)

Reconciliation of equity as at 31 December 2018

ASSETS	*As previously stated under Local GAAP VND*	*Remeasurement VND*	*Reclassification and other adjustments VND*	*IFRS as at 31 December 2018 VND*
NON-CURRENT ASSETS				
Property and equipment	100,435,383,996	-	-	100,435,383,996
Intangible assets (A) (B) (C) (Q)	1,108,534,995,301	(381,183,295,811)	365,250,409,071	1,092,602,108,561
Completed investment property (P) (Q)	5,828,905,860,211	(66,560,812,368)	-	5,762,345,047,843
Investment property under construction (D) (P)	-	(39,032,169,426)	18,159,020,966,670	18,119,988,797,244
Construction in progress (D) (Q)	18,363,034,037,803	2,245,130,788	(18,159,020,966,670)	206,258,201,921
Amounts dues from related party (F) (R)	-	(10,880,746,476)	631,994,995,867	621,114,249,391
Other non-current assets (F) (G) (L) (R)	2,235,855,446,868	(1,866,080,676)	(975,253,013,153)	1,258,736,353,039
Deferred tax assets (J) (Q)	340,864,044,729	83,739,358,074	-	424,603,402,803
Long-term prepayments (C)	508,583,153,143	-	(365,250,102,974)	143,333,050,169
Total non-current assets	**28,486,212,922,051**	**(413,538,615,895)**	**(343,257,711,189)**	**27,729,416,594,967**
CURRENT ASSETS				
Inventories (L) (O) (Q)	36,858,428,958,296	(2,132,170,569,758)	229,987,102,653	34,956,245,491,191
Trade receivables (F) (L) (R) (O)	7,144,805,092,954	176,016,704,029	(2,906,006,596,643)	4,414,815,200,340
Short-term advances to suppliers (F) (I)	2,552,553,752,942	-	(58,738,277,434)	2,493,815,475,508
Short-term loans and advances to, trade and other receivables from related parties (F) (H) (Q) (R) (S) (O)	-	835,760,798,506	7,001,663,071,745	7,837,423,870,251
Short-term prepayments and other receivables (F) (I) (L) (Q) (R)	35,704,490,019,885	(1,421,459,681,814)	(15,723,761,514,567)	18,559,268,823,504
Short-term investments (H) (I) (L) (R)	5,537,262,008,895	(79,087,877,317)	(69,999,942,000)	5,388,174,189,578
Provision for doubtful debt (I)	(110,368,740,397)	-	110,368,740,397	-
Financial assets at fair value through profit or loss (S)	-	4,626,673,676,196	11,778,226,882,707	16,404,900,558,903
Cash and cash equivalents (R)	3,515,372,453,072	(1,522,889,553)	-	3,513,849,563,519
Total current assets	**91,202,543,545,647**	**2,004,210,160,289**	**361,739,466,858**	**93,568,493,172,794**
TOTAL ASSETS	**119,688,756,467,698**	**1,590,671,544,394**	**18,481,755,669**	**121,297,909,767,761**

4. FIRST - TIME ADOPTION OF IFRS (continued)

Reconciliation of equity as at 31 December 2018 (continued)

	As previously stated under Local GAAP VND	Remeasurement VND	Reclassification and other adjustments VND	IFRS as at 31 December 2018 VND
EQUITY AND LIABILITIES				
EQUITY				
Issued capital	33,495,139,180,000	-	-	33,495,139,180,000
Share premium	295,000,000,000	-	-	295,000,000,000
Other reserve (G) (H) (J) (K) (Q) (S)	1,816,269,367,634	2,569,652,097,146	(1,270,988,495,309)	3,114,932,969,471
Under common control reserve (K)	-	-	1,270,988,495,309	1,270,988,495,309
Retained earnings	7,626,959,265,966	(424,233,034,226)	-	7,202,726,231,740
Equity attributable to equity holders of the parent	**43,233,367,813,600**	**2,145,419,062,920**	**-**	**45,378,786,876,520**
Non-controlling interests	4,911,507,173,368	(2,854,267,211)	-	4,908,652,906,157
Total equity	**48,144,874,986,968**	**2,142,564,795,709**	**-**	**50,287,439,782,677**
NON-CURRENT LIABILITIES				
Long-term interest-bearing loans and borrowings (F) (H)	25,505,722,594,751	(73,875,910,182)	(6,498,000,000,000)	18,933,846,684,569
Other non-current liabilities (H)	114,028,026,191	(17,991,055,217)	-	96,036,970,974
Long-term deferred revenues (F)	1,718,385,689,622	-	(257,808,258,735)	1,460,577,430,887
Deferred tax liabilities (J)	623,140,392,739	719,009,317,302	-	1,342,149,710,041
Long-term accruals (F)	520,943,001,214	-	(418,843,549,158)	102,099,452,056
Long-term provision	189,388,181,704	-	-	189,388,181,704
Long-term deferred revenue and payables to related parties (F) (H)	-	(145,033,735,680)	7,174,651,807,893	7,029,618,072,213
	28,671,607,886,221	**482,108,616,223**	**-**	**29,153,716,502,444**
CURRENT LIABILITIES				
Short-term interest-bearing loans and borrowings (F) (H)	6,402,913,383,759	-	(1,382,605,926,953)	5,020,307,456,806
Trade payables (F) (L)	2,504,134,374,954	-	(330,363,742,930)	2,173,770,632,024
Deposits and down payment from customers (F) (L) (O) (Q)	14,206,623,474,438	551,427,998,966	4,894,203,088,465	19,652,254,561,869
Short-term deferred revenue (H)	458,115,463,386	17,334,820,718	-	475,450,284,104
Accruals (F) (O)	6,083,734,652,114	187,081,724,712	(351,385,547,873)	5,919,430,828,953
Statutory obligations (L)	2,543,862,616,184	-	(2,543,862,616,184)	-
Corporate income tax payable (L)	-	-	2,121,042,729,021	2,121,042,729,021
Short-term borrowings, deposits from and payables to related parties (F) (H) (O)	-	(1,789,846,411,934)	4,974,731,209,486	3,184,884,797,552
Other current liabilities (F) (L)	10,672,889,629,674	-	(7,363,277,437,363)	3,309,612,192,311
	42,872,273,594,509	**(1,034,001,867,538)**	**18,481,755,669**	**41,856,753,482,640**
Total liabilities	**71,543,881,480,730**	**(551,893,251,315)**	**18,481,755,669**	**71,010,469,985,084**
TOTAL EQUITY AND LIABILITIES	**119,688,756,467,698**	**1,590,671,544,394**	**18,481,755,669**	**121,297,909,767,761**

4. FIRST - TIME ADOPTION OF IFRS (continued)

Reconciliation of total comprehensive income for the year ended 31 December 2017

	As previously stated under Local GAAP VND	*Remeasurement VND*	*Reclassification and other adjustments VND*	*IFRS for the year ended 31 December 2017 VND*
Revenue from contract with customers				
Revenue from contract with customers (O)	12,780,318,223,633	534,967,340,962	-	13,315,285,564,595
Rendering general contractor, construction consultancy and supervision services (O)	-	744,128,496,013	-	744,128,496,013
Services related to amusement and entertainment	1,334,428,299,282	-	-	1,334,428,299,282
Retail outlets	875,032,962,332	-	-	875,032,962,332
Other revenue	44,192,563,034	-	-	44,192,563,034
Rental income				
Leasing of investment property and rendering of related services	263,340,348,860	-	-	263,340,348,860
Revenue	**15,297,312,397,141**	**1,279,095,836,975**	-	**16,576,408,234,116**
Cost of sales and services (O)	(10,130,622,531,207)	(1,386,846,177,465)	-	(11,517,468,708,672)
Gross profit	**5,166,689,865,934**	**(107,750,340,490)**	-	**5,058,939,525,444**
Other operating income (G) (N) (T)	91,806,843,120	9,365,078,182,864	421,805,183,687	9,878,690,209,671
Selling and distribution expenses (O)	(1,585,809,553,121)	107,750,340,490	-	(1,478,059,212,631)
Administrative expenses (A) (B)	(452,513,058,995)	(82,347,606,305)	-	(534,860,665,300)
Other operating expenses (G) (T) (U)	(335,089,997,551)	(1,760,359,577,671)	(733,888,966,909)	(2,829,338,542,131)
Operating profit	**2,885,084,099,387**	**7,522,370,998,888**	**(312,083,783,222)**	**10,095,371,315,053**
Finance income (H) (T)	964,268,046,313	45,370,035,430	(421,805,183,687)	587,832,898,056
Finance costs (H) (T)	(1,652,417,155,368)	(102,805,949,101)	733,888,966,909	(1,021,334,137,560)
Share of profit of associate (N)	(88,152,941,732)	61,038,170,998	-	(27,114,770,734)
Profit before tax	**2,108,782,048,600**	**7,525,973,256,215**	-	**9,634,755,304,815**
Income tax expense (J)	(543,292,988,846)	(964,202,087,816)	-	(1,507,495,076,662)
Profit for the year	**1,565,489,059,754**	**6,561,771,168,399**	-	**8,127,260,228,153**
Attributable to:				
Equity holders of the parent	1,409,642,043,514	6,567,009,951,618	-	7,976,651,995,132
Non-controlling interests	155,847,016,240	(5,238,783,219)	-	150,608,233,021
Other comprehensive income (G) (J)	-	759,967,651,800	-	759,967,651,800

4. FIRST - TIME ADOPTION OF IFRS (continued)

Reconciliation of total comprehensive income for the year ended 31 December 2018

	As previously stated under Local GAAP VND	*Remeasurement VND*	*Reclassification and other adjustments VND*	*IFRS for the year ended 31 December 2018 VND*
Revenue from contract with customers				
Revenue from contract with customers (O) (Q)	35,769,365,131,449	1,315,962,336,990	-	37,085,327,468,439
Revenue from rendering general contractor, construction consultancy and supervision services (O)	985,691,363,415	2,903,538,787,062	-	3,889,230,150,477
Revenue from rendering real estate management and related services	960,729,445,575	-	-	960,729,445,575
Revenue from trading retail	8,155,016,467	-	-	8,155,016,467
Other revenue	123,950,284,973	-	-	123,950,284,973
Rental income				
Leasing of investment property and rendering of related services	816,436,951,824	-	-	816,436,951,824
Revenue	**38,664,328,193,703**	**4,219,501,124,052**	-	**42,883,829,317,755**
Cost of sales and services (O) (Q)	(28,603,257,862,200)	(4,181,913,211,305)	-	(32,785,171,073,505)
Gross profit	**10,061,070,331,503**	**37,587,912,747**	-	**10,098,658,244,250**
Other operating income (S) (T) (U)	100,932,140,457	(283,970,797,422)	13,021,138,364,105	12,838,099,707,140
Selling and distribution expenses (Q)	(1,381,104,519,276)	19,915,381,359	-	(1,361,189,137,917)
Administrative expenses (B) (P) (R)	(1,062,825,660,762)	(228,576,223,082)	-	(1,291,401,883,844)
Other operating expenses (Q) (T)	(107,622,081,650)	29,314,267,753	(68,281,254,722)	(146,589,068,619)
Operating profit	**7,610,450,210,272**	**(425,729,458,645)**	**12,952,857,109,383**	**20,137,577,861,010**
Finance income (H) (T)	14,565,046,792,984	168,554,825,495	(13,021,138,364,105)	1,712,463,254,374
Finance costs (H) (T)	(2,456,954,093,023)	(81,363,896,505)	68,281,254,722	(2,470,036,734,806)
Share of profit of associate	191,238,076	-	-	191,238,076
Profit before tax	**19,718,734,148,309**	**(338,538,529,655)**	-	**19,380,195,618,654**
Income tax expense (J)	(4,942,414,902,873)	108,680,798,972	-	(4,833,734,103,901)
Profit for the year	**14,776,319,245,436**	**(229,857,730,683)**	-	**14,546,461,514,753**
Attributable to:				
Equity holders of the parent	14,284,453,166,652	(229,857,730,683)	-	14,054,595,435,969
Non-controlling interests	491,866,078,784	-	-	491,866,078,784
Other comprehensive income (G) (J)	-	75,306,456,000	-	75,306,456,000

4. FIRST - TIME ADOPTION OF IFRS (continued)

Notes to the reconciliation of equity as at 1 January 2017, 31 December 2017, 31 December 2018 and total comprehensive income for the years ended 31 December 2017 and 31 December 2018:

(A) Under Local GAAP, the Company and its subsidiaries did not allocate goodwill to identifiable asset and derecognised corresponding goodwill in conjunction with de-recognition of the asset. However, under IFRS, the allocated goodwill is derecognised when the corresponding asset is derecognised.

(B) Under Local GAAP, subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation. Goodwill is amortised over 10-year period on a straight-line basis. Under IFRS, after initial recognition, goodwill is measured at cost less any accumulated impairment losses. Therefore, as at 31 December 2017 and as at 31 December 2018, accumulated amortisation amounting to VND70 billion and VND183 billion respectively under Local GAAP was reversed.

(C) Under Local GAAP, the Company and its subsidiaries recognised a land rental right under long-term prepayment of VND379 billion and a receivable of VND123 billion. Under IFRS, the land rental right is recognised under intangible assets which resulted in a reclassification of VND379 billion as at 31 December 2017 and of VND365 billion as at 31 December 2018 from long-term prepayment to intangible assets.

(D) Under Local GAAP, there is no specific account of IPUC in accordance to prevailing regulation and thus costs of some projects which have been undetermined purpose of use, unclear designed masterplan, lack of necessary inputs for the valuation and cost of properties developing to earn rentals were recorded in construction in progress. Under IFRS, those properties were recorded as investment property under construction measured at cost. Accordingly, the amount of VND108 billion, VND2,312 billion and of VND18,159 billion were reclassified from CIP to IPUC as at 1 January 2017, 31 December 2017 and as at 31 December 2018, respectively.

(E) The adjustments for allocation of land development right item relating to the construction in progress resulted in a decrease in construction in progress by VND82 billion and an increase in inventories of VND82 billion as at 31 December 2017.

(F) Under Local GAAP, amounts due from and due to related parties are presented in various lines on the consolidated statement of financial position. Under IFRS, all balances due to/from related parties are presented in 'Amounts due to/from related parties' as the management believes that this presentation is more relevant.

(G) Under Local GAAP, other investments in shares of listed companies were carried at cost while under IAS 39 which is applicable before 2018, they are quoted equity instrument and measured at fair value with any subsequent changes are recognised in other comprehensive income. Meanwhile, under IFRS 9 that the Company and its subsidiaries apply from 2018 onwards, they are equity instruments hold for trading and measured at fair value through other comprehensive income. The changes in carrying value of these investments leads to changes in the result of some equity transactions in 2017 and in 2018.

4. FIRST - TIME ADOPTION OF IFRS (continued)

(H) Short-term investments and loans and borrowings under IAS 39 and financial assets that pass solely payments of principal and interest test ("SPPI") and are hold-to-collect contractual cash flows under IFRS 9 are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition or issue of the loans and borrowings. Subsequent to initial recognition, they shall be measured at amortised cost using the EIR method. Under Local GAAP, they are measured as per normal terms in the related contracts.

(I) Under IFRS, short-term investments and other receivables are presented on a net basis chosen by the Company while under Local GAAP, they are presented on a gross basis, i.e., there are two separate line items for short-term investments/other receivables and its allowance.

(J) Various transitions and conversion adjustments lead to different temporary differences which have impacts on deferred tax. Deferred tax adjustments are recognised in correlation to the underlying transaction either directly in other reserve or in the consolidated statements of profit or loss.

(K) Under Local GAAP, there is no specific line item for under common control reserve, therefore, the related amount is recognised in other funds. Under IFRS, they are reclassified to under common control reserve account.

(L) These are reclassification for items presented under Local GAAP as one type of asset, liability or component of equity while under IFRS, these are disclosed as different types of asset, liability or component of equity.

(M) Under Local GAAP, there is no specific account of non-current asset held for sale in accordance with prevailing regulation. Under IFRS 5, the Company classify a disposal group as held for sale since its carrying amount would be recovered principally through a sale transaction rather than through continuing use.

(N) The conversion adjustments for carrying value of certain items relating to equity transactions in the associate resulted in a decrease in investment in associate to the extent of the Company's interest in the associate and change in the disposal of the investment in the associate in 2017.

(O) Under IFRS 15, some contracts are measured and presented differently from local GAAP. Under local GAAP, advanced payments from customers are presented as "Deposit and down payments from customers" in the statement of financial position and no interest was accrued on these advances while under IFRS 15, the Company and its subsidiaries recognised contract liabilities into "Deposit and down payments from customers" for the interest on the advances received from customers with a significant financing component and capitalised into inventories.

(P) Under Local GAAP, there is no specific guidance of impairment in accordance to prevailing regulation while under IFRS, impairment testing for an asset is required if there is an indication that an asset may be impaired or if compulsory annual impairment testing for an asset such as good will or indefinite intangible fixed asset is required. As at 31 December 2018, the impairment of investment property and IPUC with the amount of VND101 billion is recognized.

4. FIRST - TIME ADOPTION OF IFRS (continued)

(Q) The conversion adjustments under IFRS for some certain items of net assets at acquisition date resulted in the different measurement and recognition with those under Local GAAP.

(R) Under Local GAAP and under IAS 39, the impairment loss of financial instrument is measured and presented only when there is a solid evidence or an indicator that the value of financial instruments is less than the recoverable amount. While under IFRS 9, the allowance for expected credit losses for all loans and other debt financial assets not measured at FVPL, together with loan commitments and financial guarantee contracts is assessed and recognized at each reporting date.

(S) In 2018, some new financial instruments that do not pass the SPPI test are measured at fair value through profit or loss and recognised in separate line in consolidated statement of financial position under IFRS whereas they are recognised at cost and recorded in another line under Local GAAP.

(T) Under Local GAAP, gain/loss from disposal of investments are recognised as financial income/expenses while under IFRS, they are recognized in other operating income/expenses. Besides, any change in fair value from subsequent measurement of debt instruments measured at fair value through profit or loss is recorded in other income/expense while the declared share profit from that debt instruments is recorded in financial income under Local GAAP.

(U) Under Local GAAP, when the Company disposed its subsidiaries, the corresponding under common control reserve was derecognised through profit/loss, while under IFRS, the under common control reserve is derecognised through retained earnings.

The transition from Local GAAP to IFRS which has impact on the consolidated statements of cash flows mainly includes the reclassification of payment for acquisition of non-controlling interests in existing subsidiaries from cash flows used in investing activities to cash flows used in financing activities.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company and its subsidiaries' consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Company and its subsidiaries' exposure to risks and uncertainties as presented in Note 34 includes:

- Capital management;
- Financial instruments risk management and policies; and
- Sensitivity analyses disclosures.

Judgements

In the process of applying the Company and its subsidiaries' accounting policies, management has made the following judgements, which have the most significant effect on the amount recognised in the consolidated financial statements.

Revenue recognition and measurement of progress

The Company and its subsidiaries recognise revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered to be transferred when the customer obtains control. The Company and its subsidiaries determine, at contract inception, whether it will transfer control of a promised good or service over time. If the Company and its subsidiaries do not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

In determining the revenue recognition for the sale of residential properties, the Company and its subsidiaries determine whether the Company and its subsidiaries' performance does not create an asset with an alternative use to the Company and its subsidiaries and the Company and its subsidiaries have an enforceable right to payment for performance completed to date. The properties have no alternative use for the Company and its subsidiaries due to contractual restrictions. However, the Company and its subsidiaries have no enforceable right to payment for performance completed to date as there is no legal recourse or legal basis requiring the customer, who has breached or defaulted under the contract, to compensate the Company and its subsidiaries with an amount representing the Company and its subsidiaries' incurred cost plus a reasonable profit margin. Therefore, revenue is recognised at a point in time when the completed residential property is handed over.

For construction services, the Company and its subsidiaries concluded that the revenue is to be recognised over time because the Company and its subsidiaries' performance creates or enhances an asset (i.e. work in progress) that the customer controls as the asset is created or enhanced. The Company and its subsidiaries determined that the input method is the best method in measuring progress of the construction services because there is a direct relationship between the Company and its subsidiaries' effort and the transfer of service to the customer. The Company and its subsidiaries recognise revenue on the basis of the actual costs incurred relative to the total estimated costs to complete the service.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Revenue recognition and measurement of progress (continued)

For the sale of management services, the Company and its subsidiaries concluded that revenue is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Company and its subsidiaries. The fact that another entity would not need to re-perform the services that the Company and its subsidiaries have provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Company and its subsidiaries' performance as it performs. The Company and its subsidiaries determined that output method used in measuring the progress of the performance obligation faithfully depicts the Company and its subsidiaries' performance in transferring control of the services to the customers.

Consideration payable to customers

The Company and its subsidiaries recognise consideration payable to customers when cash amounts are paid or expected to be paid by the Company and its subsidiaries to the customers or to other parties that purchase the Company and its subsidiaries' goods or services from the customers. An amount that is considered as consideration payable to customers shall be accounted as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Company and its subsidiaries.

The Company and its subsidiaries determine that incentives provided to customers through interest support are consideration payable to customers. Interest support to be paid to the bank in favor of customers represents an incentive paid by the Company and its subsidiaries to encourage customers to purchase residential properties. This incentive is accounted for as a reduction of the transaction price based on the present value of interest support payable.

Performance obligations

The Company and its subsidiaries identify performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer and the Company and its subsidiaries' promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

The Company and its subsidiaries integrate the land area, various land developments, the house and other significant activities (e.g., water distribution, electricity, drainage, sewerage system, etc.) as promised in its contract with customers. These promises are combined into one distinct performance obligation which is the sale of residential property.

The Company and its subsidiaries also consider the provision of management services as a separate performance obligation from the sale of residential property. The customer can benefit from the property and the management service on their own, which are separately identifiable since they are not integrated into a combined output, do not significantly modify or customise each other and are not highly interrelated.

Warranties

The Company and its subsidiaries generally provide warranties for general repairs of defects that existed at the time of sale, as required by law. As such, the warranties are assurance-type warranties, which the Company and its subsidiaries account for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Significant financing component

The Company and its subsidiaries assess whether a financing component from its contracts with customers is significant by considering all relevant facts and circumstances such as the difference, if any, between the amount of the promised consideration and the cash selling price of the promised goods or services, and the combined effect of both the expected length of time between when the entity transfers the promised goods or services to the customer and when the customer pays for those goods or services, and the prevailing interest rates in the relevant market.

The Company and its subsidiaries determine the financing component for each payment scheme. Spot cash transactions constitute a significant financing component due to the difference between the timing of the payment and the transfer of control over the purchased units. In the case of installment payments, the initial down payments amounting to 30% of the selling price of the property are assessed to have no significant financing component as these are used to protect the Company and its subsidiaries from the customer's failure to perform its obligations under the contract. The Company and its subsidiaries determine the financing component for the remaining installment payments received from customers for the sale of residential properties at the contract level. With reference to the calculated interest, the remaining installment payments for contracts within two to three years prior to the handover of the purchased units may or may not have a significant financing component and will be assessed on a per contract basis. As a consequence, the Company and its subsidiaries shall adjust the promised amount of consideration for the effects of the time value of money in determining the transaction price of its contracts with customers.

In determining the interest to be applied to the amount of consideration, the Company and its subsidiaries concluded that the borrowing rate of the Company at a similar period (for two to three years) is appropriate because this is commensurate with the rate that would be reflected in a separate financing transaction between the Company and its subsidiaries and its customer at contract inception.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Assessment of control

The Company assesses that it controls another entity ("an investee"), regardless of the nature of its involvement with an entity, when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, normally represented by ownership of voting rights. The Company assesses its control over an investee despite having more or less than a majority of the voting rights based on potential voting rights or other contractual agreements.

In 2018, the Company transferred 37.78% equity interest in Phat Loc Commercial Investment Trading LLC ("Phat Loc LLC") to a corporate counterparty (Note 7). After the transaction, the Company still owns 51% equity interest in this company. According to capital transfer agreement, the Company transferred all voting rights associated with the remaining equity interest to the buyer after the Company receive the first payment for transferring 37.78%. Therefore, the Company assesses that it no longer has control over Phat Loc LLC as at the reporting date and does not consolidate it as a subsidiary.

For the acquisitions of subsidiaries, the Company assesses that it controls an acquired subsidiary since the dates when the Company or its subsidiaries were named on the Shareholder Register of the subsidiary as from that date, the Company and its subsidiaries can be fully exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Business combinations

The Company acquires subsidiaries. At the time of acquisition, the Company considers whether the acquisition represents the acquisition of a business or the acquisition of a group of assets and liabilities. The Company accounts for an acquisition as a business combination where an integrated set of activities and significant processes are acquired in addition to the property. When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities (Note 7). The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

In a business combination in which the acquirer and the acquiree exchange only equity interests, the acquisition-date fair value of the acquiree's equity interests may be more reliably measurable than the acquisition-date fair value of the acquirer's equity interests. If so, the acquirer shall determine the amount of goodwill by using the acquisition-date fair value of the acquiree's equity interests instead of the acquisition-date fair value of the equity interests transferred.

In 2018, the Company acquired Vinhomes Trading and Real Estate Management JSC ("Vinhomes Management JSC") by issuing 381,500,000 shares in exchange for 381,500,000 shares of this entity. The Company assessed that the fair value of the acquiree's shares is a more reliable measurement of fair value of consideration (Note 7).

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Business combinations (continued)

Recognition of deferred tax in business combination

Certain business combinations made by the Company and its subsidiaries may provide the opportunity to revise the tax base of an asset to an amount equal to the fair value assigned to it in accounting for the business combination. In such cases, the Company does not recognise any deferred tax liabilities where it anticipates a subsequent increase to the tax base resulting from the implementation of a restructuring plan that has been approved as of the date of acquisition. In 2016, the Company and its subsidiaries acquired 80.94% shares of Ecology JSC from certain individuals (Note 7). The Company and its subsidiaries did not recognise the deferred tax liability for the fair value adjustment of a residential property as the Company and its subsidiaries have already obtained the approval as of the acquisition date to implement organisational changes that will result in an increase in the tax base of the said residential property.

In 2018, the Company and its subsidiaries estimate no further tax benefit can be recovered from the initial planned organisational changes. The Company and its subsidiaries assess that it is changes in accounting estimate and recognizes deferred tax liability corresponding to the remaining temporary difference as at reporting date.

Classification of property

The Company and its subsidiaries determine whether a property is classified as investment property, property and equipment or inventory property:

- Investment property comprises land and buildings (principally offices and retail property) which are not occupied substantially for use by, or in the operations of, the Company and its subsidiaries, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business;
- Property and equipment comprise property which are occupied substantially for use by, or in the operations of, the Company and its subsidiaries; and
- Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property and commercial property that the Company and its subsidiaries develops and intends to sell before or on completion of construction.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Operating/Finance lease contracts – the Company and its subsidiaries as lessor/lessee

The Company and its subsidiaries, as lessor, have entered into commercial property leases on its investment property portfolio. The Company and its subsidiaries evaluated the terms and conditions of the arrangements, particularly the duration of the lease terms, minimum lease payments and any options to cancel the leases to determine whether it retains or transfers all the significant risks and rewards of ownership of these properties and to account for the leases as operating or finance leases accordingly.

In 2016, Ecology JSC, a subsidiary, entered into lease contracts with a related party for two shopping malls. These lease contracts will expire in 29 years. The lease contracts provide for a fixed prepayment rental portion and periodical payment rental portions and the related party has paid the entire fixed prepayment portion. At inception, the management has assessed that the significant risks and rewards of the assets have not been transferred to the party as the cancellation option granted to both lessor and lessee after five years from inception. Thus, the management has determined that the lease contracts qualify as operating leases. In 2017, both parties agreed to an amendment to remove the cancellation option. As of the effective date of the amendment, the management has assessed that the significant risks and rewards of the building components of these shopping malls have been transferred to this party. The management has also assessed that the lease contracts meet the criteria for finance leases under IAS 17 as at the date of this amendment, the lease term is for the major part of the economic life of the asset and the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Thus, the management has determined that the lease contracts qualify as finance leases for the building components of these shopping malls.

The Company and its subsidiaries, as lessee, have also entered into certain lease agreements. The Company and its subsidiaries have determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms, minimum lease payments and any options to cancel the leases that the lessor retains all the significant risks and rewards of ownership of these properties and thus accounts for the leases as operating leases.

Sale and lease back

The Company and its subsidiaries entered into agreements with different buyers for the sale of its residential properties. Under the said agreements, the buyers may engage the Company as a service provider to manage the short-stay hospitality services for a fee, in which, the Company is obliged to manage the operation of the residential properties so that the buyer will receive a certain amount of income from the results of operations of the said properties.

Management assessed that the agreements should be accounted for as sale and lease back transactions in accordance with IAS 17 as the Company and its subsidiaries are assigned to use the property (a specified asset) in operating its lease services and is obliged to pay the buyers certain amounts in return.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company and its subsidiaries based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company and its subsidiaries. Such changes are reflected in the assumptions when they occur.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 34 for further disclosures.

Warranty provisions

Provisions for assurance-type warranty-related costs are recognised when the product is sold to the customer. Initial recognition is based on historical experience. The Company and its subsidiaries estimate provision for real estate property warranty based on sales volume and currently available information about repairing expenses of apartments, villas and shop-houses sold in the past. The initial estimate of warranty-related costs is revised annually (Note 29.3).

Taxes

Significant estimate is required to determine the total provision for current and deferred taxes.

There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company and its subsidiaries recognise liabilities for current taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax provisions in the period in which the determination is made.

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company and its subsidiaries establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective tax jurisdictions. No significant provisions have been made in the consolidated financial statements for the year then ended 31 December 2018 (Note 10).

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimation of net realisable value for inventory property

Inventory is stated at the lower of cost and net realisable value (NRV) (Note 18). NRV of completed inventory property is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Company and its subsidiaries having taken suitable external advice and in the light of recent market transactions.

NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction, cost to sell and take into account estimate of the time value of money to the date of completion.

Estimation of useful lives of property, equipment, intangible assets excluding goodwill and investment property

The Company and its subsidiaries estimate the useful lives of property, equipment, intangible assets and investment property based on internal technical evaluation and experience with similar assets. Estimated useful lives of property, equipment, intangible assets excluding goodwill and investment property are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets. In 2018, there were no significant changes made in the useful lives and residual values of the property, equipment, intangible assets excluding goodwill and investment property (Note 12 and Note 13).

Assessment of impairment of non-financial assets and estimation of recoverable amount

The Company and its subsidiaries assessed at the end of each reporting period whether there is any indication that the nonfinancial assets listed below may be impaired. If such indication exists, the entity shall estimate the recoverable amount of the asset, which is the higher of an asset's fair value less costs to sell and its value-in-use. In determining fair value less costs to sell, an appropriate valuation model is used, which can be based on quoted prices or other available fair value indicators.

In estimating the value-in-use, the Company and its subsidiaries are required to make an estimate of the expected future cash flows from the cash generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows.

Determining the recoverable amounts of the non-financial assets listed below, which involves the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the use of estimates and assumptions that can materially affect the consolidated financial statements. Future events could indicate that these non-financial assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations of the Company and its subsidiaries.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Assessment of impairment of non-financial assets and estimation of recoverable amount (continued)

The preparation of estimated future cash flows involves significant judgment and estimations. While the Company and its subsidiaries believe that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment changes under IFRSs.

Assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators) are as follows:

Impairment of goodwill

The Company and its subsidiaries determine whether goodwill is impaired on an annual basis every 31 December, or more frequently, if events or changes in circumstances indicate that it may be impaired. This requires an estimation of the value in use of the CGU to which the goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Management determined that the goodwill amounting to VND700 billion, VND544 billion and VND697 billion as of 31 December 2018, 31 December 2017 and 1 January 2017 is not impaired (see Note 13).

Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using relevant valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 33 for further disclosures.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates on IFRS 15

Allocation of transaction price

Contracts for the sale of property may include more than one performance obligation. As a result, the transaction price shall be allocated to each identified performance obligation in proportion to their relative stand-alone selling prices. The Company and its subsidiaries estimate that the stand-alone selling prices will be allocated using the observable prices of the type of goods likely to be provided and the services rendered under similar circumstances to similar customers.

Moreover, the Company and its subsidiaries estimate that if a discount is given to customers, such discount shall also be allocated proportionately to all performance obligations in the contract. The proportionate allocation of the discount in those circumstances is a consequence of the Company and its subsidiaries allocating the transaction price to each performance obligation.

Significant financing component

Generally, the Company and its subsidiaries receive short-term and long-term advances from its customers.

Upon the adoption of IFRS 15, for short-term advances, the Company and its subsidiaries used the practical expedient. As such, the Company and its subsidiaries will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Company and its subsidiaries expect, at contract inception, that the period between the time the customer pays for the good or service and when the Company and its subsidiaries transfer that promised good or service to the customer will be one year or less.

On the other hand, the Company and its subsidiaries sell pre-completed properties where the construction's lead time after signing the contract is two to three years. This type of contract includes two alternative payment options for the customer, i.e., payment of the transaction price at installment basis until property is delivered or payment in advance at contract inception. The Company and its subsidiaries concluded that there is a significant financing component for those contracts where the customer elects to pay in advance considering the length of time between the customer's payment and the transfer of the properties to the customer, and the prevailing interest rates in the market. The Company and its subsidiaries capitalize the interest on the advances received from customers with a significant financing component as part of the cost of inventories. In addition, the Company and its subsidiaries classify the outstanding balance of advances from customers as Down payment from customers.

The significant financing component is mainly related to down payment from customers (Note 28).

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) *Operating segments*

A segment is a component determined separately by the Company and its subsidiaries which:

- Engages in business activities from which it may earn revenues and incur expenses;
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which discrete financial information is available.

The Company and its subsidiaries' revenues are derived mainly from real estate business, which comprises the sale of inventory properties and rendering real estate management service, while other revenues form a small proportion of the Company's total revenues. Other than real estate business, there is no other segment whose reported revenue, reported profit or loss or assets are 10% or more of the combined revenue, profit or loss or assets, respectively, of all operating segments. As a result, the Company's management is of the view that there is only one segment for business and therefore presentation of segmental information is not required.

b) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2018, 31 December 2017 and as at 1 January 2017 and for the years ended 31 December 2018 and 31 December 2017.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) *Basis of consolidation* (continued)

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company and its subsidiaries are eliminated in full on consolidation.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the consideration received/transferred and carrying amount of non-controlling interest acquired/transferred is recognised in retained earnings.

If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the consolidated statements of profit or loss. Any investment retained is recognised at fair value. Any difference resulting from the remeasurement of the investment retained is recognised in the consolidated statements of profit or loss.

c) *Property acquisitions and business combinations*

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. The basis of the judgement is set out in Note 5.

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill is recognised. Otherwise, the acquisitions are accounted for as business combinations.

d) *Business combinations and goodwill*

Business combinations, other than business combination under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company and its subsidiaries elect to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets at acquisition date. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Company and its subsidiaries acquire a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resultant in gain or loss is recognised in the consolidated statements of profit or loss. It is then considered in the determination of goodwill.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) ***Business combinations and goodwill*** (continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognised in the consolidated statements of profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company and its subsidiaries re-assess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated statements of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each CGU that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operations and the portion of the CGU retained.

Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for as follows:

- The assets and liabilities of the combined entities are reflected at the amounts reflected in the Parent Company's consolidated financial statements at the date of business combination;
- The consolidated statements of profit or loss reflect the results of the entities from the date of the business combination; and
- No goodwill is recognised from the business combination. Any difference between the consideration paid and the net assets of the acquiree is recorded as part of the "Under common control reserve" account in the consolidated statements of changes in equity.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) *Investment in associate*

An associate is an entity over which the Company and its subsidiaries have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Company and its subsidiaries' investment in its associates is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company and its subsidiaries' share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor separately tested for impairment.

The consolidated statements of profit or loss reflect the Company and its subsidiaries' share of the results of operations of the associate. Any changes in OCI of the associate are presented as part of the Company and its subsidiaries' OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company and its subsidiaries recognise its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealised gains and losses resulting from transactions between the Company and its subsidiaries and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Company and its subsidiaries' share of profit or loss of the associate is shown on the face of the consolidated statements of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Company and its subsidiaries. When necessary, adjustments are made to bring the accounting policies in line with those of the Company and its subsidiaries.

After application of the equity method, the Company and its subsidiaries determine whether it is necessary to recognise an impairment loss on its investment in its associates. At each reporting date, the Company and its subsidiaries determine whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company and its subsidiaries calculate the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share in profit/(loss) of associate' in the consolidated statements of profit or loss.

Upon loss of significant influence over the associate, the Company and its subsidiaries measure and recognise any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statements of profit or loss.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Current versus non-current classification

The Company and its subsidiaries present assets and liabilities in the consolidated statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company and its subsidiaries classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

g) Fair value measurement

The Company and its subsidiaries measure certain financial instruments at fair value at each financial reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company and its subsidiaries.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company and its subsidiaries use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) *Fair value measurement* (continued)

All assets and liabilities for which fair values are measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Company and its subsidiaries determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

h) *Foreign currencies*

The consolidated financial statements are presented in VND. For each entity, the Company and its subsidiaries determine the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company and its subsidiaries' at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the consolidated statements of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Revenue recognition

(a) Revenue from contracts with customers

The Company adopted IFRS 15, Revenue from Contracts with Customers using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient. The Company also elected to use the optional practical expedient with respect to completed contracts wherein the Company will not restate contracts that are completed at the beginning of the earliest period presented.

IFRS 15 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The principal activities of the Company and its subsidiaries include: to develop real estate properties for sale, and to provide leasing of offices and other commercial areas. The sale of apartments/villas, leasing of office and other commercial areas and providing property management services are sold both on their own in separately identifiable contracts with customers and together as a bundled package of goods and/or services.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company and its subsidiaries recognise revenue when it transfers control over a product or service to a customer.

The specific recognition criteria below must also be met before revenue is recognised:

Sale of completed property

The Company and its subsidiaries develop and sell real estate properties. The Company and its subsidiaries recognise revenue when the Company and its subsidiaries satisfy an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered to be transferred when the customer obtains control. The Company and its subsidiaries determine, at contract inception, whether the Company and its subsidiaries will transfer control of a promised good or service over time. If the Company and its subsidiaries do not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

(i) Variable consideration

Contracts for the sale of completed property provide customers with an early payment discount and penalty payments.

6. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

i) ***Revenue recognition*** (continued)

(a) Revenue from contracts with customers (continued)

Sale of completed property (continued)

(i) Variable consideration (continued)

Where consideration in respect of a contract is variable, revenue can only be recognised to the extent that it is highly probable that the cumulative amount of revenue recognised in respect of a contract will not be subject to a significant reversal when the uncertainty associated with the variable considerations is subsequently resolved (this is referred to as the "constraint" requirements). As a result, the Company and its subsidiaries have applied the new constraint requirements in estimating the amount of variable consideration included in the transaction price compared to the variable consideration previously included.

1. Early payment discount

   At contract inception, customers were given an option to choose whether they will pay in lump sum or instalment using their own cash funds. When a customer chooses to pay in lump sum, a discount is given to them at contract inception. The Company and its subsidiaries previously recognised the early payment as a reduction in revenue when the revenue is recognised.

2. Penalty payment

   In the event that a customer violates any of his payment obligations according to the contract the Company and its subsidiaries, at its own discretion, has the right to demand from the customer a penalty equivalent to 10% (ten percent) of the total residence selling price. The Company and its subsidiaries previously recognised the penalty payment as part of other income.

(ii) Consideration payable to customers

Consideration payable to customers includes cash amounts that the Company and its subsidiaries pay or expect to pay to the customer and also includes credit or other items that can be applied against amounts owed to the Company and its subsidiaries. The Company and its subsidiaries account for the consideration payable as a reduction to the transaction price, and therefore to revenue. If a consideration payable to a customer is a payment for a distinct good or service, the Company and its subsidiaries account for the same way as it accounts for other purchases from suppliers. If the amount of consideration payable to the customer exceeds the fair value of the distinct good or service the Company and its subsidiaries receive from the customer, then the Company and its subsidiaries account for the excess as a reduction in transaction price. The Company and its subsidiaries recognise the reduction to revenue at the later of either of the following events, (i) when the Company and its subsidiaries recognise revenue for the transfer of the related goods or services and (ii) when the Company and its subsidiaries pay or promise to pay the consideration payable to customers. The consideration payable to customers includes the interest support program.

Interest support program

The Company and its subsidiaries have an interest support program for its customers who pay upfront for the property using bank loans. The interest payable on the loans are paid for by the Company and its subsidiaries directly to the bank for a period of 12-36 months. The interest payments that will be made by the Company and its subsidiaries are recognised as reduction to transaction price.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Revenue recognition (continued)

(a) Revenue from contracts with customers (continued)

Sale of completed property (continued)

(iii) Significant financing component

The Company and its subsidiaries offer pre-completed properties to its customers and receive advance payments from customers prior to the transfer of control over properties. The transaction price for such contracts is adjusted for the effects of time value of money since the timing of payments provides the Company and its subsidiaries with a significant benefit of financing the transfer of the property to the customer.

Rendering of services

Revenue from real estate management and related services, general contractor, construction consultancy and supervision services is recognised over time as the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company and its subsidiaries perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company and its subsidiaries' right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section k) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company and its subsidiaries have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company and its subsidiaries transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company and its subsidiaries perform under the contract.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) ***Revenue recognition*** (continued)

(a) Revenue from contracts with customers (continued)

Cost to obtain a contract

The Company and its subsidiaries pay sales commission to agents related to its sale of property. The Company and its subsidiaries capitalise these incremental costs to obtain a contract and then amortise on a systematic basis that is consistent with the transfer of the property to the customer.

(b) Other revenue out of scope of IFRS 15

Revenue from leasing activities

Rental income from operating leases except for contingent rental income is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the consolidated statements of profit or loss when the right to receive them arises.

Service charges and expenses recoverable from tenants

Income arising from service charges and expenses charged to tenants are recognised in the period in which those charges are earned.

Interest income

Interest income is recognised using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the consolidated statements of profit or loss.

j) ***Taxes***

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the country where the Company and its subsidiaries operate and generate taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) ***Taxes*** (continued)

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except for:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting 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 tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The Company and its subsidiaries offset deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to 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.

6. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

j) ***Taxes*** (continued)

Deferred tax (continued)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances change. The adjustment would either be treated as a reduction in goodwill if it was incurred during the measurement period or recognised in the consolidated statements of profit or loss.

Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statements of financial position.

k) ***Financial instruments – initial recognition and subsequent measurement***

i) Financial assets

Initial recognition and measurement

The Company and its subsidiaries recognise financial instruments when, and only when, the Company and its subsidiaries become a party to the contractual terms of the instrument. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company and its subsidiaries commit to purchase or sell the asset.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company and its subsidiaries recognise the difference between the transaction price and fair value in profit or loss. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised

Subsequent measurement

For purposes of subsequent measurement, the Company and its subsidiaries classify all of its financial assets, at initial recognition, into four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss ("FVPL".

6. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

k) ***Financial instruments – initial recognition and subsequent measurement*** (continued)

i) **Financial assets** (continued)

Subsequent measurement (continued)

The Company and its subsidiaries classify and measure its derivative and trading portfolio at FVPL. The Company and its subsidiaries may designate financial instruments at FVPL, if doing so eliminates or significantly reduces measurement or recognition inconsistencies.

Business model assessment

The Company and its subsidiaries determine its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company and its subsidiaries' business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- The expected frequency, value and timing of sales are also important aspects of the Company and its subsidiaries' assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company and its subsidiaries' original expectations, the Company and its subsidiaries do not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Contractual Cash Flows Assessment

For each financial asset, the Company and its subsidiaries assess the contractual terms to identify whether the instrument is consistent with the concept of solely payment of principal and interest ("SPPI").

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company and its subsidiaries apply judgement and consider relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

The Company and its subsidiaries' business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

Debt instruments at amortised cost

The Company and its subsidiaries measure its financial assets at amortised cost if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI; and
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the consolidated statements of profit or loss. The losses arising from impairment are recognised in the consolidated statements of profit or loss in administrative expenses.

This category generally applies to Cash and cash equivalents, Short-term investments, Trade Receivables, Amounts due from related parties and Other financial assets.

Debt instruments at FVOCI

The Company and its subsidiaries measure its financial assets at FVOCI when both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI; and
- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling the financial assets.

After initial measurement, such financial assets are subsequently measured at fair value with unrealised gains and losses recognised in OCI. Impairment losses on such financial assets are accounted for as an adjustment to the unrealised gains and losses in OCI, with a corresponding charge to profit or loss. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for debt instruments at amortised cost.

Where the Company and its subsidiaries hold more than one investment in the same security, they are deemed to be disposed on a first–in first–out basis. On derecognition, unrealised gains or losses previously recognised in OCI are reclassified from OCI to profit or loss under operating income.

As at 31 December 2018, the Company and its subsidiaries have no debt instruments at FVOCI.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) *Financial instruments – initial recognition and subsequent measurement* (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

Equity securities at FVOCI

Upon initial recognition, the Company and its subsidiaries may irrevocably elect to classify and measure some of its equity securities (except for investment in Phat Loc LLC) as at FVOCI, which are neither held for trading nor are contingent consideration in a business combination. Such classification is determined on an instrument-by-instrument basis.

After initial measurement, such equity securities are subsequently measured at fair value with unrealised gains and losses recognised in OCI with credit to other reserve. Gains and losses on these equity securities are never recycled to profit or loss. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Company and its subsidiaries benefit from such proceeds as a recovery of part of the cost of the instrument, in which case, such dividends are recorded in OCI. Equity securities at FVOCI are not subject to an impairment assessment.

As at 31 December 2018, the Company and its subsidiaries measure equity instruments at FVOCI (except for investment in Phat Loc LLC) (Note 17).

Financial assets at FVPL

This category represents the 'residual' category if the requirements to be measured at amortised cost or at FVOCI are not met. Financial assets at FVPL will include those that are held for trading (both debt and equity instrument), or for which the entity's business model is to manage the financial asset on a fair value basis, i.e., to realise the asset through sales as opposed to holding the asset to collect contractual cash flows, or the contractual cash flows arising from the instrument is not SPPI. Financial assets at FVPL are subsequently measured at fair value with net changes in fair value recognised in profit or loss as other operating income.

As at 31 December 2018, the Company and its subsidiaries classify its investments in several real estate projects and Phat Loc LLC as financial assets at FVPL (Note 33).

6. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

k) ***Financial instruments – initial recognition and subsequent measurement*** (continued)

i) **Financial assets** (continued)

Subsequent measurement (continued)

As at 31 December 2017 and 1 January 2017, the Company and its subsidiaries have no financial assets at FVPL.

The measurement category and the carrying amount of financial assets in accordance with IAS 39 and IFRS 9 as of 1 January 2018 are compared as follows:

Financial Assets	*Original Measurement Category Under IAS 39*	*Original Carrying Amount under IAS 39*	*New Measurement Category Under IFRS 9*	*New Carrying Amount under IFRS 9*
Cash and cash equivalents	Loans and receivables	1,543,342,969,790	Financial assets at amortised cost	1,542,595,897,422
Short-term investments	Loans and receivables	6,722,176,088,905	Financial assets at amortised cost	6,642,254,495,311
Trade receivables	Loans and receivables	897,150,609,839	Financial assets at amortised cost	897,150,609,839
Loans to and receivables from related parties	Loans and receivables	13,384,792,910,095	Financial assets at amortised cost	13,354,030,412,011
Short-term prepayment and other receivables	Loans and receivables	1,638,081,922,802	Financial assets at amortised cost	1,609,307,432,161
Other non-current financial assets				
Investment in quoted equity securities	*AFS financial investments*	*7,397,290,417,500*	*Financial assets at FVOCI*	*7,397,290,417,500*
Investments in unquoted equity securities	*AFS financial investments*	*126,643,910,000*	*Financial assets at FVOCI*	*126,643,910,000*
Investments in long-term bonds	*Loans and receivables*	*50,000,000,000*	*Financial assets at amortised cost*	*49,153,386,355*
Other deposits	*Loans and receivables*	*73,366,827,000*	*Financial assets at amortised cost*	*72,993,954,358*

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) *Financial instruments – initial recognition and subsequent measurement* (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

Prior to 1 January 2018, investments in unquoted equity securities were measured at cost following the cost exemption under IAS 39. Following the application of IFRS 9, the Company and its subsidiaries will measure these investments at fair value, with value changes to be recorded in other comprehensive income. On 1 January 2018, the date of initial application, the impact of the transition is deemed to be insignificant so the carrying amount under IAS 39 is carried over as the beginning balance under IFRS 9.

There were no changes to the classification and measurement of financial liabilities.

The Company and its subsidiaries do not have financial assets and financial liabilities which had previously been designated at FVPL to reduce an accounting mismatch in accordance with IAS 39 which had been reclassified to amortised cost or FVOCI upon transition to IFRS 9.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) *Financial instruments – initial recognition and subsequent measurement* (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is recognised in profit or loss as finance income. The losses arising from impairment are recognised in the consolidated statements of profit or loss as finance cost for loans and as cost of sales or other operating expenses for receivables.

This category generally applies to Cash and cash equivalents, Short-term investments, Trade Receivables, Amount due from related parties and Other financial assets.

Held to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company and its subsidiaries have the positive intention and ability to hold them at maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is recognised in the consolidated statements of profit or loss as finance income. The losses arising from impairment are recognised in profit or loss as finance cost.

As at 31 December 2017 and 1 January 2017, the Company and its subsidiaries have no held to maturity investments.

Available-for-sale (AFS) financial investments

AFS financial investments include equity and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised as OCI and credited in the other reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or if the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the consolidated statements of profit or loss. Interest earned while holding AFS debt securities is reported as interest income using the EIR method. In certain cases, AFS investments in unquoted shares are subsequently measured at cost when their fair value could not be reliably measured.

This category generally applies to investment in quoted and unquoted shares.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) *Financial instruments – initial recognition and subsequent measurement* (continued)

i) Financial assets (continued)

Impairment of financial assets

The Company and its subsidiaries record the allowance for expected credit losses for all loans and other debt financial assets not measured at FVPL, together with loan commitments and financial guarantee contracts (all referred to as 'financial instruments' in this section). Equity instruments are not subject to impairment under IFRS 9.

The expected credit loss ("ECL") allowance is based on the credit losses expected to arise over the life of the asset (Lifetime ECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12-month ECL).

The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both 12-month ECL and Lifetime ECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Loss allowances are recognised based on 12-month ECL for debt instruments that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company and its subsidiaries have established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company and its subsidiaries classify credit exposures into Stage 1, Stage 2, Stage 3 and Purchased or orginated credit impaired ("POCI"), as described below:

- Stage 1: When financial assets are first recognised, the Company and its subsidiaries recognise an allowance based on 12-month ECL. Stage 1 financial assets also include facilities where credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Company and its subsidiaries record an allowance for the Lifetime ECL. Stage 2 financial assets also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired. The Company and its subsidiaries record an allowance for the Lifetime ECL.
- POCI: POCI assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) *Financial instruments – initial recognition and subsequent measurement* (continued)

i) Financial assets (continued)

Impairment of financial assets (continued)

In determining whether there is a significant deterioration or improvement in the credit risk of a financial instrument, the Company and its subsidiaries will make an assessment based on a mixture of qualitative and quantitative factors, both taking into account the actual circumstances affecting the instrument. The Company and its subdiaries will also consider the illustrative indicators identified by the standard in this assessment:

- An entity may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date;
- Regardless of the way in which an entity assesses significant increases in credit risk, there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. An entity can rebut this presumption if the entity has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due. When an entity determines that there have been significant increases in credit risk before contractual payments are more than 30 days past due, the rebuttable presumption does not apply;
- An actual or expected significant change in the financial instrument's external credit rating;
- An actual or expected internal credit rating downgrade for the borrower or decrease in behavioural scoring used to assess credit risk internally;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations;
- An actual or expected significant change in the operating results of the borrower; and
- Other factors.

The Company and its subsidiaries consider a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade', or when the exposure is less than 30 days past due.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) ***Financial instruments – initial recognition and subsequent measurement*** (continued)

i) Financial assets (continued)

Impairment of financial assets (continued)

Definition of default and credit-impaired financial assets

The Company and its subsidiaries define a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative criteria*
  - The Company and its subsidiaries consider the use of the 90-day past due rebuttable presumption, as allowed by the standard
- *Qualitative criteria*

  The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:
  - The customer is experiencing financial difficulty or is insolvent
  - The customer is in breach of financial covenant(s)
  - An active market for that financial assets has disappeared because of financial difficulties
  - Concessions have been granted by the Company and its subsidiaries, for economic or contractual reasons relating to the customer's financial difficulty
  - It is becoming probable that the customer will enter bankruptcy or other financial reorganisation

The criteria above have been applied to the financial instruments held by the Company and its subsidiaries and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Company and its subsidiaries' expected loss calculation.

An instrument is considered to be no longer in default (i.e. to have cured) and therefore reclassified out of Stage 3 when it no longer meets any of the default criteria. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition. The Company and its subsidiaries reclassify an asset to Stage 1 when the credit grade of an asset becomes equivalent to 'investment grade', or has increased by at least two notches when the credit grade at the time of default is equivalent to 'investment grade'.

Significant increase in credit risk

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors.

The Company and its subsidiaries' financial assets subject to ECL under the general approach are graded in the top investment category by globally recognised credit rating agencies such as S&P, Moody's and Fitch and, therefore, are considered to be low credit risk investments. It is the Company and its subsidiaries' policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company and its subsidiaries use the ratings from these credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) *Financial instruments – initial recognition and subsequent measurement* (continued)

i) Financial assets (continued)

Impairment of financial assets (continued)

Significant increase in credit risk *(continued)*

Using its expert credit judgement and, where possible, relevant historical experience, the Company and its subsidiaries may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

The Company and its subsidiaries monitor the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increase in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset falls below an investment grade; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

Measurement of expected credit losses

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- *Financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Company and its subsidiaries in accordance with the contract and the cash flows that the Company and its subsidiaries expect to receive.
- *Financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

General approach

Under the general approach, at each reporting date, the Company and its subsidiaries recognise a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognised in the consolidated statements of profit or loss as an impairment gain or loss.

The Company and its subsidiaries apply the general approach for ECL calculation for cash and cash equivalents, short-term investments, trade lease receivables, loans to and receivables from related parties, short-term prepayments and other receivables, and other non-current financial assets.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) *Financial instruments – initial recognition and subsequent measurement* (continued)

i) Financial assets (continued)

Impairment of financial assets (continued)

Simplified approach

Under the simplified approach, changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL. The Company and its subsidiaries have elected to use the simplified approach for its trade receivables.

The Company and its subsidiaries write-off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. The Company and its subsidiaries write off an account when all of the following conditions are met:

- the asset is already an item-in-litigation with any of the following:
  - no properties of the borrower could be attached;
  - the whereabouts of the borrower cannot be located;
  - it would be more expensive for the Company and its subsidiaries to follow-up and collect the amount, hence the Company and its subsidiaries have ceased enforcement activity; and
  - collections can no longer be made due to insolvency of bankruptcy of the borrower.
- restructuring is no longer possible; and
- filing of legal case is not possible.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) ***Financial instruments – initial recognition and subsequent measurement*** (continued)

i) Financial assets (continued)

Impairment of financial assets (continued)

Impact on the statement of financial position as at 1 January 2018:

	IAS 39 Carrying Amount 31 December 2017	*Reclassification*	*Remeasurement*	*IFRS 9 Opening Balance 1 January 2018*
AMORTISED COST				
Cash in bank and cash equivalents				
Balance under IAS 39 – 31 December 2017	1,543,342,969,790	-		
Expected Credit Losses – adjustment			(747,072,368)	
Opening balance under IFRS 9 – 1 January 2018				1,542,595,897,422
Short-term investments				
Balance under IAS 39 – 31 December 2017	6,722,176,088,905	-		
Expected Credit Losses – adjustment			(79,921,593,594)	
Opening balance under IFRS 9 – 1 January 2018				6,642,254,495,311
Trade receivables				
Balance under IAS 39 – 31 December 2017	897,150,609,839	-		
Expected Credit Losses – adjustment			-	
Opening balance under IFRS 9 – 1 January 2018				897,150,609,839
Loans to and receivables from related parties				
Balance under IAS 39 – 31 December 2017	13,384,792,910,095	-		
Expected Credit Losses – adjustment			(30,762,498,084)	
Opening balance under IFRS 9 – 1 January 2018				13,354,030,412,011
Short-term prepayment and other receivables				
Balance under IAS 39 – 31 December 2017	1,638,081,922,802	-		
Expected Credit Losses – adjustment			(28,774,490,641)	
Opening balance under IFRS 9 – 1 January 2018				1,609,307,432,161
Other non-current assets (net of AFS securities)				
Balance under IAS 39 – 31 December 2017	123,366,827,000	-		
Expected Credit Losses – adjustment			(1,219,486,287)	
Opening balance under IFRS 9 – 1 January 2018				122,147,340,713
FAIR VALUE THROUGH OCI				
AFS Securities at cost				
Balance under IAS 39 – 31 December 2017	7,523,934,327,500	(7,523,934,327,500)		
Reclassification to Financial assets at FVOCI		7,523,934,327,500		
Effect of Fair valuation			-	
Opening balance under IFRS 9 – 1 January 2018				7,523,934,327,500

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) *Financial instruments – initial recognition and subsequent measurement* (continued)

i) **Financial assets** (continued)

Impairment of financial assets (continued)

Impact on the statement of financial position as at 1 January 2018 *(continued):*

The adoption of IFRS 9 has fundamentally changed the Company and its subsidiaries' accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

On the date of initial application, adjustments were made on the allowance for impairment as a result of the transition from IAS 39 to IFRS 9.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) *Financial instruments – initial recognition and subsequent measurement* (continued)

i) Financial assets (continued)

Estimates (upon adoption of IFRS 9)

Inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the PD, LGD, and EAD, defined as follows:

- PD — The Probability of Default represents the likelihood of a customer defaulting on its financial obligation, either over the next 12 months, or over the remaining life of the obligation. PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

  The 12-months and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the reporting date and future economic conditions that affect credit risk.

  The PD was identified using published external credit ratings – Standard & Poor's (S&P)-issued default rates. For counterparties without available data, benchmark procedures were performed and the comparable companies' default rates were used as proxy for the PD of the counterparties.

- LGD — The Loss Given Default represents the Company and its subsidiaries' expectation of the extent of loss on a defaulted exposure, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money. LGD varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

  The LGD was determined by obtaining the equivalent Thomson Reuters-issued market recovery rates based on the counterparty's S&P credit ratings. LGD was then derived as one less the applicable recovery rate. For counterparties without available data, benchmark procedures were performed and the comparable companies' recovery rates were used as proxy for the recovery rates of the counterparties.

- EAD — The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) *Financial instruments – initial recognition and subsequent measurement* (continued)

i) Financial assets (continued)

Estimates (upon adoption of IFRS 9) (continued)

When estimating the ECLs, the Company and its subsidiaries consider three scenarios (a base case, an upside, and a downside). Each of these is associated with different ECL factors. When relevant, the assessment of multiple scenarios also incorporates how defaulted balances are expected to be recovered, including the probability that such balances will cure and the value of collateral or the amount that might be received from selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Company and its subsidiaries have the legal right to call it earlier.

The interest rate used to discount the ECLs of fixed-rate instruments is the approximate EIR at initial recognition. For floating rate financial instruments, the Company and its subsidiaries used current EIR as at reporting date.

Forward looking information

The Company and its subsidiaries incorporate forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Company and its subsidiaries consider a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Company and its subsidiaries' evaluation and assessment, and after taking into consideration external actual and forecast information, the Company and its subsidiaries formulate a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The Company and its subsidiaries have identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

In its ECL models, the Company and its subsidiaries rely on forward looking information as economic inputs, such as GDP growth rates and inflation rates.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past nine years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Company and its subsidiaries have not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) *Financial instruments – initial recognition and subsequent measurement* (continued)

i) Financial assets (continued)

Estimates (upon adoption of IFRS 9)

Collateral valuation

To mitigate its credit risks on financial assets, the Company and its subsidiaries seek to use collateral, where possible. The collateral comes in various forms: cash, securities, real estate and other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Company and its subsidiaries' consolidated statements of financial position.

However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. To the extent possible, the Company and its subsidiaries use active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

Reclassification

If the business model under which the Company and its subsidiaries hold the financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company and its subsidiaries' financial assets.

Reclassification of financial assets designated as at FVPL at initial recognition is not permitted.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) ***Financial instruments – initial recognition and subsequent measurement*** (continued)

i) Financial assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company and its subsidiaries' consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company and its subsidiaries have transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; or
- The Company and its subsidiaries have transferred its rights to receive cash flows from the asset and either (a) have transferred substantially all the risks and rewards of the asset, or (b) have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Company and its subsidiaries have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company and its subsidiaries continue to recognise the transferred asset to the extent of its continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company and its subsidiaries could be required to repay.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as either financial liabilities at FVPL or loans and borrowings and other financial liabilities, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and other financial liabilities, net of directly attributable transaction costs.

The Company and its subsidiaries' other financial liabilities include trade and other payables, accruals, corporate bond, loans and borrowings, borrowings from and payables to related parties and tenant deposits. The Company and its subsidiaries did not have financial liabilities at FVPL during the years ended 31 December 2018, 31 December 2017 and as at 31 December 2018, 31 December 2017 and as at 1 January 2017.

Subsequent measurement

Loans and borrowings or other financial liabilities

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statements of profit or loss.

6. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

k) ***Financial instruments – initial recognition and subsequent measurement*** (continued)

ii) Financial liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statements of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

l) ***Property and equipment***

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing cost for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced in intervals, the Company and its subsidiaries depreciate them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statements of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and structures	44 to 48 years
Machinery and equipment	5 to 10 years
Means of transportation	6 to 10 years
Office equipment	3 to 5 years
Others	2 to 5 years

An item of property and equipment and any significant part initially recognised are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of profit or loss when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) ***Property and equipment*** (continued)

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortisation is charged to current operations.

Up to the date when an owner-occupied property becomes an investment property carried at fair value, the Company and its subsidiaries depreciate the property and recognise any impairment losses that have occurred. The Company and its subsidiaries treat any difference at that date between the carrying amount of the property in accordance with IAS 16 and its fair value in the same way as a revaluation in accordance with IAS 16. In other words:

(a) any resulting decrease in the carrying amount of the property is recognised in the consolidated statements of profit or loss. However, to the extent that an amount is included in revaluation surplus for that property, the decrease is recognised in other comprehensive income and reduces the revaluation surplus within equity.

(b) any resulting increase in the carrying amount is treated as follows:

(i) to the extent that the increase reverses a previous impairment loss for that property, the increase is recognised in the consolidated statement of profit or loss. The amount recognised in the consolidated statements of profit or loss does not exceed the amount needed to restore the carrying amount to the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised.

(ii) any remaining part of the increase is recognised in other comprehensive income and increases the revaluation surplus within equity.

m) ***Construction in progress***

Construction in progress is initially measured at cost and subsequently transferred to property, equipment or intangible asset when completed.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

The Company and its subsidiaries as lessee

All lease contracts are classified at the inception date as operating leases as the leases do not transfer substantially all the risks and rewards incidental to ownership to the Company and its subsidiaries.

Operating lease payments are recognised as an operating expense in the consolidated statements of profit or loss on a straight-line basis over the lease term.

The Company and its subsidiaries as lessor

Leases in which the Company and its subsidiaries do not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases in which the Company and its subsidiaries transfer substantially all the risks and rewards of ownership of an asset are classified as financial leases. The Company and its subsidiaries recognise a receivable in the amount of the net investment in the lease. The lease payments made by the lessees are split into an interest component and a principal component using the effective interest method. The lease receivable is reduced by the principal received. The interest component of the payments is recognised as finance income in the consolidated statements of profit or loss.

o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Company and its subsidiaries incur in connection with the borrowing of funds.

The interest capitalised is calculated using each entity within Company and its subsidiaries' weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) *Investment property*

Investment property comprises completed property and property under construction or re-development that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment properties are measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at cost including transaction costs, less accumulated depreciation and/or amortisation and impairment. Depreciation and amortisation of investment properties are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Land use rights	45 to 49 years
Buildings	27 to 50 years
Others	7 to 10 years

Transfers are made to or from investment property only when there is a change in use. Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease.

The transfer from investment property to owner-occupied property or inventories does not change the cost or the carrying value of the property for subsequent accounting at the date of change in use. When the Company and its subsidiaries decide to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognised and does not treat it as inventory.

Investment property is derecognised when it has been disposed of or when it is 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 asset is recognised in the consolidated statements of profit or loss in the period when the asset is derecognised.

q) *Intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the consolidated statements of profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) *Intangible assets* (continued)

Intangible assets with finite lives are amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statements of profit or loss in the expense category consistent with the function of the intangible asset.

Amortisation is calculated on a straight - line basis over the useful lives of the assets as follows:

Computer software	3 to 5 years
Copy right	5 to 10 years
Land rental right	27 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statements of profit or loss when the asset is derecognised.

r) *Inventories*

Inventory property

Property acquired or being constructed for sale or to be held for long-term lease that meets the requirements of outright revenue recognition in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value.

Cost includes:

- Leasehold rights for land;
- Amounts paid/payable 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 less costs of completion and the estimated costs necessary to make the sale.

The cost of inventory 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

Inventories are carried at the lower of cost incurred in bringing each product to its present location and condition and net realisable value. Cost includes cost of purchase, cost of direct materials, labour and other attributable manufacturing overheads.

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.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) *Sales commissions*

Sales commissions that are directly related to promoting sale of inventory properties are capitalised under the short-term prepaid expenses and other receivable accounts in the consolidated statements of financial position and subsequently expensed when the Company and its subsidiaries recognise revenue from selling of related inventory properties.

t) *Provisions*

General

Provisions are recognised when the Company and its subsidiaries have a present obligation (legal or constructive) as a result of a past event and, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company and its subsidiaries expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statements of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognised as a finance cost.

u) *Impairment of non-financial assets*

The Company and its subsidiaries assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company and its subsidiaries estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGUs' fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company and its subsidiaries base its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company and its subsidiaries' CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows.

Impairment losses of continuing operations are recognised in the consolidated statements of profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. For such properties, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u) *Impairment of non-financial assets* (continued)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company and its subsidiaries estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statements of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the cash generating unit is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

v) *Tenant deposits*

For the tenant deposits classified as financial liabilities, they are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

For the tenant deposits which do not qualify as financial liabilities, they are measured at cost.

w) *Cash and cash equivalents*

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

x) *Non-current assets held for sale and discontinued operations*

The Company and its subsidiaries classify non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale with be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x) *Non-current assets held for sale and discontinued operations* (continued)

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately from non-current items in the consolidated statements of financial position.

y) *Demerger*

Demerger where the Company is the demerged company is conducted as follows:

- Assets, liabilities transferred to the new company is deducted to the respective items in the consolidated statements of financial position by the carrying value at the date of demerger;
- Difference between assets and liabilities transferred to the new company is deducted to equity in the consolidated statements of financial position; and
- No gain or loss is recognised for the demerger transaction.

z) *Events after the Reporting Period*

Post year-end events that provide additional information about the Company and its subsidiaries' position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

aa) *Other reserve*

Changes in other comprehensive income, day 1 profit or loss from financial instruments with related parties of the Company and its subsidiaries are recognised in other reserve in the consolidated statements of changes in equity.

7. SIGNIFICANT ACQUISITIONS AND DISPOSALS

7.1. Significant acquisitions and disposals in 2018

Acquisition of group of assets

During the year, the Company and its subsidiaries have acquired shares/equity interest of the following companies from individuals and corporate counterparties. Management has reviewed and assessed that the acquisition of shares/equity interest of these companies is the acquisition of group of assets, rather than business combination. The total consideration for each of these acquisitions was allocated to the assets and liabilities acquired based on their relative fair values at acquisition date. Accordingly, a part of consideration was recognised in construction in progress (Note 16) and investment property under construction (Note 15). The non-controlling interests were also recognised at their relative proportion of the interests in the assets and liabilities acquired. These acquired assets and liabilities are presented in the same categories as other similar assets and liabilities held by the Company and its subsidiaries.

Acquisition of Tay Tang Long LLC, a new subsidiary

On 18 January 2018, the Company completed the acquisition of 59% equity interest in Tay Tang Long LLC from Vingroup JSC and Vinpearl JSC for a consideration of VND177 billion. Before this acquisition, Ecology JSC owned 31% equity interest in Tay Tang Long LLC. Thereby, this acquisition increased the Company's voting rights in Tay Tang Long to 90% and Tay Tang Long became a subsidiary of the Company. The Company recognised a decrease in land development right amounting to VND5.7 billion.

Acquisition of Berjaya VIUT LLC, a new subsidiary

On 8 February 2018, the Company acquired 97.9% equity interest in Berjaya International University Urban Area LLC ("Berjaya VIUT LLC") from a corporate counterparty and individuals for a consideration of VND11,748 billion. Accordingly, Berjaya VUIT LLC became a subsidiary of the Company. At the date of acquisition, Berjaya VIUT LLC was the owner of a potential real estate project. The Company and its subsidiaries recognised a decrease in cost of investment property under construction amounting to VND1.7 billion.

7. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

7.1. *Significant acquisitions and disposals in 2018* (continued)

Acquisition of group of assets (continued)

Acquisition of Metropolis Hanoi LLC, a new subsidiary

On 28 February 2018, the Company completed the acquisition of 100% equity interest in Metropolis Hanoi LLC from Vincommerce JSC for a total consideration of VND2,000 billion, and thereby, Metropolis Hanoi LLC became a subsidiary of the Company. At the date of acquisition, Metropolis Hanoi LLC was the owner of a potential real estate project. The Company and its subsidiaries recognised a land development right amounting to VND955 billion.

Acquisition of Lang Van JSC, a new subsidiary

On 27 February 2018, the Company completed the acquisition of 91.47% equity interest in Lang Van JSC from Vingroup JSC for a consideration of VND302 billion. Accordingly, Lang Van JSC became a subsidiary of the Company. At the date of acquisition, Lang Van JSC was the owner of a potential real estate project. The Company and its subsidiaries recognised a land development right amounting to VND230 billion.

Acquisition of Berjaya VFC LLC, a new subsidiary

On 7 March 2018, the Company has contributed capital amounting to VND2,009 billion to Berjaya VFC LLC, equivalent to 67.5% charter capital of Berjaya VFC LLC. As a result, Berjaya VFC LLC became a subsidiary of the Company. At the date of acquisition, Berjaya VFC LLC was the owner of a potential real estate project. The Company and its subsidiaries recognised a land development right amounting to VND159 billion.

Acquisition of Thai Son JSC, a new subsidiary

On 8 May 2018, the Company completed the acquisition of 96.47% share of Thai Son JSC from a corporate counterparty for a total consideration of VND1,700 billion. As a result, Thai Son JSC became a subsidiary of the Company. At the date of acquisition, Thai Son JSC held 90.32% and 98.32% voting right in Dat Rong Vang JSC and West Hanoi JSC, respectively. As a result, Dat Rong Vang JSC and West Hanoi JSC became subsidiaries of the Company. On 30 May 2018, the Company completed additional capital contribution of VND9,000 billion into Thai Son JSC, thereby, increased voting right in this company to 99.44%. In September 2018, Thai Son JSC acquired the remaining equity interest in Dat Rong Vang JSC and West Hanoi JSC, thereby, increased voting rights in those companies to 100%. In October 2018, the Company and its subsidiaries completed the acquisitions of 0.56% shares of Thai Son JSC from individuals, thereby increased voting right in Thai Son JSC to 100%.

At the date of acquisition, West Hanoi JSC was the owner of a potential real estate project. The Company and its subsidiaries recognised a land development right amounting to VND5,511 billion.

Acquisition of GS Cu Chi JSC, a new subsidiary

On 2 July 2018, the Company and its subsidiaries completed the acquisition of 100% shares of GS Cu Chi JSC from individuals for a total consideration of VND2,230 billion. As a result, GS Cu Chi JSC became a subsidiary of the Company. At the date of acquisition, GS Cu Chi JSC was the owner of a potential real estate project. The Company and its subsidiaries recognised a land development right amounting to VND899 billion.

7. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

7.1. *Significant acquisitions and disposals in 2018* (continued)

Business combinations involving entities under common control

Acquisition of Tan Lien Phat JSC, a new subsidiary

On 18 January 2018, the General Meeting of Shareholders of the Company approved the Resolution No. 01/2018/NQ/DHDCD-HANOI CITY JSC on the merger of Tan Lien Phat JSC into the Company.

According to the merger contract dated 27 January 2018 between the Company and Tan Lien Phat JSC, the Company issued 655,000,000 shares at total par value of VND6,550 billion in exchange for 655,000,000 shares of Tan Lien Phat JSC. The issuance increased the Company's share capital by VND6,550 billion. The transaction is completed on 1 February 2018.

The principal activities of Tan Lien Phat JSC are developing and trading real estate properties. At the merger date, Tan Lien Phat JSC was the developer of Vinhomes Central Park project located at Binh Thanh district, Ho Chi Minh city, Vietnam.

At the merger date, Tan Lien Phat held 99.05% equity interest in Can Gio JSC, which owns a potential real estate project. Through the merger transaction, the Company directly holds the investment in Can Gio JSC.

The Company's management assesses this transaction as a business combination involving two entities under common control. Thereby, the net assets acquired of Tan Lien Phat JSC and Can Gio JSC are measured at their carrying value on the consolidated financial statements of Vingroup JSC, the parent company. The difference between the consideration transferred and the carrying value of the net assets of Tan Lien Phat JSC and Can Gio JSC is recognised in under common control reserve in the consolidated statement of financial position.

7. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

7.1. *Significant acquisitions and disposals in 2018* (continued)

Business combinations involving entities under common control (continued)

Acquisition of Tan Lien Phat JSC, a new subsidiary (continued)

The carrying value of identifiable assets and liabilities of Tan Lien Phat JSC and Can Gio JSC at the date of merger are presented below:

	Currency: VND
	Carrying value recognised at acquisition date
Assets	
Property and equipment	719,432,208,787
Investment property under construction	12,297,871,689,320
Construction in progress	49,822,596,756
Other non-current assets	1,050,625,807,625
Deferred tax assets	13,617,379,914
Inventories	7,900,326,574,411
Trade receivables	7,676,832,062,613
Advances to suppliers	544,575,397,685
Short-term prepayments and other receivables	5,859,323,738,270
Short-term investments	469,047,992,353
Other current assets	48,130,887,684
Cash and cash equivalents	104,934,129,001
Total assets	**36,734,540,464,419**
Liabilities	
Short-term interest-bearing loans and borrowings	17,340,560,077,912
Trade payables	1,092,046,389,338
Down payment from customers	7,013,416,191,634
Accruals	1,656,492,208,317
Warranty provisions	54,619,597,302
Corporate income tax payable	222,802,083,787
Other current liabilities	905,821,239,846
Total liabilities	**28,285,757,788,136**
Total identifiable net assets	**8,448,782,676,283**
Non-controlling interests	(174,867,536,302)
Under common control reserve	(1,723,915,139,981)
Total purchase consideration	**6,550,000,000,000**
Analysis of cash flows on merger transaction	
Cash of the acquired subsidiary	104,934,129,001
Cash paid for acquiring the subsidiary	-
Net cash flow from merger transaction	**104,934,129,001**

Total consideration of VND6,550 billion was settled by issuing 655,000,000 ordinary shares of the Company at par value of VND10,000 per share. If the acquisition had taken place at the beginning of the year, consolidated revenue would have been VND43,551 billion and the consolidated profit before tax for the year would have been VND19,524 billion.

7. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

7.1. *Significant acquisitions and disposals in 2018* (continued)

Business combinations involving entities under common control (continued)

Acquisition of Royal City JSC, a new subsidiary

On 27 February 2018, the Company acquired 57.85% shares of Royal City JSC from Vingroup JSC with a consideration of VND1,402 billion. Thereby, Royal City JSC became a subsidiary of the Company. At the date of acquisition, Royal City JSC was the owner of Vinhomes Royal City project located on Nguyen Trai street, Thanh Xuan district, Hanoi.

The Company's management assesses this transaction as a business combination involving two entities under common control. Thereby, the net assets acquired of Royal City JSC are measured at their carrying values in the consolidated financial statements of Vingroup JSC, the parent company. The difference between the consideration transferred and the carrying value of the net assets of Royal City JSC is recognised in under common control reserve in the consolidated statement of financial position.

The carrying value of identifiable assets and liabilities of Royal City JSC at the date of acquisition are presented below:

Currency: VND

	Carrying value recognised at acquisition date
Assets	
Property and equipment	998,201,907
Intangible assets	75,500,150
Completed investment property	510,233,808,590
Construction in progress	3,078,938,612
Other non-current assets	121,345,537,323
Deferred tax assets	10,633,739,291
Inventories	60,645,006,421
Trade receivables	1,288,681,080,616
Advances to suppliers	22,840,899,307
Short-term prepayments and other receivables	100,175,102,939
Short-term investments	7,900,000,000
Cash and cash equivalents	48,286,883,502
	2,174,894,698,658
Liabilities	
Other non-current liabilities	5,135,000,000
Trade payables	46,636,116,995
Down payment from customers	42,958,755,658
Accruals	56,564,243,600
Other current liabilities	56,269,091,535
Total liabilities	**207,563,207,788**
Total identifiable net assets	**1,967,331,490,870**
Non-controlling interests	(1,089,537,285,829)
Under common control reserve	524,228,307,245
Total purchase consideration	**1,402,022,512,286**
Cash flow on acquisition	
Net cash acquired with the subsidiary	48,286,883,502
Cash paid up to 31 December 2018	(1,402,022,512,286)
Net cash flow used in acquisition	**(1,353,735,628,784)**

7. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

7.1. *Significant acquisitions and disposals in 2018* (continued)

Business combinations involving entities under common control (continued)

Acquisition of Royal City JSC, a new subsidiary (continued)

Total consideration of VND1,402 billion was fully paid in cash. If the acquisition had taken place at the beginning of the year, consolidated revenue would have been VND42,908 billion and the consolidated profit before tax for the year would have been VND19,395 billion.

Acquisition of Millenium LLC, a new subsidiary

On 1 June 2018, the Company completed the acquisition of 100% equity interest in Millenium LLC from Vingroup JSC, the parent company, for a total consideration of VND1,000 billion, and thereby, Millenium LLC became a subsidiary of the Company.

The principal activities of Millenium LLC are real estates development and trading, office leasing and other related services. Millenium LLC's head office is located at Floor 20A, Vincom Center Dong Khoi Building, No. 72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City. At acquisition date, Millenium LLC is the developer of Vinhomes Golden River Project at District 1, Ho Chi Minh City and manages the operation of the Office component of Vincom Center Dong Khoi at District 1, Ho Chi Minh City.

Prior to the acquisition, the Company entered into Business and Investment Co-operation contracts with Millenium LLC relating to the development of Vinhomes Golden River projects. According to this BCC, the Company paid a deposit amounting to VND1300 billion to Millenium LLC as a contributed investment and earns 99% profit from this project. The Company recorded the deposit as a financial asset at fair value through profit or loss (Note 33). Right before the acquisition, both parties terminated the BCC and the Company will receive the deposit of VND1,300 billion. The difference between the cash received and the carrying value of the financial asset as termination date is recognised in other reserve in the consolidated statement of financial position.

For the business combination transaction, as the Company's management assesses this transaction as a business combination involving two entities under common control. Thereby, the net assets acquired of Millenium LLC are measured at their carrying value in the consolidated financial statements of Vingroup JSC, the ultimate parent company. The difference between the consideration transferred and the carrying value of net assets of Millenium LLC is recognised in other under common control reserve in the consolidated statement of financial position.

The carrying value of identifiable assets and liabilities of Millenium LLC at the date of acquisition are presented below:

7. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

7.1. *Significant acquisitions and disposals in 2018* (continued)

Business combinations involving entities under common control (continued)

Acquisition of Millenium LLC, a new subsidiary (continued)

	Currency: VND
	Carrying value recognised at acquisition date
Assets	
Investment properties	1,888,375,170,091
Construction in progress	570,133,389,793
Inventories	6,432,410,206,519
Trade receivables	844,062,413,673
Short-term advances to suppliers	256,675,123,746
Held-to-maturity investments	377,046,147,334
Short-term prepayments	266,250,901,538
Other short-term receivables	323,090,793,939
Short-term loan receivables	5,660,483,234,254
Other assets	106,215,066,320
Cash and cash equivalents	88,206,600,423
	16,812,949,047,630
Liabilities	
Other non-current liabilities	130,707,025,639
Short-term interest-bearing loans	3,878,112,186,227
Trade payables	787,314,559,327
Down payment from customers	4,437,840,223,047
Short-term accruals	1,086,287,223,599
Statutory obligations	685,272,624,154
Other current liabilities	1,791,620,730,002
Total net assets	**4,015,794,475,635**
Under common control reserve	(146,916,227,064)
Total consideration	**3,868,878,248,571**
Cash flow on acquisition	
Net cash acquired with the subsidiary	88,206,600,423
Cash paid up to 31 December 2018	(1,000,000,000,000)
Net cash flow used in acquisition	**(911,793,399,577)**

Total consideration of VND1,000 billion was fully paid in cash. If the acquisition had taken place at the beginning of the year, consolidated revenue would have been VND42,901 billion and the consolidated profit before tax for the year would have been VND19,355 billion.

7. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

7.1. *Significant acquisitions and disposals in 2018* (continued)

Business combinations involving entities under common control (continued)

Acquisition of Vincom Construction and Consultant LLC ("Vincom Construction LLC"), a new subsidiary

On 9 August 2018, the Company completed the acquisition of 100% equity interest in Vincom Construction LLC from Vingroup JSC for a total consideration of VND270 billion. Thereby, Vincom Construction LLC became a subsidiary of the Company.

According to Resolution No. 06/2018/NQ-DHDCD-VINHOMES dated 13 September 2018 and Merger Contract dated 13 September 2018 between the Company and Vincom Construction LLC, General Meeting of Shareholders of the Company and owner of Vincom Construction LLC approved the merger of this company to the Company.

The principal activities of Vincom Construction LLC at the merger date are to provide general contractor services, consulting and designing construction services, supervision and management construction services. Vincom Construciton LLC's head office was located at No. 7 Bang Lang 1 Street, Vinhomes Riverside Eco-Urban Area, Viet Hung Ward, Long Bien District, Hanoi.

The Company's management assessed this transaction as a business combination involving two entities under common control. Thereby, the net assets acquired of Vincom Construction LLC are measured at their carrying value in consolidated financial statements of Vingroup JSC, the ultimate parent company. The difference between the consideration transferred and the carrying amount of net assets of Vincom Construction LLC is recognised in under common control reserve in the consolidated statement of financial position.

The carrying value of identifiable assets and liabilities of Vincom Construction LLC at the date of acquisition are presented below:

7. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

7.1. *Significant acquisitions and disposals in 2018* (continued)

Business combinations involving entities under common control (continued)

Acquisition of Vincom Construction and Consultant LLC ("Vincom Construction LLC"), a new subsidiary (continued)

	Currency: VND
	Carrying value at acquisition date
Assets	
Inventories	826,505,381,254
Trade receivables	498,717,166,658
Short-term advances to suppliers	231,535,181,871
Short-term investments	1,455,000,000,000
Other receivables	195,058,033,436
Value-added tax deductible	51,212,828,917
Other assets	9,619,135,813
Cash and cash equivalents	218,934,200,333
	3,486,581,928,282
Liabilities	
Short-term interest-bearing loans	46,868,004,218
Short-term trade payables	280,771,364,434
Short-term advances from customers	2,575,106,155,388
Short-term accrued expenses	117,166,141,563
Other short-term payables	209,920,415,611
Total net assets	**256,749,847,068**
Under common control reserve	13,250,152,932
Total consideration	**270,000,000,000**
Cash flow on acquisition	
Net cash acquired with the subsidiary	218,934,200,333
Cash paid up to 31 December 2018	(270,000,000,000)
Net cash flow used in acquisition	**(51,065,799,667)**

Total consideration of VND270 billion was fully paid in cash. If the acquisition had taken place at the beginning of the year, consolidated revenue would have been VND44,062 billion and the consolidated profit before tax for the year would have been VND19,443 billion.

7. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

7.1. *Significant acquisitions and disposals in 2018* (continued)

Business combinations involving entities under common control (continued)

Step acquisition of Vietnam Investment JSC, an existing subsidiary

On 27 February 2018, the Company and its subsidiaries disposed 0.5% shares of Vietnam Investment JSC to Central Park Development LLC ("Central Park LLC"), a subsidiary of Vingroup JSC for a consideration of VND2.9 billion. Subsequently, on 27 February 2018, the Company and its subsidiaries acquired 20% shares of Vietnam Investment JSC from a corporate counterparty for a consideration of VND115.8 billion. Thereby, the Company and its subsidiaries' voting right in Vietnam Investment JSC increased from 50% to 69.5%. The Company and its subsidiaries recognised a gain of VND978 billion in retained earnings as the result of the transaction.

Acquisitions of businesses

During the year, the Company and its subsidiaries have acquired and consolidated the below new subsidiaries. Management has reviewed and assessed that the acquisition of shares/equity interest of these companies is business combination. The goodwill recognised comprises the fair value of expected synergies arising from acquisitions.

Acquisition of Vinhomes Trading and Real Estate Management JSC ("Vinhomes Management JSC"), a new subsidiary

On 18 January 2018, the General Meeting of Shareholders of the Company approved the Resolution No. 01/2018/NQ/DHDCD-HANOI CITY JSC on the merger of Vinhomes Management JSC into the Company.

According to the merger contract dated 27 January 2018 between the Company and Vinhomes Management JSC, the Company issued 381,500,000 shares at total par value of VND3,815 billion in exchange for 381,500,000 shares of Vinhomes Management JSC. The issuance increased the Company's share capital by VND3,815 billion.

The principal activities of Vinhomes Management JSC at the merger date is to invest, construct, trade and act as agency, consultant relating to real estate properties. The acquisition of Vinhomes Management JSC is part of the Company and its subsidiaries' investment strategy to strengthen its selling strategy and execution of sale activities.

The fair value of the Company's consideration given, identifiable assets and liabilities of Vinhomes Management JSC at the merger date are presented below:

7. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

7.1. *Significant acquisitions and disposals in 2018* (continued)

Acquisitions of businesses (continued)

Acquisition of Vinhomes Management JSC, a new subsidiary (continued)

Currency: VND

	Fair value recognised at acquisition date
Assets	
Property and equipment	13,195,119,056
Completed investment property	2,290,641,465,588
Long-term prepayments	53,425,730,294
Deferred tax assets	98,892,584,254
Other non-current assets	3,577,256,067
Inventories	2,708,737,742,968
Trade receivables	856,634,989,252
Advances to suppliers	300,287,774,697
Short-term prepayments and other receivables	104,591,009,018
Short-term investments	6,827,130,755,950
Cash and cash equivalents	436,915,335,232
	13,694,029,762,376
Liabilities	
Long-term deferred revenues	1,175,474,617,948
Deferred tax liabilities	100,553,184,781
Other long-term liabilities	3,000,000
Trade payables	732,056,233,244
Down payment from customers	1,106,255,581,307
Short-term deferred revenues	719,828,647,499
Accruals	1,488,011,805,410
Warranty provisions	24,787,867,658
Corporate income tax payable	41,258,217,730
Other current liabilities	4,355,137,237,894
Total identifiable net assets	**3,950,663,368,905**
Goodwill (Note 13)	159,336,631,095
Total purchase consideration (*)	**4,110,000,000,000**

Cash flow on acquisition	
Net cash acquired with the subsidiary	436,915,335,232
Cash paid up to 31 December 2018	-
Net cash flow from acquisition	**436,915,335,232**

(*) At the merger date, the Company assessed that the fair value of the acquiree's shares is a more reliable measurement of fair value of consideration. Fair value of consideration is determined as fair value of 381,500,000 shares of Vinhomes Management JSC at VND10,773.3 per share. The difference between the fair value and par value of additional issued shares with amount of VND295 billion is recognised in share premium in the consolidated statement of financial position.

If the acquisition had taken place at the beginning of the year, consolidated revenue would have been VND46,897 billion and the consolidated profit before tax from continuing operations for the year would have been VND19,680 billion.

7. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

7.1. *Significant acquisitions and disposals in 2018* (continued)

Acquisitions of businesses (continued)

Acquisition of Phat Loc Commercial Investment Trading LLC ("Phat Loc LLC"), a new subsidiary

On 28 February 2018, the Company acquired 77.96% equity interest in Phat Loc LLC from individuals for a consideration of VND316.9 billion. Accordingly, Phat Loc LLC became a subsidiary of the Company. At the date of acquisition, Phat Loc LLC was the owner of a potential real estate project located in Binh Thanh district, Ho Chi Minh city. The acquisition of Phat Loc LLC is part of the Company and its subsidiaries' investment strategy to expand its real estate business.

On 28 December 2018, the Company completed the disposal of 37.78% equity interest in Phat Loc LLC to a corporate counterparty.

The fair value of identifiable assets and liabilities of Phat Loc LLC at the acquisition date are presented below:

Currency: VND

	Fair value recognised at acquisition date
Assets	
Completed investment property	266,655,605,867
Other non-current assets	12,639,714,775
Trade receivables	56,351,012,773
Short-term prepayment and other receivables	90,222,222,222
Advances to suppliers	39,600,000
Cash and cash equivalents	9,597,036,150
	435,505,191,787
Liabilities	
Interest-bearing loans and borrowings	13,100,000,000
Deferred tax liabilities	25,069,090,656
Other current liabilities	1,524,600,050
Total identifiable net assets at fair value	**395,811,501,081**
Non-controlling interests	(87,236,854,838)
Goodwill	8,351,753,757
Total purchase consideration	**316,926,400,000**
Cash flows on acquisition	
Net cash acquired with the subsidiary	9,597,036,150
Cash paid up to 31 December 2018	(316,926,400,000)
Net cash flow used in acquisition	**(307,329,363,850)**

Total purchase consideration is VND316.9 billion that has been fully paid in cash. If the acquisition had taken place at the beginning of the year, consolidated revenue would have been VND42,885 billion and the consolidated profit before tax from continuing operations for the year would have been VND19,380 billion.

7. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

7.1. *Significant acquisitions and disposals in 2018* (continued)

Significant disposals of subsidiaries

Disposal of VinDS Trading and Services LLC ("VinDS LLC")

On 20 December 2017, VinDS Trading and Services LLC ("VinDS LLC"), a subsidiary operating in retail in department stores, entered into a merger contract with Vincommerce JSC. In which, all the equity interest of the Company and its subsidiaries in VinDS would be converted into the equity interest in Vincommerce JSC. As part of the Company and its subsidiaries' strategy to focus on real estate segment, the Company has decided to dispose this non real-estate investment and recorded the assets and liabilities of VinDS LLC as non-current asset held for sale (Note 8.2).

On 3 January 2018, VinDS LLC was merged into Vincommerce JSC according to the Merger Contract signed between VinDS LLC and Vincommerce JSC, a subsidiary of Vingroup JSC. Subsequently, on 11 January 2018, the Company disposed all of its equity interest in Vincommerce JSC to Vingroup JSC for a cash consideration of VND693 billion. Accordingly, the Company recorded a gain of VND1,085 billion from this disposal in consolidated statement of comprehensive income (Note 9.3).

Disposal of Phat Loc LLC

On 20 December 2018, the Company completed an additional capital contribution of VND280 billion into Phat Loc LLC, thereby, increased equity interest of the Company and its subsidiaries in this company to 88.78%. Subsequently, on 28 December 2018, the Company and its subsidiaries disposed 37.78% equity interest in Phat Loc LLC to a corporate counterparty for a consideration of VND416 billion. Thereby, equity interest of the Company and its subsidiaries in Phat Loc LLC decreased to 51%. According to this capital transfer agreement, the Company and its subsidiaries also transferred control over Phat Loc LLC to this corporate counterparty from the time of the first payment. Therefore, the Company and its subsidiaries no longer has control over or significant influence on Phat Loc LLC. The remaining investment in Phat Loc LLC is presented as other investment. Accordingly, the Company recorded a gain of VND166 billion from this disposal in the consolidated statements of profit or loss (Note 9.3).

7.2. *Significant acquisitions in 2017*

Acquisition of Prime Land JSC, a new subsidiary

On 29 May 2017, the Company and its subsidiaries acquired 91.48% shares of Prime Land JSC from individuals for a total consideration of VND585 billion, and thereby, Prime Land JSC became a subsidiary of the Company. At the date of acquisition, Prime Land JSC was the owner of a potential real-estate project located in Tien Phong commune, Me Linh district, Hanoi, Vietnam. As there was no process of developing the project available at the date of acquisition, the Company assessed this transaction as an acquisition of group of assets, rather than a business combination. The total consideration was allocated to the assets and liabilities acquired based on their relative fair values at the acquisition date. The Company also recognised a land development right amounting to VND370 billion.

The non-controlling interests were also recognised at their relative proportion of the interests in the assets and liabilities acquired.

Acquisition of Me Tri JSC, a new subsidiary

On 3 April 2017, the Company and its subsidiaries acquired 96.8% shares of Me Tri JSC from Vingroup JSC with total consideration of VND2,624 billion, and thereby, Me Tri JSC became a subsidiary of the Company. At the date of acquisition, Me Tri JSC was the owner of a potential real-estate project located in Tu Liem district, Hanoi, Vietnam.

7. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

7.2. *Significant acquisitions in 2017* (continued)

Acquisition of Me Tri JSC, a new subsidiary (continued)

The Company's management assesses this transaction as a business combination involving two entities under common control. Thereby, the net assets acquired of Me Tri JSC is measured at its carrying value on the consolidated financial statements of Vingroup JSC, the parent company. The difference between the consideration paid and the carrying value of the net assets of Me Tri JSC is recognised in under common control reserve in the consolidated statement of financial position.

The carrying value of identifiable assets and liabilities of Me Tri JSC at the date of acquisition are presented below:

Currency: VND

	Carrying value recognised at acquisition date
Assets	
Investment properties under construction	6,062,884,566,365
Other non-current assets	1,789,779,278,423
Inventories	789,739,508,194
Short-term prepayments and other receivables	2,282,818,770,662
Short-term investment	322,000,000,000
Other assets	279,002,196,530
Cash and cash equivalents	258,564,617,015
Total assets	**11,784,788,937,189**
Liabilities	
Short-term interest-bearing loans and borrowings	3,338,166,527,778
Trade payables	68,503,523,578
Down payment from customers	4,059,097,054,450
Other current liabilities	1,659,909,600,522
Total liabilities	**9,125,676,706,328**
Total identifiable net assets	**2,659,112,230,861**
Previously held interest	(32,350,863,000)
Non-controlling interest	(53,182,244,617)
Under common control reserve	50,184,876,756
Total purchase consideration	**2,623,764,000,000**
Cash flows on acquisition	
Net cash acquired with the subsidiary	258,564,617,015
Cash paid up to 31 December 2018	(2,623,764,000,000)
Net cash flow used in acquisition	**(2,365,199,382,985)**

Total consideration of VND2,624 billion was fully paid in cash. If the acquisition had taken place at the beginning of 2017, consolidated revenue would have been VND15,925 billion and the consolidated profit before tax for the year ended 31 December 2017 would have been VND9,575 billion.

7.3. *Significant acquisitions in 2016*

Acquisition of Ecology JSC, a new subsidiary

On 15 December 2016, the Company acquired 80.94% shares of Ecology JSC from individuals with total consideration of VND6,013 billion. Thereby, Ecology JSC became the Company's subsidiary.

7. SIGNIFICANT ACQUISITIONS AND DISPOSALS (continued)

7.3. *Significant acquisitions in 2016* (continued)

Acquisition of Ecology JSC, a new subsidiary (continued)

As at the acquisition date, Ecology JSC held invesment in three (03) subsidiaries, namely Vietnam Investment JSC, Phu Gia LLC and Gia Lam LLC, and two (02) associates. Through this transaction, the Company indirectly obtained control over these subsidiaries and obtained significant influence over the associates.

The principal activities of Ecology JSC and its subsidiaries are to invest in, construct, trade real estate properties and provide retail outlets for lease. The acquisition of Ecology JSC is part of the Company's investment strategy in retail market and to expand its real estate business.

As at 31 December 2017, the Company has finalised the process of determining the fair value of identifiable assets, liabilities or contingent liabilities and potential intangible assets of Ecology JSC as well as their fair values at the date of acquisition. The fair values of identifiable assets and liabilities of Ecology JSC at the acquisition date were as below:

Currency: VND

	Fair value recognised at acquisition date
Assets	
Completed investment properties (i)	1,493,516,600,000
Investment property under construction	107,851,916,362
Investment in associates	872,488,610,366
Other non-current assets	168,202,133,356
Inventories	6,762,905,673,061
Short-term prepayments and other receivables	651,615,930,987
Short-term investments	2,754,028,571,429
Cash and cash equivalents	2,338,353,409,059
	15,148,962,844,620
Liabilities	
Short-term loans	612,090,490,328
Trade payables and accruals	445,494,832,498
Down payment from customers	3,194,052,246,762
Deferred revenue	1,117,438,026,615
Other current liabilities	368,713,489,060
Total identifiable net assets	**9,411,173,759,357**
Non-controlling interests	(4,097,736,947,569)
Goodwill from business combination	699,595,711,012
Total purchase consideration	**6,013,032,522,800**
Cash flows on acquisition	
Net cash acquired with the subsidiary	2,338,353,409,059
Cash paid up to 31 December 2018	(6,013,032,522,800)
Net cash flow used in acquisition	**(3,674,679,113,741)**

(i) Completed investment properties includes the fair values of three (3) shopping malls as determined by an independent valuer.

Total purchase consideration is VND6,013 billion which was fully paid in cash.

8. MATERIAL PARTLY-OWNED ENTITIES AND NON-CURRENT ASSETS HELD FOR SALE

8.1. Material partly-owned entities

Proportion of voting right held by non-controlling interests:

Currency: VND

Name	*2018*	*2017*	*As at 1 January 2017*
Vietnam Investment JSC	30.50%	50.00%	50.00%
Royal City JSC	42.15%	-	-
Berjaya VFC LLC	32.50%	-	-
Ecology JSC	0.82%	1.82%	19.06%
Vinpearlland JSC	-	-	1.81%

Proportion of effective equity interest held by non-controlling interests:

Currency: VND

Name	*2018*	*2017*	*As at 1 January 2017*
Vietnam Investment JSC	31.36%	50.91%	67.25%
Royal City JSC	42.15%	-	-
Berjaya VFC LLC	32.50%	-	-
Ecology JSC	1.24%	1.82%	19.06%
Vinpearlland JSC	-	-	1.81%

Accumulated balances of material non-controlling interests:

Currency: VND

Name	*2018*	*2017*	*As at 1 January 2017*
Vietnam Investment JSC	2,022,103,087,819	2,989,069,014,556	3,651,004,774,265
Royal City JSC	1,125,749,069,475	-	-
Berjaya VFC LLC	1,005,923,685,455	-	-
Ecology JSC	35,440,170,243	70,005,558,070	651,282,102,920
Vinpearlland JSC	-	-	3,319,325,008,731

Profit allocated to material non-controlling interests for the year ended 31 December 2018 and 31 December 2017:

Currency: VND

Name	*2018*	*2017*
Vietnam Investment JSC	296,445,719,318	113,231,664,190
Royal City JSC	46,781,634,379	-
Berjaya VFC LLC	39,463,571,507	-
Ecology JSC	(5,109,337,009)	(3,080,418,543)
Vinpearlland JSC	-	11,308,296,403

The summarised financial information of these entities is provided below.

8. MATERIAL PARTLY-OWNED ENTITIES AND NON-CURRENT ASSETS HELD FOR SALE (continued)

8.1. *Material partly-owned entities* (continued)

Summarised statements of profit or loss for the year ended 31 December 2018:

Currency: VND

	Vietnam Investment JSC	Royal City JSC	Berjaya VFC LLC	Ecology JSC
Revenue	9,253,545,257,538	151,299,002,304	-	74,658,577,740
Cost of sales	(6,666,699,497,378)	(104,261,572,434)	-	(76,800,527,009)
Gross profit	**2,586,845,760,160**	**47,037,429,870**	**-**	**(2,141,949,269)**
Administrative expenses	(235,780,570,899)	(76,193,995,827)	(5,333,246,890)	(3,449,539,650)
Selling and distribution expenses	(605,377,677,466)	(1,329,630,309)	-	(1,755,460,178)
Other operating income	18,550,762,922	4,248,102,836	136,363,637	13,283,961,790
Other operating expenses	(39,083,935)	(30,227,369,814)	(686,414,978)	(20,037)
Operating profit	**1,764,199,190,782**	**(56,465,463,244)**	**(5,883,298,231)**	**5,936,992,656**
Finance income	372,138,840,823	165,376,510,254	140,757,411,415	176,795,032,398
Finance costs	-	(30,549,086,443)	(22,537,073)	(522,348,058,748)
Profit/(loss) before tax	**2,136,338,031,605**	**78,361,960,567**	**134,851,576,111**	**(339,616,033,694)**
Income tax (expenses)/income	(1,559,586,040,325)	148,631,321	(14,663,318,358)	(13,682,374,946)
Profit/(loss) for the year	**576,751,991,280**	**78,510,591,888**	**120,188,257,753**	**(353,298,408,640)**
Total comprehensive income/(loss), net of tax	**576,751,991,280**	**78,510,591,888**	**120,188,257,753**	**(353,298,408,640)**
Attributable to non-controlling interests	296,445,719,318	46,781,634,379	39,463,571,507	(5,109,337,009)

Summarised statement of profit or loss for the year ended 31 December 2017:

Currency: VND

	Vietnam Investment JSC	Ecology JSC	Vinpearlland JSC
Revenue	-	193,636,473,521	1,326,783,571,832
Cost of sales	-	(166,844,070,497)	(597,365,670,084)
Gross profit	**-**	**26,792,403,024**	**729,417,901,748**
Administrative expenses	(6,646,252,613)	(4,693,920,085)	(59,301,424,350)
Selling and distribution expenses	(17,442,393,963)	(10,688,882,720)	(16,835,940,750)
Other operating income	12,746,020,689	41,611,902,123	59,088,456,953
Other operating expenses	(87,971,299)	(272,664,257,506)	(8,258,263,097)
Operating profit	**(11,430,597,186)**	**(219,642,755,164)**	**704,110,730,504**
Finance income	278,559,350,867	140,825,254,637	258,145,944
Finance costs	-	(77,597,532,671)	(53,062,339,311)
Profit before tax	**267,128,753,681**	**(156,415,033,198)**	**651,306,537,137**
Income tax expenses	(53,422,844,052)	(12,838,732,896)	(21,288,653,165)
Profit/(loss) for the year	**213,705,909,629**	**(169,253,766,094)**	**630,017,883,972**
Total comprehensive income/(loss), net of tax	**213,705,909,629**	**(169,253,766,094)**	**630,017,883,972**
Attributable to non-controlling interests	113,231,664,190	(3,080,418,543)	11,308,296,403

8. MATERIAL PARTLY-OWNED ENTITIES AND NON-CURRENT ASSETS HELD FOR SALE (continued)

8.1. *Material partly-owned entities* (continued)

Summarised statement of financial position as at 31 December 2018:

Currency: VND

	Vietnam Investment JSC	Royal City JSC	Berjaya VFC LLC	Ecology JSC
Current assets	4,709,095,290,160	2,253,671,679,786	124,411,057,553	163,072,564,306
Non-current assets	6,089,573,247,906	577,784,925,917	3,148,154,808,600	17,280,185,214,586
Current liabilities	(3,748,879,471,138)	(155,505,308,016)	(177,416,064,753)	(14,327,267,681,161)
Non-current liabilities	(601,756,261,384)	(5,135,000,000)	-	(257,911,852,335)
Total equity	**6,448,032,805,544**	**2,670,816,297,687**	**3,095,149,801,400**	**2,858,078,245,396**
Attributable to:				
Equity holders of the parent	4,425,929,717,725	1,545,067,228,212	2,089,226,115,945	2,822,638,075,153
Non-controlling interests	2,022,103,087,819	1,125,749,069,475	1,005,923,685,455	35,440,170,243

Summarised statement of financial position as at 31 December 2017:

Currency: VND

	Vietnam Investment JSC	Ecology JSC
Current assets	14,540,693,512,986	1,396,274,048,613
Non-current assets	7,838,400,476	2,833,247,854,664
Current liabilities	(8,677,251,193,455)	(110,842,621,409)
Non-current liabilities	-	(272,220,047,254)
Total equity	**5,871,280,720,007**	**3,846,459,234,614**
Attributable to:		
Equity holders of the parent	2,882,211,705,451	3,776,453,676,544
Non-controlling interests	2,989,069,014,556	70,005,558,070

Summarised statement of financial position as at 1 January 2017:

Currency: VND

	Vinpearlland JSC	Vietnam Investment JSC	Ecology JSC
Current assets	443,139,371,777	9,348,702,697,219	2,593,121,569,372
Non-current assets	6,016,818,870,494	4,388,921,683	2,641,436,012,821
Current liabilities	(1,824,608,482,976)	(3,924,088,237,095)	(733,535,740,315)
Non-curent liabilities	-	-	(1,084,011,858,037)
Total equity	**4,635,349,759,295**	**5,429,003,381,807**	**3,417,009,983,841**
Attributable to:			
Equity holders of the parent	1,316,024,750,564	1,777,998,607,542	2,765,727,880,921
Non-controlling interests	3,319,325,008,731	3,651,004,774,265	651,282,102,920

8. MATERIAL PARTLY-OWNED ENTITIES AND NON-CURRENT ASSETS HELD FOR SALE (continued)

8.2. Non-current assets held for sale

VinDS LLC, a subsidiary

On 20 December 2017, VinDS LLC, a subsidiary operating in retail in department stores, entered into a merger contract with Vincommerce JSC. In which, all the equity interest of the Company and its subsidiaries in VinDS would be converted into the equity interest in Vincommerce JSC. As part of the Company and its subsidiaries' strategy to focus on real estate segment, the Company has decided to dispose this non real-estate investment. The major classes of assets and liabilities of VinDS LLC classified as held for sale as at 31 December 2017 are as follows:

Currency: VND

	31 December 2017
Assets	
Property and equipment	98,561,235,559
Intangible assets	52,785,659,230
Other non-current assets	9,552,866,963
Long-term prepayment	11,235,651,839
Inventories	66,510,820,090
Trade receivables	71,653,388,903
Advances to suppliers	26,743,555,741
Short-term prepayment and other receivables	39,294,932,608
Cash and cash equivalents	18,234,801,028
Assets classified as held for sale	**394,572,911,961**
Liabilities	
Interest-bearing loans and borrowings	660,000,000,000
Trade payables	67,773,708,821
Accruals	13,008,626,751
Other current and non-current liabilities	44,463,199,564
Liabilities directly associated with assets classified as held for sale	**785,245,535,136**
Net liabilities directly associated with disposal entity	**(390,672,623,175)**

9. REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME/EXPENSES

9.1 Revenue from contracts with customers

Disaggregated revenue information

The Company and its subsidiaries presented the following disaggregated revenue information based on type of goods or service to comply with the requirement of IFRS 15:

	2018 VND	*2017 VND*
Sale of inventory properties	37,085,327,468,439	13,315,285,564,595
Rendering general contractor, construction consultancy and supervision services	3,889,230,150,477	744,128,496,013
Rendering real estate management and related services	960,729,445,575	-
Services related to amusement and entertainment	-	1,334,428,299,282
Retail outlets	8,155,016,467	875,032,962,332
Other revenue	123,950,284,973	44,192,563,034
Total	**42,067,392,365,931**	**16,313,067,885,256**

Contract balances

	2018 VND	*2017 VND*	*As at 1 January 2017 VND*
Trade receivables (*)	4,414,815,200,340	897,150,609,839	408,400,085,783

Trade receivables are mainly from the transfer of landed house at Vinhomes Green Bay project, Vinhomes Central Park project, Vinhomes Thang Long project and Vinhomes Golden River and the transfer of residential apartments at Vinhomes Times City Park Hill project, Vinhomes Green Bay project, Vinhomes Metropolis project, Vinhomes Golden River project and Vinhomes Central Park project.

(*) This balance includes contract assets amounting to VND3,596 billion, VND813 billion and VND361 billion as at 31 December 2018, 31 December 2017 and 1 January 2017 respectively. Contract assets are initially recognised for the portion of revenue earned from the sale of inventory properties. The receipt of contract assets is conditional on the transfer of land use right certificate to the customer. The significant increase in the contract assets in 2018 is the result of transfer of inventory properties at Vinhomes Metropolis project, Vinhomes Greenbay project, Vinhomes Golden River project, Vinhomes Central Park project. Upon adoption of IFRS 9, the Company has elected to use the simplified approach for trade receivables from sale of inventory properties to calculate ECLs based on lifetime expected credit losses. However, based on the Company and its subsidiaries' historical credit loss experience with its customers adjusted forward-looking factors, the Company and its subsidiaries' trade receivables from sale of inventory properties as at 31 December 2018 were not provided with ECL.

9. REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME/EXPENSES (continued)

9.1 *Revenue from contracts with customers* (continued)

Contract balances (continued)

	2018 *VND*	*2017* *VND*	*As at 1 January 2017* *VND*
Contract liabilities			
Down payments from customers for purchases of residential and investment properties (see Note 28)	19,652,254,561,869	20,759,197,025,495	13,673,706,896,888
Deferred revenue (see Note 30)			
Current portion	475,450,284,104	6,615,841,241	40,532,077,606
Non-current portion	1,460,577,430,887	-	17,710,706,100

Contract liabilities represent down payments from customers for purchases real estate properties and advance payment for services to be rendered in the future related to real estate management service.

Down payments from customer decreased slightly in 2018 compared to revenue recognised during the year from the transfer of real estate properties due to receipt of additional down payments for recently launched projects, e.g Vinhomes West Point project, Vinhomes Ocean Park project. Deferred revenue from real estate management service increased significantly in 2018 due to the acquisition of Vinhomes Management JSC (Note 7.1)

Revenue recognized in 2018 and 2017 from these contract liabilities at beginning of the year amounted to approximately VND17,484 billion and VND9,703 billion.

9. REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME/EXPENSES (continued)

9.1 *Revenue from contracts with customers* (continued)

Performance obligation

Information about the Company and its subsidiaries' performance obligations are summarised below:

Performance Obligation	When Performance Obligation is Typically Satisfied	Significant Payment Terms
Sale of Inventory Property (*)		
Inventory property	Hand-over of property to the customer (point in time)	In accordance with payment schedule regulated in the contract.
Rendering general contractor, construction consultancy and supervision services		
General contractor, construction consultancy and supervision services	As work is performed (over time)	In accordance with payment schedule regulated in the contract.
Rendering real estate management and related services		
Real estate management services	As work is performed (over time)	In accordance with payment schedule regulated in the contract.
Related services	As work is performed (over time)	At the end of the contract period.
Services related to amusement and entertainment		
Entertainment services	As work is performed (over time)	Delivery of the smart-cards
Sale of good in retail outlets		
Various products	Delivery of the goods to the customers (point in time)	Delivery of the goods to the customers

(*) There is a significant financing component for the contracts.

9. REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME/EXPENSES (continued)

9.1 *Revenue from contracts with customers* (continued)

Transaction price allocated to the remaining performance obligations

The total transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 excluding the constrained variable considerations are approximately VND36,835 billion (as at 31 December 2017: approximately VND26,430 billion), in which:

(i) The total transaction price allocated to the remaining performance obligation of sale of inventory property as at 31 December 2018 are approximately VND29,397 billion (as at 31 December 2017: approximately VND26,430 billion). The performance obligation is satisfied upon the handover of inventory property to customers within from 1 to 3 years as at 31 December 2018;

(ii) The total transaction price allocated to the remaining performance obligation of rendering construction services as at 31 December 2018 are approximately VND5,552 billion. The performance obligation is satisfied within from 1 to 3 years as at 31 December 2018; and

(iii) The total transaction price allocated to the remaining performance obligation for rendering real estate management services as at 31 December 2018 are approximately VND1,886 billion. The performance obligation is satisfied within from 1 to 10 years as at 31 December 2018

9.2 *Cost of sales and services*

	2018 VND	*2017 VND*
Cost of inventory properties (Note 18)	27,534,839,913,676	9,142,241,871,667
Cost of rendering general contractor, construction consultancy and supervision services	3,640,863,902,797	744,128,496,013
Cost of rendering real estate management and related services	954,903,944,470	-
Cost of leasing of investment property and rendering of related services	572,446,823,267	275,439,560,242
Cost of services related to amusement and entertainment	-	597,365,670,084
Cost of goods sold at retail outlets (Note 18)	12,758,799,291	731,683,524,494
Others	69,357,690,004	26,609,586,172
Total	**32,785,171,073,505**	**11,517,468,708,672**

9.3 *Other operating income*

	2018 VND	*2017 VND*
Gain from disposal of investments (i)	3,556,975,049,418	9,786,883,667,643
Changes in fair value of financial assets through profit or loss (Note 33)	9,180,192,517,264	-
Gain from compensation/penalties	32,475,818,973	42,910,278,443
Gain from disposal of property and equipment	163,636,363	-
Others	68,292,685,122	48,896,263,585
Total	**12,838,099,707,140**	**9,878,690,209,671**

(i) In 2018, this mainly presents gain from transfer of rights to purchase equity interest in a target company to a corporate counterparty and gain from disposal.

9. REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME/EXPENSES (continued)

9.4 Selling and distribution expenses

	2018 *VND*	*2017* *VND*
Commision fees	1,060,365,340,570	285,273,803,137
Wages and salaries	93,672,712,748	-
Rental expenses of retail outlets	63,564,860,949	223,080,732,256
Consultancy fees for handed over inventory properties	-	439,351,202,198
Vinhomes brand name royalty fee	-	139,032,120,079
Advertising, marketing expenses	73,935,066,008	106,024,427,253
Others	69,651,157,642	285,296,927,708
Total	**1,361,189,137,917**	**1,478,059,212,631**

9.5 Administrative expenses

	2018 *VND*	*2017* *VND*
External service expenses	578,803,975,093	167,532,596,621
Impairment loss on financial assets	239,367,870,250	-
Wages and salaries	130,098,626,597	102,413,761,345
Sponsorship and donation	157,890,000,000	52,702,865,528
Impairment	101,431,165,047	152,307,177,405
Depreciation expenses	22,320,833,733	16,454,279,513
Others	61,489,413,124	43,449,984,888
Total	**1,291,401,883,844**	**534,860,665,300**

9.6 Other operating expenses

	2018 *VND*	*2017* *VND*
Contract penalties	107,622,081,650	53,517,649,674
Loss from disposal of investments (i)	32,136,877,336	2,494,248,544,581
Loss on disposal of property and equipment, investment property and tools	-	277,174,546,052
Others	6,830,109,633	4,397,801,824
Total	**146,589,068,619**	**2,829,338,542,131**

(i) Loss from disposal of investments in 2017 is mainly from disposal of an investment in an affiliate.

9. REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME/EXPENSES (continued)

9.7 Finance income

	2018 *VND*	*2017* *VND*
Nominal interest income on term deposits and loans	1,541,305,187,782	541,879,952,178
Changes in amortised cost of loans/receivables/borrowings other than nominal interest	168,554,825,496	45,370,035,430
Other finance income	2,603,241,096	582,910,448
Total	**1,712,463,254,374**	**587,832,898,056**

9.8 Finance costs

	2018 *VND*	*2017* *VND*
Nominal interest on debts, borrowings and interest-bearing deposits	2,382,621,895,215	901,949,220,589
Change in amortised costs of loans/deposits and borrowings other than nominal interest	81,363,896,506	102,805,949,101
Other finance costs	6,050,943,085	16,578,967,870
Total	**2,470,036,734,806**	**1,021,334,137,560**

9.9 Employee benefit expenses

	2018 *VND*	*2017* *VND*
Wages and salaries	791,206,758,597	309,607,229,539
Total	**791,206,758,597**	**309,607,229,539**

9.10 Depreciation, amortisation and costs of inventories included in the consolidated statements of profit or loss

	2018 *VND*	*2017* *VND*
Included in cost of sales:		
Depreciation and amortisation	136,611,533,608	243,390,083,044
Cost of inventory properties	27,534,839,913,676	9,142,241,871,667

10. CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") rate applicable to the Company and its subsidiaries for the year ended 31 December 2018 and 31 December 2017 is 20% on taxable profit, except for Vinpearlland JSC – Nha Trang Branch which applied the incentive tax rate of 10% and Vinpearlland JSC – Phu Quoc Branch which applied the incentive tax rate of 10% for the first 15 years commencing from the first year in which revenue is generated, and CIT exemption for 4 years commencing from the first year in which taxable profit is made, and 50% reduction of CIT for the subsequent 9 years.

The tax returns filed by the Company and its 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 be changed at a later date upon final determination by the tax authorities.

10.1 Corporate income tax expenses

The major components of corporate income tax expense in the consolidated statements of profit or loss are:

	2018 *VND*	*2017* *VND*
Income taxes		
Current tax expenses	4,630,060,569,450	574,855,234,141
Deferred tax expense relating to origination and reversal of temporary differences	203,673,534,451	932,639,842,521
Income tax expense recognised in consolidated statements of profit or loss	**4,833,734,103,901**	**1,507,495,076,662**

10. CORPORATE INCOME TAX (continued)

10.1 Corporate income tax expenses (continued)

The current CIT payable is based on taxable profit for the current year. The taxable profit differs from the profit as reported in the consolidated statements of profit or loss 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 financial reporting date.

The reconciliation of tax expense and the accounting profit multiplied by the Company and its subsidiaries' tax rate for the year ended 31 December 2018 and 31 December 2017 is as below:

	2018 *VND*	*2017* *VND*
Accounting profit before tax	**19,380,195,618,654**	**9,634,755,304,815**
At CIT rates applied to the Company and its subsidiaries	3,876,039,123,731	1,926,951,060,963
Adjustments to accounting profit:		
Impacts from equity transactions between entities in the Company and its subsidiaries and entities outside the Company and its subsidiaries	(203,183,603,052)	(474,550,286,723)
Differences arising from revaluation of net asset of subsidiaries as at acquisition date	601,756,261,385	-
Non-deductible expenses	100,373,721,783	-
Differences of cost of goods sold between the individual financial statements and the consolidated financial statements	416,254,930,210	42,236,809,853
Losses of subsidiaries	88,009,734,449	117,323,994,254
Difference from recording outright sale transaction	32,166,489,428	-
Share in (profit)/loss from associates	(38,247,615)	5,422,954,147
Impact from the difference of tax rates	-	(98,247,010,299)
Losses ineligible for offsetting against taxable income	14,138,305,553	-
Tax losses carried forward	(118,667,144,160)	(18,344,184,968)
CIT adjustment of subsidiaries	26,366,557,687	(21,986,803,707)
Others	517,974,502	28,688,543,142
Estimated tax expense charged to the consolidated statements of profit or loss	**4,833,734,103,901**	**1,507,495,076,662**

10. CORPORATE INCOME TAX (continued)

10.2 Deferred tax

	Consolidated statements of financial position			Credit/(charge) to the consolidated statements of profit or loss	
	2018 *VND*	*2017* *VND*	*As at 1 January 2017* *VND*	*2018* *VND*	*2017* *VND*
Deferred tax assets					
Expenses allowable for capitalisation for tax purpose in the year	10,947,093,563	7,763,011,588	4,347,971,278	3,184,081,975	3,488,478,793
Accrued expense and deferred revenue	71,565,785,257	7,939,927,647	3,907,202,747	63,625,857,610	4,032,724,900
Provision for obsolete inventories	83,607,582,022	-	-	83,607,582,022	-
Provision for expected credit loss	56,417,613,845	-	-	47,873,574,050	-
Differences arising from revaluation of net asset of subsidiaries at acquisition date	74,746,324,624	-	-	(24,146,259,630)	-
Differences arising from revaluation of net asset of subsidiaries under legal merge transaction	99,377,720,388	-	-	99,377,720,388	-
Temporary difference from recording outright sale transaction	-	24,041,041,601	-	(24,041,041,601)	24,041,041,601
Temporary difference arising from accounting for construction contract	7,655,050,097	-	-	(10,323,518,205)	-
Temporary difference from impairment	20,286,233,007	-	-	20,286,233,007	-
	424,603,402,803	**39,743,980,836**	**8,255,174,025**		
Deferred tax liabilities					
Differences arising from revaluation of net asset of subsidiaries at acquisition date	(622,549,338,104)	-	-	(520,082,482,281)	-
Taxable temporary differences from measuring financial instruments at amortised cost	(53,228,725,088)	(4,946,549,114)	(4,573,401,611)	(9,616,036,124)	11,487,182,735
Temporary difference arisen on change from investment in associate to other long-term investment	-	(975,689,270,550)	-	-	(975,689,270,550)
Taxable temporary difference from measuring financial asset at fair value through other comprehensive income	-	(189,991,912,950)	-	-	-
Temporary difference from measuring financial assets at fair value through profit or loss	(666,371,646,849)	-	-	66,580,754,338	-
	(1,342,149,710,041)	**(1,170,627,732,614)**	**(4,573,401,611)**		
Net deferred tax expense charged to consolidated statement of profit or loss				**(203,673,534,451)**	**(932,639,842,521)**
Reflected in the consolidated statement of financial position as follows:					
Deferred tax assets	424,603,402,803	39,743,980,836	8,255,174,025		
Deferred tax liabilities	(1,342,149,710,041)	(1,170,627,732,614)	(4,573,401,611)		
Deferred tax assets/(liabilities), net	**(917,546,307,238)**	**(1,130,883,751,778)**	**3,681,772,414**		

10. CORPORATE INCOME TAX (continued)

10.2 Deferred tax (continued)

Reconciliation of deferred tax assets/(liabilities), net:

	2018 VND	*2017 VND*
Opening balance as of 1 January	**(1,130,883,751,778)**	**3,681,772,414**
Tax expense during the year recognised in profit or loss	(203,673,534,451)	(932,639,842,521)
Taxable temporary differences outside profit or loss arising from measuring financial instruments at FVPL	(732,952,401,180)	-
Taxable temporary difference from measuring financial asset at fair value through other comprehensive income	189,991,912,950	(189,991,912,950)
Taxable temporary difference arisen on disposal of financial asset at fair value through other comprehensive income	975,689,270,550	-
Taxable temporary differences outside profit or loss arising from measuring financial instruments at amortised cost and provision for expected credit loss	(30,122,100,061)	(11,933,768,721)
Deferred taxes acquired from business combinations	14,404,296,732	-
Closing balance as of 31 December	**(917,546,307,238)**	**(1,130,883,751,778)**

Tax loss carried forward

The Company and its subsidiaries are entitled to carry each individual tax losses forward to offset against taxable profits arising within five years subsequent to the year in which the loss was incurred. As at 31 December 2018, the Company and its subsidiaries have aggregated accumulated tax losses of VND1,338 billion available for offset against future taxable profits (31 December 2017: VND1,599 billion).

These are estimated tax loss as per the Company and its subsidiaries' corporate income tax declarations which have not been audited by the local tax authorities as of the date of these the consolidated financial statements. No deferred tax assets were recognised in respect of the aforementioned accumulated tax losses because future taxable profit of the Company and its subsidiaries cannot be ascertained at this stage. Details are as follows:

Originating year	*Can be utilized up to*	*Tax loss amount*	*Utilised up to 31 December 2018*	*Decrease due to disposal of subsidiaries*	*Unutilised at 31 December 2018*
2013	2018	34,726,930,757	(34,726,930,757)	-	-
2014	2019	78,989,738,385	(78,989,738,385)	-	-
2015	2020	119,299,957,217	(30,284,548,906)	(89,015,408,311)	-
2016	2021	1,236,416,720,434	(540,359,239,427)	(543,348,286,539)	152,709,194,468
2017	2022	1,333,621,514,477	(405,505,491,484)	(646,359,466,573)	281,756,556,420
2018	2023	922,139,808,405	(14,160,872,526)	(4,603,782,824)	903,375,153,055
TOTAL		**3,725,194,669,675**	**(1,104,026,821,485)**	**(1,283,326,944,247)**	**1,337,840,903,943**

11. EARNINGS PER SHARE AND DIVIDENDS PER SHARE

11.1 *Earnings per share*

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

	2018 VND	*2017 VND*
Profit for the year attributable to equity holders of the parent	14,054,595,435,969	7,976,651,995,132
Profit attributable to ordinary equity holders of the parent for basic earnings	14,054,595,435,969	7,976,651,995,132

Weighted average number of ordinary shares:

	2018	*2017*
Weighted average number of ordinary shares for basic earnings per share	2,102,017,587	200,000,000
Effect of stock dividend (Note 11.2)	1,069,902,368	550,000,000
Restated weighted average number of ordinary shares for basic earnings per share	**3,171,919,955**	**750,000,000**
Weighted average number of ordinary shares adjusted for the effect of dilution	**3,171,919,955**	**750,000,000**

Earnings per share (EPS):

	2018	*2017*
Basic, profit for the year attributable to ordinary equity holders of the parent	4,431	10,636
Diluted, profit for the year attributable to ordinary equity holders of the parent	4,431	10,636

11.2 *Dividends per share*

	2018 VND	*2017 VND*
Dividend declared during the year	11,599,023,680,000	-
In which:		
- *Stock dividend (i)*	*10,699,023,680,000*	-
- *Cash dividend*	*900,000,000,000*	-
Dividends per share	3,657	-

(i) On 18 Jan 2018, the General Shareholders Meeting of the Company approved Resolution No. 01/2018/NQ-ĐHĐCĐ-HANOI CITY JSC about the plan to pay stock dividends at the ratio of 1:2 (each existing shareholder owning 1,000 shares will receive dividends of 2,000 shares). Accordingly, the number of additional shares that the Company issued was 400,000,000.

On 16 August 2018, the General Meeting of Shareholders of the Company approved the Resolution No. 05/2018/NQ-DHDCD-VINHOMES on declaration of stock dividends to the existing shareholders at the ratio of 1,000:250 (accordingly, each shareholder who owns 1,000 shares is entitled to 250 additional shares). Thereby, the Company issued additional 669,902,368 shares at par value of VND10,000 per share. On 8 November 2018, the Company obtained the 25th Amended Enterprise Registration Certificate issued by the Hanoi Department of Planning and Investment which approved the increase in charter capital of the Company to VND33,495 billion.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

12. PROPERTY AND EQUIPMENT

	Buildings & structures *VND*	*Machinery & equipment* *VND*	*Means of transportation* *VND*	*Office equipment* *VND*	*Others* *VND*	*Total* *VND*
Cost:						
1 January 2017	**1,840,585,900,436**	**1,378,119,543,939**	**55,631,156,198**	**148,594,569,016**	**53,142,269,374**	**3,476,073,438,963**
Newly purchased	50,806,588,256	110,556,398,453	20,320,807,021	477,785,019	21,136,224,622	203,297,803,371
Newly constructed	266,173,316,592	5,979,305,000	-	-	-	272,152,621,592
Disposal	(192,960,000,650)	(14,089,756,693)	(1,518,345,847)	(72,634,292,380)	(2,863,300,729)	(284,065,696,299)
Disposal of a subsidiary	(1,360,693,064,387)	(1,374,095,958,106)	(71,414,381,402)	(3,772,534,107)	(71,415,193,267)	(2,881,391,131,269)
Reclassified to non-current assets held for sale	(88,409,333,386)	(141,410,999)	-	(71,544,587,432)	-	(160,095,331,817)
Decrease due to finance lease and outright sale	(106,006,455,341)	(15,386,671,876)	-	-	-	(121,393,127,217)
31 December 2017	**409,496,951,520**	**90,941,449,718**	**3,019,235,970**	**1,120,940,116**	**-**	**504,578,577,324**
Newly purchased	-	4,406,264,430	4,854,131,421	1,587,151,345	-	10,847,547,196
Newly constructed	9,768,053,972	5,459,338,744	-	-	-	15,227,392,716
Acquisition of business under common control	-	8,482,865,342	73,698,333,176	1,188,537,282	8,554,097,906	91,923,833,706
Disposal	-	-	(4,699,448,314)	-	-	(4,699,448,314)
Reclassified to investment properties (Note 14)	(409,496,951,520)	(88,797,998,123)	-	-	-	(498,294,949,643)
31 December 2018	**9,768,053,972**	**20,491,920,111**	**76,872,252,253**	**3,896,628,743**	**8,554,097,906**	**119,582,952,985**
Fully depreciated	-	*10,776,575,469*	*2,578,015,910*	*1,359,850,834*	*246,244,978*	*14,960,687,191*
Depreciation:						
1 January 2017	**472,948,809,537**	**61,020,897,773**	**18,425,421,603**	**28,643,045,531**	**17,755,305,151**	**598,793,479,595**
Depreciation for the year	83,396,951,850	111,059,274,155	5,008,091,776	21,476,440,085	5,833,947,458	226,774,705,324
Disposal	(50,126,812,873)	(5,566,837,241)	(151,381,485)	(19,295,776,015)	(503,051,969)	(75,643,859,583)
Disposal of a subsidiary	(467,187,634,886)	(145,450,918,945)	(20,262,895,924)	(3,772,534,107)	(23,086,200,640)	(659,760,184,502)
Other decreases	(36,990,297,123)	(1,287,230,689)	-	(26,354,941,540)	-	(64,632,469,352)
31 December 2017	**2,041,016,505**	**19,775,185,053**	**3,019,235,970**	**696,233,954**	**-**	**25,531,671,482**
Depreciation for the year	8,062,269,806	599,268,623	4,454,200,711	221,168,240	3,077,919,447	16,414,826,827
Acquisition of business under common control	-	891,853,431	1,947,682,516	375,816,551	24,250,005	3,239,602,503
Disposal	-	-	(1,143,405,455)	-	-	(1,143,405,455)
Reclassified to investment properties (Note 14)	(10,103,286,311)	(14,791,840,057)	-	-	-	(24,895,126,368)
31 December 2018	**-**	**6,474,467,050**	**8,277,713,742**	**1,293,218,745**	**3,102,169,452**	**19,147,568,989**

12. **PROPERTY AND EQUIPMENT** (continued)

	Buildings & structures VND	*Machinery & equipment VND*	*Means of transportation VND*	*Office equipment VND*	*Others VND*	*Total VND*
Net book value:						
1 January 2017	**1,367,637,090,899**	**1,317,098,646,166**	**37,205,734,595**	**119,951,523,485**	**35,386,964,223**	**2,877,279,959,368**
31 December 2017	**407,455,935,015**	**71,166,264,665**	**-**	**424,706,162**	**-**	**479,046,905,842**
31 December 2018	**9,768,053,972**	**14,017,453,061**	**68,594,538,511**	**2,603,409,998**	**5,451,928,454**	**100,435,383,996**

13. INTANGIBLE ASSETS

	Copyright VND	*Computer software VND*	*Land use rights*	*Goodwill VND*	*Total VND*
Cost:					
1 January 2017	**27,868,608,065**	**19,373,560,806**	**3,365,229,021**	**696,770,889,568**	**747,378,287,460**
Newly purchased	30,841,347,343	42,016,531,489	-	-	72,857,878,832
Increase due to finance lease	-	-	378,947,299,411	-	378,947,299,411
Acquisition of subsidiaries	-	97,222,219	-	-	97,222,219
Disposal	(37,561,421,171)	-	-	-	(37,561,421,171)
Disposal of subsidiaries	(530,358,400)	(5,847,482,409)	(3,365,229,021)	-	(9,743,069,830)
Derecognition due to finance lease and outright sale	-	-	-	(152,307,177,405)	(152,307,177,405)
Reclassified to non-current assets held for sale	(20,618,175,837)	(47,725,558,292)	-	-	(68,343,734,129)
31 December 2017	**-**	**7,914,273,813**	**378,947,299,411**	**544,463,712,163**	**931,325,285,387**
Newly purchased	-	29,737,244,059	-	-	29,737,244,059
Acquisition of subsidiaries (Note 7.1)	-	13,795,958,193	-	167,688,384,852	181,484,343,045
Disposal of subsidiaries	-	-	-	(12,552,017,796)	(12,552,017,796)
31 December 2018	**-**	**51,447,476,065**	**378,947,299,411**	**699,600,079,219**	**1,129,994,854,695**
Amortisation:					
1 January 2017	**4,291,560,818**	**7,137,875,340**	**1,220,176,939**	**-**	**12,649,613,097**
Amortisation for the year	19,824,703,397	5,001,755,762	151,631,192	-	24,978,090,351
Disposal	(16,833,241,078)	-	-	-	(16,833,241,078)
Disposal of subsidiaries	(530,358,400)	(2,392,750,402)	(1,371,808,131)	-	(4,294,916,933)
Other decreases	(6,752,664,737)	(8,805,410,162)	-	-	(15,558,074,899)
31 December 2017	**-**	**941,470,538**	**-**	**-**	**941,470,538**
Amortisation for the year	-	9,645,941,299	14,495,496,128	-	24,141,437,427
Acquisition of subsidiaries	-	12,309,838,169	-	-	12,309,838,169
31 December 2018	**-**	**22,897,250,006**	**14,495,496,128**	**-**	**37,392,746,134**
Net book value:					
1 January 2017	**23,577,047,247**	**12,235,685,466**	**2,145,052,082**	**696,770,889,568**	**734,728,674,363**
31 December 2017	**-**	**6,972,803,275**	**378,947,299,411**	**544,463,712,163**	**930,383,814,849**
31 December 2018	**-**	**28,550,226,059**	**364,451,803,283**	**699,600,079,219**	**1,092,602,108,561**

13. INTANGIBLE ASSETS (continued)

Impairment testing of goodwill for the Company and its subsidiaries

The Company and its subsidiaries performed its annual impairment test and when circumstances indicate the carrying value may be impaired. The Company and its subsidiaries consider the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment.

During the year ended 31 December 2018, the Company and its subsidiaries carried out impairment test for goodwill allocated to Vietnam Investment JSC.

The recoverable amount of the CGU was determined by fair value less cost of disposal for the remaining unsold components of Vinhomes Metropolis project. The fair value measurement was categorized as a Level 1 fair value based on the actual selling price in contracts signed with customers. As a result of this analysis, management assessed that there is no impairment loss for this CGU to which goodwill of VND544 billion is allocated.

Key assumptions used in value in use calculations

The calculation of value in use for goodwill allocated to Vietnam Investment JSC is most sensitive to the following assumptions:

- Discount rate;
- Apartment and office selling rate;
- Money collection progress of office selling;
- Net selling area of office.

Sensitivity to changes in assumptions

The implications of the key assumptions for the recoverable amount are discussed below:

- Apartment and office selling rate - Management recognises that the demand for office can have a significant impact on apartment and office selling rate. A reduction by 0.5% in the office selling rate would not result in an impairment loss;
- Discount rate - A rise in the pre-tax discount rate to 14% (i.e., +0.5%) in the impairment test model would not result in impairment;

14. COMPLETED INVESTMENT PROPERTY

	Buildings and structures VND	*Land use rights VND*	*Machinery and equipment VND*	*Total VND*
Cost:				
1 January 2017	**1,682,953,279,477**	**378,947,299,411**	**277,815,421,182**	**2,339,716,000,070**
Newly constructed	17,831,391,238	-	5,081,856,083	22,913,247,321
Disposal of a subsidiary	(33,645,037,414)	-	(2,615,311,150)	(36,260,348,564)
Disposal	-	-	(4,525,361,059)	(4,525,361,059)
Decrease due to finance lease	(838,074,889,392)	(378,947,299,411)	(125,448,612,291)	(1,342,470,801,094)
31 December 2017	**829,064,743,909**	**-**	**150,307,992,765**	**979,372,736,674**
Acquisition of subsidiaries (Note 7.1)	2,745,842,741,885	2,742,801,201,562	250,575,077,609	5,739,219,021,056
Newly constructed	70,499,489,057	22,050,804,041	14,071,645,202	106,621,938,300
Newly purchased	36,171,339,185	2,272,309,520	-	38,443,648,705
Reclassified from tangible fixed assets (Note 12)	363,832,745,320	45,664,206,200	88,797,998,123	498,294,949,643
Reclassified from inventory under construction (Note 18)	534,323,409,391	113,509,793,490	257,149,532,729	904,982,735,610
Disposal of a subsidiary	(187,133,955,540)	(91,483,462,326)	-	(278,617,417,866)
Disposal	(958,983,369,334)	(870,142,244,857)	(103,580,260,832)	(1,932,705,875,023)
Impairment losses	(62,398,995,621)	-	-	(62,398,995,621)
Other decreases	(65,321,183,767)	-	-	(65,321,183,767)
31 December 2018	**3,305,896,964,485**	**1,964,672,607,630**	**657,321,985,596**	**5,927,891,557,711**
Depreciation:				
1 January 2017	**40,250,376,226**	**-**	**34,099,477,700**	**74,349,853,926**
Depreciation for the year	51,107,458,480	11,383,421,995	25,948,605,246	88,439,485,721
Disposal of a subsidiary	(7,806,032,732)	-	(2,615,311,150)	(10,421,343,882)
Disposal	-	-	(427,395,211)	(427,395,211)
Decrease due to finance lease	(34,461,142,370)	(11,383,421,995)	(9,088,024,925)	(54,932,589,290)
31 December 2017	**49,090,659,604**	**-**	**47,917,351,660**	**97,008,011,264**
Depreciation for the year	72,887,087,727	25,946,526,178	18,772,213,222	117,605,827,127
Acquisition of subsidiaries (Note 7.1)	2,483,968,136	6,530,380,709	1,301,354,834	10,315,703,679
Reclassified from tangible fixed assets (Note 12)	10,103,286,311	-	14,791,840,057	24,895,126,368
Disposal of a subsidiary	(13,901,252,418)	-	-	(13,901,252,418)
Disposal	(42,840,904,543)	-	(27,149,470,784)	(69,990,375,327)
Other decreases	(386,530,825)	-	-	(386,530,825)
31 December 2018	**77,436,313,992**	**32,476,906,887**	**55,633,288,989**	**165,546,509,868**
Net book value:				
1 January 2017	**1,642,702,903,251**	**378,947,299,411**	**243,715,943,482**	**2,265,366,146,144**
31 December 2017	**779,974,084,305**	**-**	**102,390,641,105**	**882,364,725,410**
31 December 2018	**3,228,460,650,493**	**1,932,195,700,743**	**601,688,696,607**	**5,762,345,047,843**

14. COMPLETED INVESTMENT PROPERTY (continued)

As at 31 December 2018, investment properties mainly represent: office-for-lease component in Vinhomes Times City Project; office for lease component of Vincom Center Dong Khoi at No. 72, Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City; parking components in Vinhomes Times City, Vinhomes Central Park, Vinhomes Golden River, Vinhomes Royal City, Vinhomes Metropolis Projects and villas for lease in Vinhomes Riverside Project. The fair value of investment properties as estimated by external valuers is presented as below:

	2018 *VND*	*2017* *VND*	*As at 1 January 2017* *VND*
Completed investment properties:			
Office for lease component in Vincom Center Dong Khoi	8,356,232,500,000	-	-
Parking component in Vinhomes Central Park project	2,350,975,000,000	-	-
Parking component in Vinhomes Royal City project	413,132,500,000	-	-
Parking component in Vinhomes Times City project	769,202,500,000	-	-
Parking component in Vinhomes Metropolis project	611,710,000,000	-	-
Education component in Vincom Mega Mall Royal City	554,647,500,000	-	-
Villas for lease in Vinhomes Riverside project	543,235,000,000	-	-
Parking component in Vinhomes Golden River project	479,325,000,000	-	-
Total	**14,078,460,000,000**	**-**	**-**

The fair value of investment property based on internal appraisals is presented as below:

	2018 *VND*	*2017* *VND*	*As at 1 January 2017* *VND*
Office for lease component in Vinhomes Times City Project	575,190,000,000	497,835,000,000	423,236,900,000

14. COMPLETED INVESTMENT PROPERTY (continued)

The fair value of the aforementioned investment properties are estimated using the discounted cash flow method. Accordingly, the fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset.

Revenue and expense relating to investment properties

	2018 *VND*	*2017* *VND*
Rental income derived from investment properties	637,693,650,925	263,340,348,860
Direct operating expenses (including repairs and maintenance) generating rental income (included in cost of sales)	(282,608,950,564)	(275,439,560,242)

15. INVESTMENT PROPERTY UNDER CONSTRUCTION

	2018 *VND*	*2017* *VND*	*As at 1 January 2017* *VND*
Vinhomes Long Beach Can Gio project	12,403,703,983,341	-	-
Leman Golf Course and Villa Cu Chi project	1,657,779,028,714	-	-
Vinhomes Ky Hoa project	1,133,148,858,598	-	-
Vinhomes Me Linh project	641,287,783,339	636,534,654,499	-
Vinhomes Golden River project	579,331,892,352	-	-
Vinhomes Lang Van project	539,420,902,932	-	-
Vinhomes Ocean Park project	416,685,471,913	1,566,693,795,705	107,851,916,362
Vinhomes Sportia project	315,767,280,841	-	-
Vinhomes Times City project	184,924,343,007	-	-
Other projects	247,939,252,207	109,760,874,898	-
TOTAL	**18,119,988,797,244**	**2,312,989,325,102**	**107,851,916,362**

The Company and its subsidiaries did not perform any valuation to investment properties under construction since the fair value of those properties cannot be reliably measured when the Company and its subsidiaries are in progress of obtaining construction permits and approved design master plan for those properties and also has not signed construction contracts with the contractors as at reporting date of the financial statements. Carrying value of these properties as at 31 December 2018 mainly comprise land compensation and site clearance costs, construction costs and land use fee.

15. INVESTMENT PROPERTY UNDER CONSTRUCTION (continued)

Details of movement of investment properties under construction are as follows:

	2018 *VND*	*2017* *VND*
Balance at 1 January	**2,312,989,325,102**	**107,851,916,362**
Capital expenditures (i)	902,587,529,706	1,549,459,551,635
Interest capitalised (ii)	183,566,577,587	19,143,202,606
Increase from acquisition of subsidiaries (iii)	16,394,237,958,328	636,534,654,499
Reclassification to inventories (iv) (Note 18)	(1,673,392,593,479)	-
Balance at 31 December	**18,119,988,797,244**	**2,312,989,325,102**

(i) This includes:

- Additions in 2017 are mainly attributable to the land compensation and site clearance cost at Vinhomes Ocean Park project;
- Additions in 2018 are mainly attributable to the construction cost at Vinhomes Ocean Park project and Vinhomes Times City project, and land compensation and site clearance cost at Vinhomes Long Beach Can Gio project.

(ii) This includes:

- Additions in 2017 are capitalisation of borrowing cost of Vinhomes Ocean Park project;
- Additions in 2018 are capitalisation of borrowing cost of Vinhomes Ocean Park project, Vinhomes Sportia project and Vinhomes Long Beach Can Gio project.

(iii) This includes:

- Additions in 2017 are from acquisition of Prime Land JSC;
- Additions in 2018 are from acquisition of Can Gio JSC, GS Cu Chi JSC, Berjaya VFC LLC, Millenium LLC, Lang Van JSC, West Hanoi LLC, Metropolis Hanoi LLC and Berjaya VIUT LLC.

(iv) This includes:

- Decreases in 2018 are from reclassification of inventory properties at Vinhomes Ocean Park project.

16. CONSTRUCTION IN PROGRESS

	2018 *VND*	*2017* *VND*	*As at 1 January 2017* *VND*
Machines for construction of Vinhomes projects	71,111,540,799	-	-
Floating restaurant component - Vinhomes Golden River project	62,825,621,941	-	-
Clubhouse component - Vinhomes Sportia project	40,290,719,193	-	-
Vinpearlland Eco-tourism and Cultural Park project	-	-	648,487,376,774
Parking component - Vinhomes Times City project	-	-	73,539,605,532
Other projects	32,030,319,988	15,282,099,369	4,045,905,686
TOTAL	**206,258,201,921**	**15,282,099,369**	**726,072,887,992**

16. CONSTRUCTION IN PROGRESS (continued)

Construction in progress comprises capital expenditures, such as construction costs, land compensation and site clearance costs, capitalised borrowing costs, planning and design fee, construction overheads and other related costs incurred in connection with the development of real estate projects owned by the Company and its subsidiaries.

Details of movement of construction in progress are as follows:

	2018 VND	*2017 VND*
Balance as at 1 January	**15,282,099,369**	**726,072,887,992**
Capital expenditures	198,186,174,789	1,609,506,782,039
Increase from acquisition of subsidiaries	93,232,425,483	-
Decrease from disposal (i)	-	(2,025,231,701,749)
Reclassification to property and equipment (Note 12)	(15,227,392,716)	(272,152,621,592)
Reclassification to investment properties	(85,215,105,004)	(22,913,247,321)
Balance as at 31 December	**206,258,201,921**	**15,282,099,369**

(i) This includes:

- Decreases in 2017 are from disposal of Vinpearlland LLC, a subsidiary.

17. OTHER NON-CURRENT ASSETS

	2018 VND	*2017 VND*	*As at 1 January 2017 VND*
Financial assets:			
Long-term bonds (i)	99,680,000,000	50,000,000,000	50,000,000,000
Equity securities at FVOCI (iii)	35,723,000,000	-	-
AFS equity securities (iii)	-	7,523,934,327,500	1,645,613,852,400
Long-term deposits for outlet rentals	17,702,228,929	-	20,929,566,987
Deposits for investing purpose	73,366,827,000	73,366,827,000	73,366,827,000
Long-term loans to others	-	-	3,989,915,115
	226,472,055,929	**7,647,301,154,500**	**1,793,900,161,502**
Less allowance for credit losses (Note 34)	(1,866,080,676)	-	-
Subtotal	**224,605,975,253**	**7,647,301,154,500**	**1,793,900,161,502**
Non-financial assets:			
Long-term deposits (ii)	1,032,336,527,786	-	-
Other long-term deposits	1,793,850,000	1,229,945,216	1,869,259,185
Subtotal	**1,034,130,377,786**	**1,229,945,216**	**1,869,259,185**
TOTAL	**1,258,736,353,039**	**7,648,531,099,716**	**1,795,769,420,687**

17. OTHER NON-CURRENT ASSETS (continued)

(i) As at 31 December 2018, the balance presents two investments in bonds of Vietnam Joint Stock Commercial Bank for Foreign Trade of Vietnam with amount of VND50,000,000,000 and Joint Stock Commercial Bank for Investment and Development of Vietnam with amount of VND49,680,000,000. The term of the first bond is 120 months from 25 November 2016 with an interest rate of 7.57% per annum for the first year. The interest rate from the following year is equal to the interest rate of 12-month personal savings deposit plus 1% per annum. The term of the second bond is 120 months from 18 December 2018, with the interest equal to the reference interest rate plus 1% per annum, of which the reference interest rate is the average of 12-month individual saving interest rate;

(ii) Balance as at 31 December 2018 represents an unsecured deposit of VND1,019 billion to a corporate counterparty earning interest rate which is determined by 12-month interest paid in arrears VND saving rate of Joint Stock Commercial Bank for Foreign Trade of Vietnam, adjusted each 3-month. The deposit and interest will be used as settlement for 10% of contract value under detailed contracts between the Company and its subsidiaries and this corporate counterparty;

(iii) Equity investments in non-listed companies previously classified as AFS financial assets as at 31 December 2017 and 1 January 2017 are now classified and measured as equity instruments designated at fair value through OCI as at 31 December 2018. The Company and its subsidiaries elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future. Which include the following:

	2018 VND	*2017 VND*	*As at 1 January 2017 VND*
Xavinco Land JSC	22,223,000,000	-	-
Thang Long Real Estate JSC	13,500,000,000	-	-
Vincom Services LLC	-	24,000,000,000	24,000,000,000
Southern Star Urban Development and Trading Investment JSC ("Southern Star JSC")	-	5,900,000,000	5,900,000,000
Thanh Pho Ho Chi Minh Investment Services Trading JSC ("Vicentra JSC")	-	81,743,910,000	-
Vincom Retail JSC (Note 24)	-	7,397,290,417,500	-
Vinacademy Education and Training LLC ("Vinacademy LLC")	-	15,000,000,000	-
Vinpearl JSC	-	-	1,303,517,300,200
Vinpearl Trading Investment JSC	-	-	251,589,660,000
Metri JSC	-	-	32,350,863,000
VIWACO JSC	-	-	24,487,200,000
Hai Linh Energy JSC	-	-	3,408,829,200
Vinhomes 2 Real Estate Trading LLC	-	-	360,000,000
TOTAL	**35,723,000,000**	**7,523,934,327,500**	**1,645,613,852,400**

17. OTHER NON-CURRENT ASSETS (continued)

As at 31 December 2018, 31 December 2017 and 1 January 2017, the Company and its subsidiaries' equity interests in these entities are as follows:

	2018	*2017*	*As at 1 January 2017*
Xavinco Land JSC	1.00%	-	-
Thang Long Real Estate JSC	10.00%	-	-
Vincom Services LLC	-	6.00%	6.00%
Southern Star Urban Development and Trading Investment JSC	-	0.98%	0.98%
Vicentra JSC	-	1.00%	-
Vincom Retail JSC	-	8.25%	-
Vinacademy LLC	-	6.00%	-
Vinpearl JSC	-	-	10.30%
Vinpearl Trading Investment JSC	-	-	10.30%
Metri JSC	-	-	1.20%
VIWACO JSC	-	-	15.00%
Hai Linh Energy JSC	-	-	3.00%
Vinhomes 2 Real Estate Trading LLC	-	-	6.00%

18. INVENTORIES

Inventories mainly include residential properties which are developed for sale in the ordinary course of business. Revenue from sale of these properties is recognised under the accounting policy set out in Note 6. Construction costs and other expenditures attributable to such properties are included in inventory until disposal. All inventories are recognised at lower of cost and net realisable value.

A summary of movement of inventory is set out below:

	2018 *VND*	*2017* *VND*
As at 1 January	**17,073,315,739,165**	**12,627,105,754,211**
Construction costs incurred to develop inventory properties	18,915,270,071,572	7,382,548,357,890
Interest capitalised	276,415,198,887	93,586,054,041
Increase from acquisition of subsidiaries	28,664,607,901,249	6,852,624,074,559
Cost of goods sold (recognised in cost of sales) (Note 9.2)	(27,547,598,712,967)	(9,873,925,396,161)
Decrease from disposal of subsidiaries	-	(8,623,105,375)
Reclassification from investment property under construction (Note 15)	1,673,392,593,479	-
Reclassification to investment properties (Note 14)	(904,982,735,610)	-
Other decreases	(3,194,174,564,584)	-
As at 31 December	**34,956,245,491,191**	**17,073,315,739,165**

The classification of inventory balances as at each financial reporting date is as follows:

	2018 *VND*	*2017* *VND*	*As at* *1 January 2017* *VND*
Inventory property under construction (at cost)	30,973,773,056,581	13,507,751,668,023	12,041,234,614,718
Inventory property under construction (at net realisable value) (i)	2,114,653,382,308	920,308,990,215	-
Trading inventory property (at cost)	803,101,173,349	917,483,126,667	-
Trading inventory property (at net realisable value) (ii)	133,952,534,843	1,370,294,594,076	-
Completed inventory property (at cost)	327,413,306,602	160,944,488,577	112,714,111,358
Inventories for supermarkets, hotel and retail outlets (at net realisable value) (iii)	-	-	275,392,671,435
Others (at cost)	603,352,037,508	196,532,871,607	197,764,356,700
TOTAL	**34,956,245,491,191**	**17,073,315,739,165**	**12,627,105,754,211**

(i) The carrying value of inventory property under construction which are subject to provision for net realisable value as at 31 December 2018 is VND2,652 billion (31 December 2017: VND999 billion).

(ii) The carrying value of trading inventory property which are subject to provision for net realisable value as at 31 December 2018 is VND139 billion (31 December 2017: VND1,501 billion).

18. INVENTORIES (continued)

(iii) The carrying value of inventories for supermarkets, hotel and retail outlets which are subject to provision for net realisable value as at 1 January 2017 is VND284 billion.

As at 31 December 2018, all properties, real estate rights which is land-based construction with the value of VND1,582 billion (whether it is already completed or will be completed in the future) of the Landmark 81 hotel which is qualified for mortgage in accordance with the law has been used as collateral for a bond of Vinpearl JSC, an affiliate.

19. TRADE RECEIVABLES

	2018 VND	*2017 VND*	*As at 1 January 2017 VND*
Sales of inventory properties (*)	3,902,743,462,294	889,364,448,504	361,145,610,734
Receivables from leasing properties and provision of related service	19,538,071,462	7,786,161,335	32,157,277,895
Property management service and related services	79,453,090,630	-	-
Receivables from construction services	414,178,966,942	-	-
Other receivables	-	-	15,097,197,154
	4,415,913,591,328	**897,150,609,839**	**408,400,085,783**
Less allowance for credit losses (Note 34)	(1,098,390,988)	-	-
TOTAL	**4,414,815,200,340**	**897,150,609,839**	**408,400,085,783**

(*) Receivables from sale of inventory properties mainly include the receivables from the transfer of landed house at Vinhomes Green Bay project, Vinhomes Central Park project, Vinhomes Thang Long project and Vinhomes Golden River and the transfer of residential apartments at Vinhomes Times City Park Hill project, Vinhomes Green Bay project, Vinhomes Metropolis project, Vinhomes Golden River project and Vinhomes Central Park project.

Upon adoption of IFRS 9, the Company and its subsidiaries have elected to use the simplified approach for trade receivables from sale of inventory properties to calculate ECLs based on lifetime expected credit losses. However, based on the Company and its subsidiaries' historical credit loss experience with its customers adjusted with forward-looking factors, the Company and its subsidiaries' trade receivables from sale of inventory properties as at 31 December 2018 were not provided with ECL.

20. ADVANCES TO SUPPLIERS

Advances to suppliers mainly include advances to suppliers, construction contractors and consultants of the real estate projects of the Company and its subsidiaries.

21. SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES

	2018 *VND*	*2017* *VND*	*As at 1 January 2017* *VND*
Financial assets:			
Deposit for a business co-operation contract (i)	13,950,000,000,000	-	-
Interest receivables on term deposits and loans to others (ii)	1,170,922,494,290	379,626,660,490	24,224,239,679
Deposit for project transfer agreement (iii)	694,000,000,000	-	-
Payment and receipt on behalf (iv)	513,155,146,062	1,171,219,218,346	437,379,896,129
Deposit for share transfer agreement	341,475,000,000	-	-
Receivables from share transfer	245,948,510,204	20,591,510,000	-
Others	347,283,859,034	66,644,533,966	56,529,175,253
	17,262,785,009,590	**1,638,081,922,802**	**518,133,311,061**
Less allowance for credit losses under IFRS 9 (Note 34)	(154,237,605,329)	-	-
Less impairment under IAS 39	-	(28,705,000,000)	-
Subtotal	**17,108,547,404,261**	**1,609,376,922,802**	**518,133,311,061**
Non-financial assets:			
Sales commission and other selling expenses related to inventory properties not yet handed over	833,300,691,651	607,480,080,694	263,186,389,219
Advances to employees	224,173,394,471	230,568,530	8,039,003,697
Corporate income tax prepayment (v)	154,122,283,012	173,135,075,150	115,369,577,568
Valued added tax deductible	119,251,028,829	45,848,167,892	98,942,332,623
Tax and other receivables from the State	94,493,903,683	2,230,267,874	-
Others	25,380,117,597	4,627,670,804	18,124,372,993
Subtotal	**1,450,721,419,243**	**833,551,830,944**	**503,661,676,100**
TOTAL	**18,559,268,823,504**	**2,442,928,753,746**	**1,021,794,987,161**

(i) The balance represents a deposit to a corporate counterparty for the purpose of investing in a real estate project under Business Co-operation Contract. This deposit is guaranteed by a number of shares in this corporate counterparty owned by shareholders.

(ii) As at 31 December 2018, this balance mainly comprises interest receivables from secured and unsecured loans and deposits to corporate counterparties.

(iii) The ending balance represents an unsecured deposit of VND694 billion to a corporate counterparty for the purpose of acquiring a real estate project.

(iv) Balance as at 31 December 2018 mainly pertains to customers' down payments collected by a counterparty for various residential projects on behalf of the Company and its subsidiaries.

(v) Corporate income tax prepayment represents advance payment of corporate income tax at rate of 1% on the down payment from the customers who enter into agreements to purchase residential properties from the Company and its subsidiaries. Such corporate income tax will be finalised with the tax authority when revenue is recognised for the residential properties upon being handed over to the customers.

22. SHORT-TERM INVESTMENTS

	2018 VND	*2017 VND*	*As at 1 January 2017 VND*
Loans to others (i)	4,504,600,000,000	6,764,562,318,547	442,745,095,235
Current portion of long-term loans to others (ii)	23,257,439,663	25,257,439,663	17,198,949,225
Short-term bank deposits and certificate of deposits (iii)	1,009,404,569,232	-	-
	5,537,262,008,895	**6,789,819,758,210**	**459,944,044,460**
Less allowance for credit losses under IFRS 9 (Note 34)	(149,087,819,317)	-	-
Less impairment under IAS 39	-	(67,643,669,305)	-
TOTAL	**5,388,174,189,578**	**6,722,176,088,905**	**459,944,044,460**

(i) Balance as at 31 December 2018 mainly comprises loans to corporate counterparties and individuals with terms of 12 months, earning an interest rate of 9% per annum. These included loans to three (03) corporate counterparties amounting to VND4,309 billion guaranteed by a number of shares and a portion of the capital contributed by the borrowers.

(ii) A lending is secured by assets at commercial outlets of the corporate counterparty.

(iii) Short-term deposits have terms ranging from 12 months to 13 months and earn interest at rates ranging from 6.1% per annum to 7.1% per annum.

23. CASH AND CASH EQUIVALENTS

	2018 VND	*2017 VND*	*As at 1 January 2017 VND*
Cash on hand	2,029,217,761	92,748,986	6,697,482,906
Cash at banks	2,693,165,962,604	800,013,850,237	933,191,537,760
Cash equivalents	820,177,272,707	743,236,370,567	1,860,955,500,000
Cash in transit	-	-	1,578,389,494
	3,515,372,453,072	**1,543,342,969,790**	**2,802,422,910,160**
Less allowance for credit losses (Note 34)	(1,522,889,553)	-	-
TOTAL	**3,513,849,563,519**	**1,543,342,969,790**	**2,802,422,910,160**
United States Dollar	10,475	6,915	6,629

Cash equivalents as at 31 December 2018 represent term deposits in VND with terms of 1 month to 3 months and earn interest at rates ranging from 3.9% to 5.5% per annum (2017: 4.2% to 5.5% per annum; 1 January 2017: 4.3% to 5.0% per annum).

24. EQUITY INSTRUMENTS

Equity instruments (Note 17) include the investment in listed shares of Vincom Retail JSC, an affiliate. The Company and its subsidiaries hold non-controlling interests of 8.25% in Vincom Retail JSC as at 31 December 2017. Fair values of these quoted shares are determined by reference to published price quotations in an active market.

The Company and its subsidiaries recognised a change in fair value (net of tax) of VND75 billion on quoted equity securities in the consolidated statements of comprehensive income for the year ended 31 December 2018 (2017: VND760 billion).

On 5 February 2018, the General Meeting of Shareholders of the Company approved the Resolution No. 02/2018/NQ/DHDCD-VINHOMES JSC on the demerger of Vinhomes JSC into two companies, which are: the Company and Hanoi Southern City Development and Trading LLC ("Hanoi Southern LLC"). In which, Hanoi Southern LLC owns all of these quoted shares of the Vincom Retail JSC. Therefore, the transaction is considered as a distribution to Vingroup JSC, the parent company as the parent company held 100% equity interest in Hanoi Southern LLC after the demerger.

As of the distribution date, these quoted shares with fair value of VND7,491 billion were derecognised, in which VND1,568.8 billion is recognised as a decrease in share capital and VND5,922.5 billion is recognised as a decrease in retained earnings of the Company and its subsidiaries in the consolidated statements of changes in equity for the year ended 31 December 2018.

Fair value gain of these quoted shares amounted to VND835 billion (net of tax) previously recorded in other comprehensive income was closed directly to retained earnings in 2018 upon derecognition.

25. NOTES TO STATEMENT OF CHANGES IN EQUITY

Number of authorised shares

	2018 *VND*	*2017* *VND*	*As at 1 January* *2017* *VND*
Ordinary shares of VND10,000 each	3,349,513,918	200,000,000	200,000,000
TOTAL	**3,349,513,918**	**200,000,000**	**200,000,000**

During the years, movement of issued capital mainly comprises:

(i) On 18 January 2018, the General Meeting of Shareholders of the Company approved the Resolution No. 01/2018/NQ/DHDCD-HANOI CITY JSC on increase of charter capital and declaration of dividends as follows:

- Declaration of stock dividends to the existing shareholders at the ratio of 1,000:2,000 (accordingly, each shareholder who owns 1,000 shares is entitled to 2,000 additional shares). Thereby, the Company issued additional 400,000,000 shares at par value of VND10,000 per share. As a result, share capital of the Company increased by VND4,000 billion;
- Declaration of cash dividends to the existing shareholders with aggregate amount of VND900 billion with ratio of 45%, which is equivalent to VND4,500 per share;

25. NOTE TO STATEMENT OF CHANGES IN EQUITY (continued)

Number of authorised shares (continued)

- Issuance of shares to merger with Tan Lien Phat JSC and Vinhomes Management JSC (Note 7.1), thereby, increased the Company's share capital by VND10,365 billion and share premium by VND295 billion; and

- the Private share offering of 1,200,000,000 shares at par value of VND10,000 per share. As a result, share capital of the Company increased by VND12,000 billion.

On 27 January 2018, the General Meeting of Shareholders of the Company approved the Decision No. 03/2018/QD-DHDCD-HANOI CITY JSC on the increase in charter capital from VND2,000 billion to VND28,365 billion following the aforementioned private share offering, issuance of stock dividend and issuance of shares for exchange.

On 1 February 2018, the Company received the 18th Amended Enterprise Registration Certificate issued by Hanoi Department of Planning and Investment which approved the increase in charter capital of the Company to VND28,365 billion.

(ii) On 5 February 2018, the General Meeting of Shareholders of the Company approved the Resolution No. 02/2018/NQ/DHDCD-VINHOMES JSC on the demerger of Vinhomes JSC into two companies, which are: Vinhomes JSC ("the Demerged Company") and Hanoi Southern LLC ("the New Company").

- The Demerged Company shall transfer a part of shares held by an existing shareholder, which is Vingroup JSC, the parent company, together with corresponding assets, rights and obligations to found the New Company; and
- The New Company will be entitled to the investment in equity instruments of the Demerged Company which is 156,888,450 quoted shares of Vincom Retail JSC.

After the demerger procedures are completed, the Demerged Company continues to exist and charter capital of the Demerged Company decreased by VND1,568,884,500,000 which is equal to the charter capital of the New Company.

The gain on remeasurement of the investment in equity instruments amounting to VND1,044 billion which was previously recorded in other reserve was recycled to retained earnings.

On 12 February 2018, the Company received the 20th Amended Enterprise Registration Certificate issued by Hanoi Department of Planning and Investment which approved the decrease in charter capital of the Company to VND26,796 billion.

(iii) On 16 August 2018, the General Meeting of Shareholders of the Company approved the Resolution No. 05/2018/NQ-DHDCD-VINHOMES on declaration of stock dividends to the existing shareholders at the ratio of 1,000:250 (accordingly, each shareholder who owns 1,000 shares is entitled to 250 additional shares). Thereby, the Company issued additional 669,902,368 shares at par value of VND10,000 per share. On 8 November 2018, the Company obtained the 25th Amended Enterprise Registration Certificate issued by the Hanoi Department of Planning and Investment which approved the increase in charter capital of the Company to VND33,495 billion.

26. SHORT-TERM INTEREST-BEARING LOANS AND BORROWINGS

	2018 *VND*	*2017* *VND*	*As at 1 January 2017* *VND*
Bank overdraft (Note 26.1)	22,433,650,523	-	226,949,095,582
Current portion of long-term corporate bonds (Note 27.1)	3,037,873,806,283	-	-
Other short-term loans (Note 26.2)	1,960,000,000,000	1,999,156,418,433	-
TOTAL	**5,020,307,456,806**	**1,999,156,418,433**	**226,949,095,582**

26.1 Bank overdraft

Balance as at 31 December 2018 is as follows:

Lender	*31 December 2018* *VND*	*Maturity date*	*Interest rate*	*Collateral*
Vietnam Prosperity Joint-Stock Commercial Bank	22,433,650,523	From 3 June 2019 to 6 June 2019	From 7.8% to 8% per annum	None
TOTAL	**22,433,650,523**			

Balance as at 1 January 2017 is as follows:

Lender	*1 January 2017* *VND*	*Maturity date*	*Interest rate*	*Collateral*
Vietnam Technological and Commercial Joint Stock Bank	110,757,234,494	1 year since disbursement date	3.8% per annum	None
Joint Stock Commercial Bank for Foreign Trade of Vietnam	116,191,861,088	From 6 months to 1 year since disbursement date	From 3.25% to 4.4% per annum	None
TOTAL	**226,949,095,582**			

26. SHORT-TERM INTEREST-BEARING LOANS AND BORROWINGS (continued)

26.2 Other short-term loans

Balance as at 31 December 2018 is as follows:

Lender	*31 December 2018* *VND*	*Maturity date*	*Interest rate*	*Collateral*
3 corporate counterparties	1,960,000,000,000	From September 2019 to October 2019	9% per annum	None
TOTAL	**1,960,000,000,000**			

Balance as at 31 December 2017 is as follows:

Lender	*31 December 2017* *VND*	*Maturity date*	*Interest rate*	*Collateral*
A corporate counterparty	1,999,156,418,433	December 2018	7% per annum	None
TOTAL	**1,999,156,418,433**			

27. LONG-TERM INTEREST-BEARING LOANS AND BORROWINGS

	2018 *VND*	*2017* *VND*	*As at 1 January 2017* *VND*
Corporate bonds (Note 27.1)	17,424,498,532,017	5,414,121,466,418	-
Current portion of long-term bonds (Note 26)	*(3,037,873,806,283)*	-	-
Long-term borrowings (Note 27.2)	4,547,221,958,835	1,213,565,229,651	-
TOTAL	**18,933,846,684,569**	**6,627,686,696,069**	**-**

27. LONG-TERM INTEREST-BEARING LOANS AND BORROWINGS (continued)

27.1 Corporate bonds

As at 31 December 2018, the Company and its subsidiaries have the following bonds:

Arranger	*31 December 2018 VND*	*Maturity date*	*Interest rate*	*Collateral*
Techcom Securities Joint Stock Company	5,445,282,857,647	19 October 2020	Interest rate for first and second period is 9.2% per annum. Interest rate for the following periods is calculated as 12-month interest paid-in-arrears VND saving rate (+) 3.25% per annum. Interest is payable every 6 months.	(i)
	4,931,683,501,180	13 September 2020	Interest rate for first and second period is 10% per annum. Interest rate for the following periods is calculated as 12-month interest paid-in-arrears VND saving rate (+) 4% per annum. Interest is payable every 6 months.	None
	3,037,873,806,283	22 December 2019	Interest rate for first period is 8.12% per annum. Interest rate for the following periods is calculated as 12-month interest paid-in-arrears VND saving rate from Vietnam Technological and Commercial Joint Stock Bank in this period (+) 1.62% per annum, no less than 8.12% per annum. Interest is payable every 3 months.	(ii)
	1,969,803,210,588	2 August 2021	Interest rate for first and second period is 10% per annum. Interest rate for the following periods is calculated as 12-month interest paid-in-arrears VND saving rate (+) 4.25% per annum. Interest is payable every 6 months.	None
	1,850,200,257,202	25 December 2020	Interest rate for first period is 9.73% per annum. Interest rate for the following periods is calculated as 12-month interest paid-in-arrears VND saving rate (+) 2.9% per annum. Interest is payable every 3 months.	(ii)
In which:				
Current portion	*(3,037,873,806,283)*			
KB Securities Vietnam Joint Stock Company	189,654,899,117	5 November 2021	Interest rate for first and second period is 10.2% per annum. Interest rate for the following periods is calculated as 12-month interest paid-in-arrears VND saving rate from Vietnam Prosperity Joint-Stock Commercial Bank in this period (+) 3.3% per annum. Interest is payable every 3 months.	(iii)
TOTAL	**14,386,624,725,734**			
In which:				
Long-term bonds	*17,424,498,532,017*			
Current portion of long-term bonds	*(3,037,873,806,283)*			

27. LONG-TERM INTEREST-BEARING LOANS AND BORROWINGS (continued)

27.1 Corporate bonds (continued)

(i) Collateral of this bond includes assets, rights and benefits of Vinpearl JSC related to Vinpearlland Eco-tourism and Cultural Park project (except for the area of Vietnamese Temple).

(ii) Collateral of this bond includes all assets, rights and benefits of Gia Lam LLC related to Vinhomes Ocean Park Project.

(iii) Collateral of this bond includes a number of shares of the Company ("VHM") held by the Parent company, Dan Phuong urban functional area - Green City Project and asset rights arising from BT contract for the purpose of elevated walkway construction related to this project.

As at 31 December 2017, the Company and its subsidiaries have the following bonds:

Arranger	*31 December 2017 VND*	*Maturity date*	*Interest rate*	*Collateral*
Techcom Securities Company Limited	5,414,121,466,418	19 October 2020	Interest rate for first and second period is 9.2% per annum. Interest rate for the following periods is calculated as 12-month interest paid-in-arrears VND saving rate (+) 3.25% per annum. Interest is payable every 6 months.	(i)
TOTAL	**5,414,121,466,418**			

(i) Collateral of this bond includes assets, rights and benefits of Vinpearl JSC related to Vinpearlland Eco-tourism and Cultural Park project (except for the area of Vietnamese Temple).

27. LONG-TERM INTEREST-BEARING LOANS AND BORROWINGS (continued)

27.2 Long-term borrowings

Balance as at 31 December 2018 is as follows:

Lender	*31 December 2018 VND*	*Maturity date*	*Interest rate*	*Note*
Vietnam Technological and Commercial Joint Stock Bank	1,421,097,869,017	18 January 2021	Interest rate for the first period is 10% per annum. Interest rate for the following periods is calculated as the average of 12-month interest paid-in-arrears VND saving rate for individual from 4 state-owned banks: Vietcombank, Vietinbank, BIDV and Agribank, plus 3.33% per annum. Interest is payable in each three-month period and on the 18th.	(i)
2 corporates counterparties	3,126,124,089,818	From 29 May 2020 to 30 May 2020	9% per annum	None
TOTAL	**4,547,221,958,835**			

(i) Capital contribution amount of Ecology JSC in Gia Lam LLC and Vincom Retail JSC's shares (VRE) held by an affiliate.

Balance as at 31 December 2017 is as follows:

Lender	*31 December 2017 VND*	*Maturity date*	*Interest rate*	*Note*
Vietnam Technological and Commercial Joint Stock Bank	1,213,565,229,651	18 January 2021	Interest rate for the first period is 10% per annum. Interest rate for the following periods is calculated as the average of 12-month interest paid-in-arrears VND saving rate for individual from 4 state-owned banks: Vietcombank, Vietinbank, BIDV and Agribank, plus 3.33% per annum. Interest is payable in each three-month period and on the 18th.	(i)
TOTAL	**1,213,565,229,651**			
In which:				
Long-term loans	*1,213,565,229,651*			
Current portion of long-term loans	-			

(ii) Capital contribution amount of Ecology JSC in Gia Lam LLC and Vincom Retail JSC's shares (VRE) held by an affiliate.

28. DOWN PAYMENT FROM CUSTOMERS

This represents contract liability from contract with customers to purchase apartments, villas and shop houses at Vinhomes Ocean Park, Vinhomes Greenbay, Vinhomes Golden River Vinhomes Central Park, Vinhomes West Point, Vinhomes Metropolis, Vinhomes Park Hill, Vinhomes New Center Ha Tinh, Vinhomes Riverside and Vinhomes Thang Long project from customers who signed sale and purchase agreements with the Company and its subsidiaries.

29. ACCRUALS AND WARRANTY PROVISIONS

29.1 Short-term accruals

	2018 *VND*	*2017* *VND*	*As at 1 January 2017* *VND*
Financial liabilities:			
Accrual for construction costs	3,707,591,183,863	810,861,046,409	567,101,167,157
Accrued selling and marketing costs	1,572,443,883,107	771,939,038,380	451,735,133,724
Accrued loan and bond interests	486,745,126,207	314,276,070,358	139,455,613,575
Others	152,650,635,776	1,530,718,877	27,960,105,545
TOTAL	**5,919,430,828,953**	**1,898,606,874,024**	**1,186,252,020,001**

29.2 Long-term accruals

This represents accrued interest expenses incurred from loans from external parties.

29.3 Warranty provisions

Based on the past experience on the expenses incurred for the repair works for inventory properties sold which were sold to the customers but were still under warranty term, the Company and its subsidiaries recognised warranty provision for expenses which may incur in relation to apartments, villas and shophouses sold during the years.

Details of movement of warranty provisions during the years are as follows:

	2018 *VND*	*2017* *VND*
As at 1 January	**56,817,809,435**	**36,322,821,770**
Increase from acquisition of subsidiaries	138,664,064,197	-
Additional provisions made in the year	41,954,688,554	24,227,605,399
Amounts used during the year	(44,196,827,644)	(3,732,617,734)
Unused amounts reversed during the year	(3,851,552,838)	-
As at 31 December	**189,388,181,704**	**56,817,809,435**

30. LONG-TERM AND SHORT-TERM DEFERRED REVENUES

Long-term and short-term deferred revenues of the Company and its subsidiaries mainly come from contract liability for management services provided to customers who bought apartments and villas for the projects held by the Company and its subsidiaries.

31. OTHER CURRENT LIABILITIES

	2018 *VND*	*2017* *VND*	*As at 1 January 2017* *VND*
Financial liabilities:			
Maintenance fund held on behalf of customers (i)	1,549,064,562,640	471,081,820,805	296,078,519,457
Receipt from customer on behalf (ii)	567,393,265,243	-	-
Payable for payment on behalf	-	14,134,813,327	2,109,195,989
Others	770,334,477,264	6,871,498,124	28,111,462,681
Subtotal	**2,886,792,305,147**	**492,088,132,256**	**326,299,178,127**
Non-financial liabilities:			
Value added tax payable	412,631,188,917	76,932,264,068	289,644,577,168
Land use fee payable	-	28,363,091,436	-
Payables to employees	777,174,757	843,578,391	30,355,435,796
Others	9,411,523,490	5,777,079,710	1,570,394,274
Subtotal	**422,819,887,164**	**111,916,013,605**	**321,570,407,238**
TOTAL	**3,309,612,192,311**	**604,004,145,861**	**647,869,585,365**

(i) This is the balance of maintenance fund held on behalf of customers which has not been handed over to Building Management Boards.

(ii) As at 31 December 2018, this balance pertains to payment received from customers for Vinhomes Ocean Park project and Vinhomes Central Park project.

32. COMMITMENTS

Commitments under operating leases where the Company and its subsidiaries are lessors

The Company and its subsidiaries, as lessors, lease office, apartments, shophouses and villas under operating lease agreements. The minimum lease payments under these agreements at year end are as follows:

	2018 *VND*	*2017* *VND*	*As at 1 January 2017* *VND*
Within one year	165,716,091,451	39,430,125,966	250,414,780,683
After one year but not more than five years	64,755,407,193	77,521,104,378	445,455,202,248
More than five years	402,646,759,490	422,257,194,540	523,148,596,392
TOTAL	**633,118,258,134**	**539,208,424,884**	**1,219,018,579,323**

Under the Business Co-operation contract signed in February 2012 between the Company and its subsidiaries and Thien Huong Investment JSC regarding the school operations in Vinhomes Royal City project, the Company and its subsidiaries are entitled to the share of Thien Huong's revenue, which is equal to 15% of revenue and can be adjusted according to the agreement. The duration of the Business Co-operation agreement is from February 2012 to the end of August 2043.

32. COMMITMENTS (continued)

Commitments under operating leases where the Company and its subsidiaries are lessees

The Company and its subsidiaries, as lessees, have signed certain operating lease agreements. The minimum lease commitments as at the balance sheet dates under these operating lease agreements are as follows:

	2018 *VND*	*2017* *VND*	*As at 1 January 2017* *VND*
Within one year	563,105,540,579	48,063,593,847	48,063,593,847
After one year but not more than five years	377,806,677,526	225,526,669,666	209,396,158,874
More than five years	1,300,271,470,015	1,816,537,846,789	1,747,940,052,306
TOTAL	**2,241,183,688,120**	**2,090,128,110,302**	**2,005,399,805,027**

Lease commitment

Ecology JSC, a subsidiary, entered into lease contracts with an affiliate for leasing retail areas at two (02) real estate projects. At 31 December 2018, the present values of the minimum lease payment receivables under these agreements for period less than 1 year, from 1 to 5 years and more than 5 years respectively are VND17 billion, VND46 billion, VND56 billion.

At 31 December 2018, the total minimum lease payment receivables under these agreements for period less than 1 year, from 1 to 5 years and more than 5 years respectively are VND19 billion, VND85 billion, VND545 billion.

Other commitments

Commitments under interest support agreements to buyers of apartments, villas at the Company and its subsidiaries' projects

According to three-party (3) interest support agreements among the Company and its subsidiaries as Investors, buyers of the inventory properties of the Company's projects (including Vinhomes Metropolis, Vinhomes Central Park, Vinhomes Golden River, Vinhomes West Point, Vinhomes Ocean Park, Vinhomes Green Bay, Vinhomes Thang Long, Vinhomes Times City, Vinhomes Royal City and Vinhomes Riverside projects) and certain banks, the Company and its subsidiaries commit to support the buyers in getting loans to finance for a part of the selling price and to settle the interest in committed year.

Guarantee for loan payment obligation of Vingroup JSC

The Company has guaranteed for payment obligations of Vingroup JSC under a syndicated loan from foreign financial institutions to Vingroup JSC with total credit limit of USD300 million and terms of 60 months. The ending balance of this syndicated loan as at 31 December 2018 is USD255 million.

32. COMMITMENTS (continued)

Other commitments (continued)

Commitments related to the transfer of a part of Vinhomes Ocean Park project

On 6 September 2018 the Company has entered into a Principle Agreement with and a corporate counterparty, the Company commit to arrange the corporate counterparty to obtain information and transfer appartments at Vinhomes Ocean Park project of a subsidiary. Under this agreement, total estimated consideration is VND1,674.5 billion.

Commitments related to capital expenditure of on-going real estate projects and development of potential real estate projects

The Company and its subsidiaries have entered into a number of contracts relating to the development of certain real estate projects. The outstanding commitment on these contracts as at 31 December 2018 amounts to approximately VND7,266 billion (as at 31 December 2017: VND3,936 billion; as at 31 December 2016: VND2,956 billion).

On 22 February 2018, the Company has entered into a Project Transfer Agreement ("PTA") with Vingroup JSC, the parent company to acquire a real estate project for a total consideration of VND820 billion. As at 31 December 2018, the remaining commitment under this agreement is VND440 billion.

On 22 February 2018 and on 31 August 2018, the Company has entered into Project Development Agreement ("PDA") and signed amended agreement with Vingroup JSC, the parent company, to acquire several real estate projects. The maximum deposit commitment under PDA amounts to VND1,764.5 billion. As at 31 December 2018, the remaining commitments under PDA is VND947 billion.

On 22 February 2018 and on 31 August 2018, the Company has entered into a Project Transfer Agreement ("PTA") and signed amended agreement with Vingroup JSC, the parent company to acquire a real estate project. The total consideration payable will be determined as the total of land use rights, assets value and other general expenses directly atrributable to the real estate project incurred by Vingroup JSC up to the acquire date. As at 31 December 2018, consideration paid to Vingroup JSC under this agreement is VND553 billion.

On 20 March 2018, the Company has entered into Share Transfer Agreements ("STAs") with Vingroup JSC, the parent company, to acquire shares in two affiliates with total consideration of VND1,870 billion. As at 31 December 2018, the remaining consideration payable to Vingroup JSC is VND1,570 billion. The STAs will be exercised upon completion of the condition precedents as defined in the agreements.

Under a Business Co-operation Contract dated 23 November 2017 between Royal City JSC and a corporate counterparty, Royal City JSC commits to contribute 100% investment capital for a potential real estate project in Hanoi. The total estimated capital is VND790 billion, the remaining commitment of this agreement as at 31 December 2018 is VND782 billion. The project will be implemented within 2 years when Royal City JSC receives land parcel for construction. According to this contract, after the project is completed, Royal City JSC will be entitled to operate and manage a part of the project.

On 25 May 2018, the Company and Can Gio JSC, a subsidiary, has entered into a Capital Transfer Agreement with a corporate counterparty to acquire 32.5% of Berjaya VFC LLC's equity interest. As at 31 December 2018, the remaining consideration payable under this agreement as at is VND503.7 billion.

33. FINANCIAL ASSETS THROUGH PROFIT OR LOSS

	2018 VND	*2017 VND*	*As at 1 January 2017 VND*
Equity instrument measured at fair value through profit or loss (i)	342,909,164,507	-	-
Short-term deposit to related parties (ii)	16,061,991,394,396	-	-
Total	**16,404,900,558,903**	**-**	**-**

(i) Investment in Phat Loc LLC is classified as a financial asset at FVPL as at 31 December 2018 with amount VND342,909,164,507 with 51% equity interests in this entity.

(ii) Balance as at 31 December 2018 is mainly from deposits to Vingroup JSC pursuant to Business and Investment Co-operation contracts to develop potential real estate projects (Vinhomes Riverside The Harmony, Vinhomes Imperia Hai Phong, Vinhomes Dragon Bay, Vinhomes Star City Thanh Hoa) and a deposit to Central Park LLC, an affiliate pursuant to a Business and Investment Co-operation contract to develop potential real estate project (Vinhomes Skylake). Under the contract, the Company and its subsidiaries will receive a percentage of the relevant project's profit before tax through a mechanism of profit sharing on a periodical basis depending on the project's operating result for each period.

The deposits are considered debt instrument and classified as short-term financial assets measured at FVPL due to the nature of its contractual cashflows.

The Company and its subsidiaries use the Discounted Cash Flow (DCF) method in the calculation of the fair value of the expected future cash flows from the BCCs. The gain in the fair value of the instrument at initial recognition of VND3,774 billion (net of tax VND3,019 billion) was recognised as an increase of other reserve in the consolidated statement of changes in equity due to the nature of the relationship between the Company and Vingroup JSC and Central Park LLC (subsidiary of Vingroup JSC). After initial recognition, the Company recognised the change in the fair value of the deposit, including accretion of interest, amounting to VND9,180 billion as part of other operating income for the year ended 31 December 2018 (Note 9.3).

33. FINANCIAL ASSETS THROUGH PROFIT OR LOSS (continued)

Shown below are the movements during the year:

	2018 *VND*
At 1 January	-
BCC initial deposit	12,735,317,718,200
Fair value difference on intial recognition	3,774,304,432,123
Derecognition of deposit	(2,977,896,781,442)
Cash receipt	(6,649,926,491,749)
Adjustment to fair value (Note 9.3)	9,180,192,517,264
At 31 December	**16,061,991,394,396**

For the year ended 31 December 2018, declared profit before tax from these BCCs are VND9,513 billion, which the Company and its subsidiaries have subsequently received after 31 December 2018.

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amount of financial assets and liabilities, other than those presented in the fair value table below, is reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date, or they are fixed rate instruments that approximate market interest rates on the reporting date.

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Fair value (continued)

B. Fair value of financial instruments that are carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	2018		*2017*		*As at 1 January 2017*	
	Carrying amount VND	*Fair value VND*	*Carrying amount VND*	*Fair value VND*	*Carrying amount VND*	*Fair value VND*
Financial assets						
Financial assets at fair value						
AFS quoted equity security (Note 17) (*)	-	-	7,397,290,417,500	7,397,290,417,500	-	-
AFS unquoted equity securities (Note 17) (**)	-	-	126,643,910,000	126,643,910,000	1,645,613,852,400	1,645,613,852,400
Unquoted equity securities (Note 17) (**)	35,723,000,000	35,723,000,000	-	-	-	-
Financial assets measured at FVPL (Note 33) (***)	16,061,991,394,396	16,061,991,394,396	-	-	-	-
Financial assets for which fair values are disclosed						
Short-term loans to related parties	-	-	2,499,063,192,329	2,579,074,606,137	-	-
Short-term loans to others	-	-	6,710,562,318,547	7,056,508,222,382	-	-
Short-term receivable from related parties	1,419,117,395,325	1,414,645,994,474	-	-	-	-
Financial liabilities for which fair values are disclosed						
Short-term borrowings from related parties	-	-	5,990,601,089,220	6,213,465,991,603	-	-
Short-term borrowings from others	-	-	1,999,156,418,433	2,003,004,195,792	-	-
Long-term borrowings from related parties (Note 35)	6,352,966,264,320	6,696,967,959,969	-	-	-	-
Long-term borrowings from others (Note 27.2)	3,126,124,089,818	3,243,778,391,495	-	-	-	-
Long-term and short-term deposits	96,036,970,975	100,253,692,058	-	-	-	-

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Fair value (continued)

B. Fair value of financial instruments that are carried at fair value and whose carrying amounts are not reasonable approximation of fair value (continued)

(*) *AFS quoted equity security*: Fair value is determined directly by reference to their published market bid price at the reporting date (level 1 fair value).

(**) *Unquoted equity securities at FVOCI:* Fair value is determined by discounted cash flow model and net asset valuation model (level 3 fair value). As the difference between fair value and carrying amount is immaterial, the Company assesses that the carrying value reflects the best estimate fair value as at 31 December.

(***) *Financial assets measured at FVPL:* Fair value deposits to corporate counterparties pursuant to Business and Investment Co-operation contracts whose cash flow forecasts are estimated (level 3 fair value) and investment in Phat Loc LLC.

For financial assets and financial liabilities for which fair values are only disclosed, the Company and its subsidiaries use the inputs derived from bank loans or borrowing rates for similar financial assets and financial liabilities with maturities consistent with those remaining for the financial assets or financial liabilities being valued (level 3 fair value).

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Valuation processes

For recurring and non-recurring fair value measurements categorised within Level 3 of the fair value hierarchy, the Company and its subsidiaries use its valuation processes to decide its valuation policies and procedures and analyse changes in fair value measurements from period to period.

The Company and its subsidiaries' fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. The responsibility of ongoing measurement resides with the business divisions. Once submitted, fair value estimates are also reviewed and challenged by the Management.

The Valuer validates fair value estimates by:

- Benchmarking prices against observable market prices or other independent sources;
- Re-performing model calculations; and
- Evaluating and validating input parameters.

The Management also challenges the model calibration on at least an annual basis or when significant events in the relevant markets occur. The Management is responsible for ensuring that the final reported fair value figures are in compliance with IFRS and proposes adjustments when needed. When relying on third-party sources (e.g. broker quotes, or other micro or macro-economic inputs), the Management is also responsible for:

- Verifying and challenging the approved list of providers; and
- Understanding the valuation methodologies and sources of inputs and verifying their suitability for IFRS reporting requirements.

Valuation techniques and specific considerations for Level 3 inputs are further explained below.

Valuation methods and assumption

The following methods and assumptions were for the estimation of recurring fair value measurements categorised within level 3 of the fair value hierarchy:

- Fair value of the deposits for Business and Investment Co-operation contract to develop potential real estate projects which are financial assets measured at FVPL has been estimated using DCF model. Such DCF was based on the Company's estimates of its share in the pre-tax income of the Projects after considering the current salable inventories and progress of construction of the projects, as well as the budgeted cost to complete the Projects and expected selling and administrative costs. The net cash flows are discounted using a discount rate reflecting the Projects' risks and the sale price is determined based on similar properties marketed by Vingroup JSC, the parent company.

  The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these deposits;

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Valuation methods and assumption (continued)

- The Company's investments in unquoted shares are classified as financial assets measured at FVOCI. The fair values of investments in unquoted shares of Thang Long JSC and Xavinco JSC have been estimated using net asset valuation (NAV) model. Under NAV model, the valuation requires management to make assumption about multiple of net asset value with lack of marketability;
- For the other investment (included investment in Phat Loc LLC), the Company had plans to sell this investment and, as such, used the expected selling price in the disposal transaction as the deemed fair value of the investment;

  As the difference between fair value and carrying amount is immaterial, the Company assesses that the carrying value of the investment in unquoted shares reflects the best estimate of fair value as at 31 December 2018; and
- Fair value of remaining financial assets at fair value through OCI is derived from quoted market prices in active markets.

Description of significant unobservable inputs to valuation

As at 31 December 2018

	Valuation technique	***Significant unobservable inputs***	**Rate/Amount**	***Sensitivity of the input to fair value***
Deposit for business co-operation contracts	*DCF method*	*Pre-tax cost of debt*	*9%-11%*	*Decrease in the pre-tax cost of debt would result in increase in fair value by VND193 billion*
		WACC	*11.5%-14.5%*	*Increase (decrease) in the WACC would result in decrease (increase) in fair value by VND47 billion/ VND97 billion*
		Selling price	*20% increase (decrease) in forecasted selling price*	*20% increase (decrease) in selling price would result in increase (decrease) in fair value by VND3,091 billion*
Unquoted equity securities	*Net asset valuation model*	*Multiple Price/Book value of Equity*	*0.84 - 1.84*	*Increase (decrease) in the net asset value would result in increase (decrease) in fair value by VND318 billion/VND61 billion*

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The Company and its subsidiaries' financial liabilities comprise payables to related parties, loans and borrowings, accruals, corporate bonds, trade and other payables. The main purpose of these financial liabilities is to finance the Company and its subsidiaries' operations. The Company and its subsidiaries also have various financial assets such as trade and other receivables, loans, equity investments, cash and short-term deposits, which arise from its normal operations.

The Company and its subsidiaries are exposed to market risk, credit risk and liquidity risk. The management reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risks include payables to related parties, loans and borrowings, trade and other payables, trade receivables and term deposits.

The sensitivity analyses in the following sections related to the position as at 31 December 2018, 2017 and as at 1 January 2017.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company and its subsidiaries' exposure to the risk of changes in market interest rates relates primarily to the Company and its subsidiaries' debt obligations with floating interest rates. The Company and its subsidiaries manage its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. Most lending of the Company and its subsidiaries have fixed interest rates and therefore, the impact of changes in interest rate on profit before tax is insignificant.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates expected over the following financial year. With all other variables held constant, the Company and its subsidiaries' profit before tax is affected through the impact on floating rate borrowings as follows.

	Increase/(decrease) in basis points	*Effect on profit before tax*
		VND
2018		
VND	25	(16,268,741,503)
VND	(25)	16,268,741,503
2017		
VND	40	-
VND	(40)	-

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Equity price risk

The Company and its subsidiaries' equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Company and its subsidiaries manage equity price risk by placing a limit on equity investments. The Company and its subsidiaries' Board of Directors reviews and approves all equity investment decisions.

The exposure to AFS listed equity securities at fair value at 31 December 2017 was VND7,240 billion. A decrease of 10% in the value of the listed securities would decrease the Company and its subsidiaries' equity in 2017 by VND739 billion. An increase of 10% in the value of the listed securities would increase the Company and its subsidiaries' equity in 2017 by VND739 billion.

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Company and its subsidiaries are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and lending to related parties.

Counterparty credit risk is managed by each business unit subject to the Company and its subsidiaries' established policy, procedures and control relating to couterparty credit risk management. Credit quality of a couterparty is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding couterparty receivables and contract assets are regularly monitored and any shipments to major couterparties are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

An impairment analysis is performed at each reporting date to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as disclosed in the following notes:

Trade receivables from from leasing properties and construction services (Note 19)

Customer credit risk is managed when the Company and its subsidiaries generally require the customers to make deposits for leasing of office, retail areas and for construction services. The Company and its subsidiaries manage this credit risk by regularly monitoring the collection progress from these customers and assesses if there is any impairment on the outstanding balance, which as at 31 December 2018 is VND1.1 billion (31 December 2017: VND0 billion).

Other receivables (Note 21)

Other credit risk also arises from receivables from corporate customers and individuals. The Company and its subsidiaries manage this credit risk by regularly monitoring the collection progress from these customers and assesses if there is any impairment on the outstanding balance, which as at 31 December 2018 is VND154 billion (31 December 2017: VND28 billion).

Short-term investments to others and to related parties (Note 22 and Note 35)

Customer credit risk also arises from the loans provided to other counterparties (Note 22) and to related parties (Note 35). Certain loans are not secured, or secured by the unquoted securities. The Company and its subsidiaries manage this credit risk by regularly monitoring the collection progress from these counterparties and assesses if there is any impairment on the outstanding balance, which as at 31 December 2018 is VND140 billion (31 December 2017: VND108 billion).

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Credit risk (continued)

Deposits with banks and financial institutions (Note 22)

Credit risk from deposits with banks and financial institutions is managed by the Company and its subsidiaries' treasury in accordance with the Company and its subsidiares' policy, which is to place deposits with reputable banks and financial institutions and assesses if there is any impairment on the outstanding balance, which as at 31 December 2018 is VND8 billion (31 December 2017: VND0 million).

Cash and cash equivalents (Note 23)

Credit risk from cash and cash equivalents is managed by the Company and its subsidiaries' treasury in accordance with the Company and its subsidiares' policy, which is to place cash and cash equivalent with reputable banks and financial institutions and assesses if there is any impairment on the outstanding balance, which as at 31 December 2018 is VND1.5 billion (31 December 2017: VND747 million).

Long term assets with related parties and other parties (Note 17 and Note 35)

Other credit risk also arises from assets to corporate parties and related parties. The Company and its subsidiaries manage this credit risk by regularly monitoring the collection progress from these counter parties and assesses if there is any impairment on the outstanding balance, which as at 31 December 2018 is VND10 billion (31 December 2017: VND2 billion).

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Allowance for credit losses

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments derecognized in the period;
- Impact on the measurement of ECL due to changes in PDs, LGDs and EADs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Financial assets derecognized during the period and write-offs of allowances related to assets that were written off during the period.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Other non-current assets (Note 17)

	2018					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Lifetime ECL Simplified Approach	Total
Balance at beginning of year:	1,219,486,287	-	-	-	-	1,219,486,287
Movements with profit or loss impact						
Transfers						
Transfers from Stage 1 to Stage 2	-	-	-	-	-	-
Transfers from Stage 1 to Stage 3	-	-	-	-	-	-
Transfers from Stage 2 to Stage 1	-	-	-	-	-	-
New financial assets originated or purchased	848,458,764	-	-	-	-	848,458,764
Changes in PDs/LGDs/EADs	(201,864,375)	-	-	-	-	(201,864,375)
Changes in model assumptions and methodologies	-	-	-	-	-	-
Financial assets derecognized during the year	-	-	-	-	-	-
Balance at end of year	**1,866,080,676**	-	-	-	-	**1,866,080,676**

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Allowance for credit losses

Short-term prepayment and other receivables (Note 21)

	2018					
	Stage 1	Stage 2	Stage 3			
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Lifetime ECL Simplified Approach	Total
Balance at beginning of year:	**69,490,641**	**-**	**28,705,000,000**	**-**	**-**	**28,774,490,641**
Movements with profit or loss impact						
Transfers						
Transfers from Stage 1 to Stage 2	-	-	-	-	-	-
Transfers from Stage 1 to Stage 3	-	-	-	-	-	-
Transfers from Stage 2 to Stage 1	-	-	-	-	-	-
New financial assets originated or purchased	125,532,605,329	-	-	-	-	125,532,605,329
Changes in PDs/LGDs/EADs	-	-	-	-		-
Changes in model assumptions and methodologies	-	-	-	-	-	-
Financial assets derecognized during the year	(69,490,641)	-	-	-	-	(69,490,641)
Balance at end of year	**125,532,605,329**	**-**	**28,705,000,000**	**-**	**-**	**154,237,605,329**

Short-term investments (Note 22)

	2018					
	Stage 1	Stage 2	Stage 3			
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Lifetime ECL Simplified Approach	Total
Balance at beginning of year:	**9,921,651,594**	**-**	**69,999,942,000**	**-**	**-**	**79,921,593,594**
Movements with profit or loss impact						
Transfers						
Transfers from Stage 1 to Stage 2	-	-	-	-	-	-
Transfers from Stage 1 to Stage 3	-	-	-	-	-	-
Transfers from Stage 2 to Stage 1	-	-	-	-	-	-
New financial assets originated or purchased	79,073,153,004	-	-	-	-	79,073,153,004
Changes in PDs/LGDs/EADs	(3,050,028)	-	-	-	-	(3,050,028)
Changes in model assumptions and methodologies	-	-	-	-	-	-
Financial assets derecognized during the year	(9,903,877,253)	-	-	-	-	(9,903,877,253)
Balance at end of year	**79,087,877,317**	**-**	**69,999,942,000**	**-**	**-**	**149,087,819,317**

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Allowance for credit losses

Cash and cash equivalents (Note 23)

	2018					
	Stage 1	Stage 2	Stage 3			
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Lifetime ECL Simplified Approach	Total
Balance at beginning of year:	**747,072,368**	-	-	-	-	**747,072,368**
Movements with profit or loss impact						
Transfers						
Transfers from Stage 1 to Stage 2	-	-	-	-	-	-
Transfers from Stage 1 to Stage 3	-	-	-	-	-	-
Transfers from Stage 2 to Stage 1	-	-	-	-	-	-
New financial assets originated or purchased	1,448,094,621	-	-	-	-	1,448,094,621
Changes in PDs/LGDs/EADs	46,599,762	-	-	-	-	46,599,762
Changes in model assumptions and methodologies	-	-	-	-	-	-
Financial assets derecognized during the year	(718,877,198)	-	-	-	-	**(718,877,198)**
Balance at end of year	**1,522,889,553**	-	-	-	-	**1,522,889,553**

Trade receivables (Note 19)

	2018					
	Stage 1	Stage 2	Stage 3			
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Lifetime ECL Simplified Approach	Total
Balance at beginning of year:	-	-	-	-	-	-
Movements with profit or loss impact						
Transfers						
Transfers from Stage 1 to Stage 2	-	-	-	-	-	-
Transfers from Stage 1 to Stage 3	-	-	-	-	-	-
Transfers from Stage 2 to Stage 1	-	-	-	-	-	-
New financial assets originated or purchased	(1,098,390,988)	-	-	-	-	(1,098,390,988)
Changes in PDs/LGDs/EADs	-	-	-	-	-	-
Changes in model assumptions and methodologies	-	-	-	-	-	-
Financial assets derecognized during the year	-	-	-	-	-	-
Balance at end of year	**(1,098,390,988)**	-	-	-	-	**(1,098,390,988)**

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Allowance for credit losses

Amount due from related parties (Note 35)

	2018					
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Lifetime ECL Simplified Approach	Total
	12-month ECL	Lifetime ECL	Lifetime ECL			
Balance at beginning of year:	**18,185,259,131**	**12,577,238,953**	**-**	**-**	**-**	**30,762,498,084**
Movements with profit or loss impact						
Transfers						
Transfers from Stage 1 to Stage 2	-	-	-	-	-	-
Transfers from Stage 1 to Stage 3	-	-	-	-	-	-
Transfers from Stage 2 to Stage 1	-	-	-	-	-	-
New financial assets originated or purchased	56,377,968,551	743,047,378	-	-	-	57,121,015,929
Changes in PDs/LGDs/EADs	15,863,574,555	-	-	-	-	15,863,574,555
Changes in model assumptions and methodologies	-	-	-	-	-	-
Financial assets derecognized during the year	(15,833,351,559)	(12,577,238,952)	-	-	-	**(28,410,590,511)**
Balance at end of year	**74,593,450,678**	**743,047,379**	**-**	**-**	**-**	**75,336,498,057**

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Liquidity risk

The Company and its subsidiaries' objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and corporate bonds. The Company and its subsidiaries have managed this liquidity risk by arranging for long-term credit facilities with the banks, or issuing long-term corporate bonds, to ensure that the loans/bonds will be repaid after the Company and its subsidiaries has completed and put into commercial operations of its real estate projects.

The Company and its subsidiaries determine the liquidity risk based on terms of contracts. For accruals and other liabilities, the Company and its subsidiaries use its judgement to determine the appropriate level of liquidity risk arising from these liabilities.

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Company and its subsidiaries' financial liabilities based on contractual undiscounted payments.

	On demand VND	*Less than 1 year VND*	*1 to 5 years VND*	*Over 5 years VND*	*Total VND*
2018					
Interest-bearing loans and borrowings	-	7,239,715,024,737	20,493,231,601,940	-	27,732,946,626,677
Customers' deposits	319,419,120,269	30,004,418,354	68,329,429,242	436,836,310	418,189,804,175
Trade payables	2,173,770,632,024	-	-	-	2,173,770,632,024
Amount due to related parties	478,719,166,048	2,390,854,265,167	7,046,227,703,889	-	9,915,801,135,104
Accruals	5,432,685,702,746	486,745,126,207	102,099,452,056	-	6,021,530,281,009
Other liabilities	2,886,792,305,147	-	-	-	2,886,792,305,147
	11,291,386,926,234	**10,147,318,834,465**	**27,709,888,187,127**	**436,836,310**	**49,149,030,784,136**
2017					
Interest-bearing loans and borrowings	-	2,639,718,782,035	7,792,389,655,522	-	10,432,108,437,557
Customers' deposits	-	4,444,508,314	-	-	4,444,508,314
Trade payables	562,211,241,638	-	-	-	562,211,241,638
Amount due to related parties	304,935,856,763	6,667,843,652,760	50,854,999,999	-	7,023,634,509,522
Accruals	1,584,330,803,666	314,276,070,358	-	-	1,898,606,874,024
Other liabilities	492,088,132,256	-	-	-	492,088,132,256
	2,943,566,034,323	**9,626,283,013,467**	**7,843,244,655,521**	**-**	**20,413,093,703,311**

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the the Company and its subsidiaries' financial liabilities based on contractual undiscounted payments. (continued)

As at 1 January 2017	*On demand VND*	*Less than 1 year VND*	*1 to 5 years VND*	*Over 5 years VND*	*Total VND*
Interest-bearing loans and borrowings	-	230,064,066,757	-	-	230,064,066,757
Customers' deposits	-	5,279,232,731	-	-	5,279,232,731
Trade payables	1,314,460,580,746	-	-	-	1,314,460,580,746
Amount due to related parties	457,310,120,959	9,450,542,321,103	-	-	9,907,852,442,062
Accruals	1,046,796,406,426	139,455,613,575	-	-	1,186,252,020,001
Other liabilities	326,299,178,128	-	-	-	326,299,178,128
	3,144,866,286,259	**9,825,341,234,166**	**-**	**-**	**12,970,207,520,425**

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Capital management

For the purpose of the Company and its subsidiaries' capital management, capital includes issued capital, preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company and its subsidiaries' capital management is to ensure that it maintains healthy capital ratios in order to support their business and maximise shareholder value.

The Company and its subsidiaries manage their capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company and its subsidiaries may adjust the dividend payment to shareholders. The Company and its subsidiaries monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company and its subsidiaries includes within net debt, interest-bearing loans and borrowings, less cash, cash equivalents and short-term deposits at banks and financial institutions.

	2018 *VND*	*2017* *VND*
Interest-bearing loans and borrowings	23,954,154,141,375	8,626,843,114,502
Less cash, cash equivalents and short-term deposits at banks and financial institutions	(4,524,777,022,304)	(1,543,342,969,790)
Net debt	**19,429,377,119,071**	**7,083,500,144,712**
Equity	45,378,786,876,520	11,505,436,439,705
Total capital	45,378,786,876,520	11,505,436,439,705
Capital and net debt	**64,808,163,995,591**	**18,588,936,584,417**
Gearing ratio	30%	38%

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Changes in liabilities arising from financing activities

Currency: VND

	1 January 2018	*Cash flows*	*Others*	*31 December 2018*
Current borrowings from related parties (Note 35)	6,002,691,579,548	9,526,711,327,036	(14,146,796,979,631)	1,382,605,926,953
Current interest-bearing loans and borrowings from third parties (Note 26)	1,999,156,418,433	291,999,626,454	2,729,151,411,919	5,020,307,456,806
Non-current interest-bearing loans and borrowings from third parties (Note 27)	6,627,686,696,069	6,149,532,639,366	6,156,627,349,134	18,933,846,684,569
Non-current interest-bearing loans and borrowings from related parties (Note 35)	-	(1,505,000,000,000)	7,857,966,264,320	6,352,966,264,320
Non-current interest-bearing deposit from related parties	-	(4,500,000,000,000)	4,500,000,000,000	-
Total liabilities from financing activities	**14,629,534,694,050**	**9,963,243,592,856**	**7,096,948,045,742**	**31,689,726,332,648**

	1 January 2017	*Cash flows*	*Others*	*31 December 2017*
Current borrowings from related parties (Note 35)	8,924,475,838,369	(3,325,026,382,351)	403,242,123,530	6,002,691,579,548
Current interest-bearing loans and borrowings from third parties (Note 26)	226,949,095,582	2,091,294,834,799	(319,087,511,948)	1,999,156,418,433
Non-current interest-bearing loans and borrowings	-	6,619,879,556,651	7,807,139,418	6,627,686,696,069
Total liabilities from financing activities	**9,151,424,933,951**	**5,386,148,009,099**	**91,961,751,000**	**14,629,534,694,050**

The 'Others' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, change in amortised cost of interest-bearing loans and borrowings, the effect of offset borrowings and lending of entities in the Company and its subsidiaries, disposal and acquisition during the year.

35. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties for the year ended 31 December 2018 and 31 December 2017 are as follows:

For the year ended 31 December 2018

Currency: VND

Related parties	*Relationship*	*Transactions*	*Amount*
Vingroup JSC	Parent company	Borrowings	(23,860,000,000,000)
		Repayment of borrowings	25,458,928,666,068
		Receivables from cash centralised account	65,940,871,310,331
		Receipt from cash centralised account	(66,017,769,751,498)
		Payables for share transfer	(4,814,154,145,638)
		Paid for share transfer	4,814,154,145,638
		Capital contribution for Business and Investment Co-operation Contract and deposit for investment purpose	15,760,946,324,551
		Lending	1,238,891,070,118
		Collection of lending	(1,238,891,070,118)
		Interest payables	(377,397,085,856)
		Receivables of shared profit from Business and Investment Co-operation Contracts	6,626,818,977,720
		Collection of shared profit from Business and Investment Co-operation Contracts	(5,331,992,259,720)
		Receipt from share issuance	(9,500,000,000,000)
		Decrease of share capital due to demerger	1,568,884,500,000
		Dividend payables	(11,545,123,680,000)
		Dividend paid in cash	890,100,000,000
		Dividend paid in shares	10,655,023,680,000
		Payment for management fees and brand name Royalty fee	502,875,327,397
		Payables for collection on behalf related to sale of properties	(623,738,008,305)
		Repayment for collection on behalf related to sale of properties	1,800,759,590,122
		Receivables from share transfer	693,000,000,000
		Receipt from share transfer	(10,515,251,781,478)
Vicentra JSC	Affiliate (until 31 May 2018)	Borrowings	(6,165,000,000,000)
		Repayment of borrowings	4,429,224,109,589
		Receivables of shared profit from Business and Investment Co-operation Contract	2,886,282,950,000
		Receipt of shared profit from Business and Investment Co-operation Contract	(1,317,928,594,000)
		Capital contribution for Business and Investment Co-operation Contract	1,300,000,000,000
		Lending	2,000,000,000,000
		Collection of lending	(2,000,000,000,000)
Phu Quoc Tourism JSC	Parent's associate	Refund of deposits for general contractor services	1,961,800,000,000
		Receipt of deposit for the general contractor services	(1,961,800,000,000)
Kind Heart Fund	Under common owner	Receipt of advance amount for charitable purpose	92,448,663,563
		Payables for charitable purpose	(100,000,000,000)

35. TRANSACTIONS WITH RELATED PARTIES (continued)

For the year ended 31 December 2018 (continued)

Currency: VND

Related parties	*Relationship*	*Transactions*	*Amount*
Tan Lien Phat JSC	Affiliate (until 31 January 2018)	Lending Collection of lending	3,000,000,000,000 (200,000,000,000)
Xavinco Land JSC	Affiliate	Borrowings Repayment of borrowings	(840,000,000,000) 966,000,000,000
Vinpearl JSC	Affiliate	Borrowings Repayment of borrowings Deposits for Business Co-operation Contract	(9,620,000,000,000) 7,875,000,000,000 (2,199,807,000,000)
Vinschool One Member LLC ("Vinschool LLC")	Affiliate	Repayment of borrowings Collection from disposal of assets Receivables from disposal of assets	735,000,000,000 (914,441,049,922) 914,441,049,922
Vinfast Producing and Trading LLC ("Vinfast LLC")	Affiliate	Borrowings Repayment of borrowings Interest payable	(27,164,000,000,000) 26,005,000,000,000 (401,789,095,888)
Vinmec JSC	Affiliate	Receivables from share transfer	894,000,000,000
Southern Star JSC	Affiliate	Repayment of borrowings	510,000,000,000
Vietnam Grand Prix LLC ("Grand Prix LLC")	Affiliate	Borrowings	(940,000,000,000)
Vincom Retail JSC	Affiliate	Deposit for Investment Co-operation Contract Receivables from transferring inventory properties	(1,818,165,555,838) 2,930,332,855,797
Vincom Construction LLC	Affiliate (until 9 August 2018)	Borrowings Repayment of borrowings	(1,800,000,000,000) 380,000,000,000
Sai Dong JSC	Affiliate	Borrowings Repayment of borrowings	- -
Ms. Hoang Bach Duong	Chairwoman of member council of a subsidiary	Deposit for share transfer Collection of deposit for share transfer	1,104,000,000,000 (1,104,000,000,000)

35. TRANSACTIONS WITH RELATED PARTIES (continued)

For the year ended 31 December 2018 (continued)

Currency: VND

Related parties	*Relationship*	*Transactions*	*Amount*
Vincommerce JSC	Affiliate	Payable for goods provided	(2,102,622,253,527)
		Payment for goods provided	2,519,664,183,455
		Borrowings	(3,560,000,000,000)
		Repayment of borrowings	3,560,000,000,000
		Payables for share transfer	(3,000,000,000,000)
		Payment for share transfer	3,000,000,000,000
		Lending	14,550,000,000,000
		Collection of lending	(15,060,000,000,000)
Cam Ranh Investment LLC	Affiliate (until 30 November 2018)	Borrowings	(1,415,000,000,000)
Central Park LLC	Affiliate	Borrowings	(1,050,000,000,000)
		Repayment of borrowings	1,775,000,000,000
		Capital contribution for Business and Investment Co-operation Contract	490,000,000,000

35. TRANSACTIONS WITH RELATED PARTIES

For the year ended 31 December 2017

Currency: VND

Related parties	*Relationship*	*Transactions*	*Amount*
Vingroup JSC	Parent company	Borrowings	(14,024,758,494,445)
		Repayment of borrowings	14,233,593,670,344
		Receivables from cash centralised account	4,712,763,476,758
		Receipt from cash centralised account	(4,675,025,484,962)
		Payables for share transfer	(4,386,006,520,000)
		Paid for share transfer	4,386,006,520,000
		Lending	679,000,000,000
		Collection of lending	(2,939,000,000,000)
		Interest payables	(383,755,364,118)
		Receivables from share transfer	9,828,660,610,678
		Receipt from share transfer	(6,408,829,200)
Vicentra JSC	Affiliate (until 31 May 2018)	Borrowings	(3,150,000,000,000)
		Repayment of borrowings	2,290,000,000,000
Phu Quoc Tourism JSC	Parent's associate	Repayment of borrowings	2,110,000,000,000
Tan Lien Phat JSC	Affiliate (until 31 January 2018)	Lending	1,160,000,000,000
		Collection of lending	(806,000,000,000)
		Repayment of borrowings	900,000,000,000
Xavinco Land JSC	Affiliate	Borrowings	(1,070,000,000,000)
		Repayment of borrowings	303,000,000,000
Vinpearl JSC	Affiliate	Borrowings	(680,000,000,000)
		Repayment of borrowings	1,040,000,000,000
Vinschool LLC	Affiliate	Borrowings	(1,040,000,000,000)
		Repayment of borrowings	305,000,000,000
Vinfast LLC	Affiliate	Borrowings	(600,000,000,000)
		Repayment of borrowings	600,000,000,000
		Interest payable	(12,835,277,778)
Southern Star JSC	Affiliate	Repayment of borrowings	96,300,000,000
Sai Dong JSC	Affiliate	Borrowings	(450,000,000,000)
		Repayment of borrowings	855,844,385,803
Vincommerce JSC	Affiliate	Payable for goods provided	(923,277,752,028)
		Payment for goods provided	953,042,807,463
Central Park LLC	Affiliate	Borrowings	(760,000,000,000)
		Repayment of borrowings	520,000,000,000
South VCR LLC	Affiliate	Receivables from finance lease	127,502,947,610
		Receipt from sale of commercial center	(405,042,590,790)

35. TRANSACTIONS WITH RELATED PARTIES (continued)

Terms and conditions of transactions with related parties during the years are as follows:

During the year ended 31 December 2018, the Company and its subsidiaries provided unsecured loans to related parties at interest rates at 8% per annum (2017: 7% per annum), and received unsecured loans from related parties at interest rates from 8% per annum to 9% per annum (2017: 7% per annum).

During the years ended 31 December 2018 and 31 December 2017, the Company and its subsidiaries also sold/purchased goods and rendering/purchased services to/from related parties based on negotiated prices and terms agreed upon by the parties.

Related to the Business and Investment Co-operation Contract with Vingroup JSC and Vicentra JSC, an affiliate, for the purpose of developing real estate projects, the Company will receive a portion of profit before tax from these projects.

Payables and receivables (except for lending and borrowings) as at 31 December 2018 are unsecured, free of interest and will be settled by cash. During the year ended 31 December 2018, the Company and its subsidiaries have not made provision for doubtful debts relating to amounts due from related parties (31 December 2017: nil). This assessment is undertaken each financial period through the examination of the financial position of the related parties and the market in which the related parties operate.

Amounts due from and due to related parties:

Currency: VND

	2018	*2017*	*As at 1 January 2017*
Amounts due from related parties			
Short-term loans, advances to and receivables from related parties	7,837,423,870,251	13,355,779,262,800	2,758,746,608,296
Long-term deposits to and receivables from related parties	621,114,249,391	127,502,947,610	-
Amounts due to related parties			
Short-term borrowings, deposits from and payables to related parties	3,184,884,797,552	6,826,622,888,940	9,790,007,082,536
Long-term deferred revenue and payables to related parties	7,029,618,072,213	282,221,465,931	1,084,011,858,038

35. TRANSACTIONS WITH RELATED PARTIES (continued)

Details of amounts due from and due to related parties as at 31 December 2018, 31 December 2017 and 1 January 2017 are as below:

As at 31 December 2018

Related parties	*Relationship*	*Transactions*	*Amount VND*
Short-term loans, advances to and receivables from related parties			
Financial assets:			
Vingroup JSC	Parent company	Deposits for share transfer agreement and investment purposes	4,198,998,985,139
		Receivables from general contractor services and consulting construction services	111,946,322,581
		Other receivables	9,956,455,061
Vinschool LLC	Affiliate	Receivables from revenue sharing from education activity and related service	9,361,797,217
		Receivable from construction contract	840,041,744,496
Vinmec JSC	Affiliate	Receivable from construction contract	579,075,650,829
		Other receivables	2,643,568,168
Vincommerce JSC	Affiliate	Receivables from general contractor services and consulting construction services	113,424,419,052
		Receivables from leasing	6,127,019,883
Sai Dong JSC	Affiliate	Deposit for shares transfer agreement	70,257,600,000
		Other receivables	250,168,224
Vincom Retail JSC	Affiliate	Receivables from general contractor services and consulting construction services	1,674,322,534,743
		Other receivables	9,257,163,159
Others		Other receivables	255,868,353,574
			7,881,531,782,126
		Less allowance for credit losses	(64,455,751,581)
		Subtotal	**7,817,076,030,545**
Non-financial assets:			
Vincommerce JSC	Affiliate	Advance to supplier	18,199,416,180
Others	Affiliate	Advance to supplier	2,148,423,526
		Subtotal	**20,347,839,706**
			7,837,423,870,251

35. TRANSACTIONS WITH RELATED PARTIES (continued)

As at 31 December 2018 (continued)

Related parties	*Relationship*	*Transactions*	*Amount VND*
Long-term deposits to and receivables from related parties			
Financial assets:			
Vingroup JSC	Affiliate	Deposit for share transfer agreement	511,417,630,700
South VCR LLC	Affiliate	Receivables from finance lease	120,577,365,167
		Subtotal	**631,994,995,867**
		Less allowance for credit losses	(10,880,746,476)
		Subtotal	**621,114,249,391**
Short-term borrowings, deposits from and payables to related parties			
Financial liabilities:			
Vingroup JSC	Parent company	Management fee payables	34,733,745,096
		Other trade payables	217,492,807,308
		Borrowings	54,605,926,953
		Interest payables	186,517,447,918
Vincommerce JSC	Affiliate	Payables for purchased goods	5,552,106,827
Kind Heart Fund	Under common owner	Payables for charitable purpose	100,000,000,000
Grand Prix LLC	Affiliate	Borrowings	808,000,000,000
		Interest payables	24,632,630,137
Central Park LLC	Affiliate	Interest payables	116,757,625,577
		Borrowings	520,000,000,000
Others		Other payables	120,940,506,817
		Subtotal	**2,189,232,796,633**
Non-financial liabilities:			
Vincom Retail JSC	Affiliate	Deposit for Business Co-operation Contract	163,000,000,000
Vinpearl JSC	Affiliate	Deposit for Business Co-operation Contract	634,961,990,027
Vincommerce JSC	Affiliate	Advance for construction	93,109,237,354
Vincom Retail JSC	Affiliate	Advance for construction	48,920,707,830
Kind Heart Fund	Under common owner	Advance for construction	14,392,320,586
Vingroup JSC	Parent company	Advance for construction	41,267,745,122
		Subtotal	**995,652,000,919**
			3,184,884,797,552

35. TRANSACTIONS WITH RELATED PARTIES (continued)

As at 31 December 2018 (continued)

Related parties	*Relationship*	*Transactions*	*Amount VND*
Long-term deferred revenue and payables to related parties			
Financial liabilities:			
Vinfast LLC	Affiliate	Borrowings	3,160,327,340,581
		Interest payable	169,570,684,931
Vinpearl JSC	Affiliate	Borrowings	1,712,203,341,545
		Interest payable	103,154,149,233
Xavinco Land JSC	Affiliate	Borrowings	626,850,759,506
		Interest payable	106,197,525,496
Xalivico LLC	Affiliate	Borrowings	241,909,247,747
		Interest payable	34,728,312,786
Central Park LLC	Affiliate	Borrowings	611,675,574,941
		Interest payable	4,495,068,493
Cam Ranh LLC	Affiliate	Interest payable	697,808,219
		Subtotal	**6,771,809,813,478**
Non-financial liabilities:			
South VCR LLC	Affiliate	Deferred revenue	257,808,258,735
		Subtotal	**257,808,258,735**
			7,029,618,072,213

35. TRANSACTIONS WITH RELATED PARTIES (continued)

As at 31 December 2018 (continued)

Details of loans due to related parties are as follows:

Related parties	*Relationship*	*31 December 2018 (VND)*	*Interest rate per annum*	*Maturity date*	*Collateral*
Short-term borrowings					
Grand Prix LLC	Affiliate	808,000,000,000	9%	September 2019	None
Central Park LLC	Affiliate	520,000,000,000	9%	From January 2019 to September 2019	(*)
Vingroup JSC	Parent company	54,605,926,953	9%	December 2019	(*)
		1,382,605,926,953			
Long-term borrowings					
Vinfast LLC	Affiliate	3,160,327,340,581	9%	February 2020	(*)
Vinpearl JSC	Affiliate	1,712,203,341,545	9%	February 2020	(*)
Xavinco Land JSC	Affiliate	626,850,759,506	9%	February 2020	(*)
Central Park LLC	Affiliate	611,675,574,941	9%	From January 2020 to February 2020	(*)
Xalivico LLC	Affiliate	241,909,247,747	9%	February 2020	(*)
		6,352,966,264,320			

(*) These loans are secured by shares of the Company and ordinary shares of some subsidiaries.

35. TRANSACTIONS WITH RELATED PARTIES (continued)

As at 31 December 2017

Related parties	*Relationship*	*Transactions*	*Amount VND*
Short-term loans, advance to and receivables from related parties			
Financial assets:			
Vingroup JSC	Parent company	Share transferring receivables	9,822,251,781,478
		Receivables from centralised cash flow account	53,070,861,526
Times Trading LLC	Affiliate	Lending	1,616,661,684,031
		Interest receivables	43,555,555,555
Tan Lien Phat JSC	Affiliate	Lending	882,401,508,298
		Interest receivables	23,094,166,666
Vinmec JSC	Affiliate	Lending	170,000,000,000
Vincom Retail JSC	Affiliate	Receivables from general contractor services and consulting construction services	556,128,496,013
Southern Star JSC	Affiliate	Share transferring receivables	32,665,960,000
Vincom Construction LLC	Affiliate	Receivables from finalisation adjustment	16,043,403,463
Vinschool LLC	Affiliate	Receivables from business cooperating contract relating to education and from leasing	6,025,154,038
Others		Other receivables	35,391,391,417
		Subtotal	**13,257,289,962,485**
Non-financial assets:			
Kind Heart Fund	Under common owners	Advances for charity purpose	92,448,663,563
Vincommerce JSC	Affiliate	Advances for construction materials	6,040,636,752
		Subtotal	**98,489,300,315**
			13,355,779,262,800
Long-term deposits to and receivables from related parties			
Financial assets:			
South VCR LLC	Affiliate	Receivables from finance lease	127,502,947,610
		Subtotal	**127,502,947,610**

35. TRANSACTIONS WITH RELATED PARTIES (continued)

As at 31 December 2017 (continued)

Related parties	*Relationship*	*Transactions*	*Amount VND*
Short-term borrowings, deposits from and payables to related parties			
Financial liabilities:			
Vingroup JSC	Parent company	Borrowings	1,485,895,857,606
		Interest payables	112,402,016,515
		Payables for materials, cards and services	32,043,746,050
Vicentra JSC	Affiliate	Borrowings	854,092,618,502
		Interest payables	50,854,999,999
Xavinco Land JSC	Affiliate	Borrowings	763,492,503,678
		Interest payables	47,825,361,113
Vinschool LLC	Affiliate	Borrowings	730,145,444,555
		Interest payables	17,084,861,112
Metropolis Hanoi LLC	Affiliate	Borrowings	617,232,574,825
		Interest payables	33,953,888,888
Southern Star JSC	Affiliate	Borrowings	509,532,485,319
		Interest payables	79,742,172,223
Royal City JSC	Affiliate	Borrowings	416,641,818,242
Xalivico LLC	Affiliate	Borrowings	252,877,380,211
		Interest payables	13,424,833,334
Central Park LLC	Affiliate	Borrowings	239,239,887,501
Phu Quoc Tourism JSC	Affiliate	Interest payables	148,701,749,999
VinAcademy LLC	Affiliate	Borrowings	121,450,518,781
		Interest payables	15,005,569,446
Vincommerce JSC	Affiliate	Payables for machinery, materials and services	92,832,889,672
Can Gio Tourism JSC	Affiliate	Share transferring payables	81,743,910,000
Vincom Construction & Consulting LLC	Affiliate	Consulting and services payables	29,360,209,428
Vinservice LLC	Affiliate	Construction cost payables	21,258,330,006
Tay Tang Long LLC	Affiliate	Borrowings	12,090,490,328
Others		Other payables	47,696,771,607
		Subtotal	**6,826,622,888,940**

35. TRANSACTIONS WITH RELATED PARTIES (continued)

As at 31 December 2017 (continued)

Related parties	*Relationship*	*Transactions*	*Amount VND*
Long-term deferred revenue and payables to related parties			
Non-financial liabilities:			
South VCR LLC	Affiliate	Deferred revenue	282,221,465,931
		Subtotal	**282,221,465,931**

Details of loans due from related parties are as follows:

Related parties	*Relationship*	*31 December 2017 (VND)*	*Interest rate per annum*	*Maturity date*	*Collateral*
Short-term loans					
Times Trading LLC	Affiliate	839,833,242,761	7%	25 October 2018	None
		776,828,441,270	7%	16 May 2018	None
Vinmec JSC	Affiliate	170,000,000,000	7%	19 December 2018	None
Tan Lien Phat JSC	Affiliate	328,746,499,442	7%	27 December 2018	None
		553,655,008,856	7%	19 July 2018	None
		2,669,063,192,329			

Details of loans due to related parties are as follows:

Related parties	*Relationship*	*31 December 2017 (VND)*	*Interest rate per annum*	*Maturity date*	*Collateral*
Short-term borrowings					
Vingroup JSC	Parent company	1,485,895,857,606	7%	25 December 2018	None
Vicentra JSC	Affiliate	854,092,618,502	7%	15 July 2018	None
Xavinco Land JSC	Affiliate	763,492,503,678	7%	04 April 2018	None
Vinschool LLC	Affiliate	730,145,444,555	7%	21 August 2018	None
Metropolis Hanoi LLC	Affiliate	617,232,574,825	7%	05 April 2018	None
Southern Star JSC	Affiliate	509,532,485,319	7%	21 February 2018	None
Royal City JSC	Affiliate	416,641,818,242	7%	13 October 2018	None
Xalivico LLC	Affiliate	252,877,380,211	7%	05 April 2018	None
Central Park LLC	Affiliate	239,239,887,501	7%	16 May 2018	None
VinAcademy LLC	Affiliate	121,450,518,781	7%	09 January 2018	None
Tay Tang Long LLC	Affiliate	12,090,490,328	7%	30 June 2018	None
		6,002,691,579,548			

35. TRANSACTIONS WITH RELATED PARTIES (continued)

As at 1 January 2017

Related parties	*Relationship*	*Transactions*	*Amount VND*
Short-term loans, advance to and receivables from related parties			
Financial assets:			
Vingroup JSC	Parent company	Lending	2,668,022,549,733
		Receivables from centralized cash flow management accounts	15,332,869,730
Vincommerce JSC	Affiliate	Receivables from rendering of services	6,648,417,327
Hai Linh Energy JSC	Affiliate	Lending	4,213,867,108
Others		Other receivables	14,909,939,760
		Subtotal	**2,709,127,643,658**
Non-financial assets:			
North Vincom Retail LLC	Affiliate	Advances for management fee, rental fee	47,188,981,902
Vincom 7 Construction Management LLC	Affiliate	Advance for construction fee	2,429,982,736
		Subtotal	**49,618,964,638**
			2,758,746,608,296

35. TRANSACTIONS WITH RELATED PARTIES (continued)

As at 1 January 2017 (continued)

Related parties	*Relationship*	*Transactions*	*Amount VND*
Short-term borrowings, deposits from and payables to related parties			
Financial liabilities:			
Vingroup JSC	Parent company	Borrowings	3,862,679,280,612
		Payables for payments on behalf	83,610,228,125
		Payables for general management fees	148,731,322,446
		Interest payables	283,599,751,314
Southern Star JSC	Affiliate	Borrowings	603,849,018,536
		Interest payables	37,197,980,556
Sai Dong JSC	Affiliate	Borrowings	408,829,908,175
Phu Quoc Tourism JSC	Affiliate	Borrowings	2,112,653,392,279
		Interest payables	49,151,666,666
Tan Lien Phat JSC	Affiliate	Borrowings	900,193,217,406
Vinpearl Quy Nhon JSC	Affiliate	Borrowings	335,236,164,645
		Interest payables	11,138,750,002
Cam Ranh Investment LLC	Affiliate	Borrowings	28,000,000,000
Vincom Retail JSC	Affiliate	Payables for rental and other related services	56,167,621,037
Hon Tre Investment and Development LLC	Affiliate	Borrowings	43,000,000,000
Vincom Construction Management 3 LLC	Affiliate	Construction cost payables	34,532,387,088
Vincommerce JSC	Affiliate	Payables for purchased goods	29,765,055,435
Vinhomes 1 Real Estate Trading LLC	Affiliate	Commission and marketing fee payables	27,500,000,000
Vinpearl Bai Dai LLC	Affiliate	Borrowings	16,000,000,000
South Vincom Retail LLC	Affiliate	Payables for shopping mall rental fee	13,355,329,431
Viet Nam Books JSC	Affiliate	Borrowings	601,944,366,388
Tay Tang Long LLC	Affiliate	Borrowings	12,090,490,328
Others		Other payables	63,648,177,396
		Subtotal	**9,762,874,107,865**
Non-financial liabilities:			
Tan Lien Phat JSC	Affiliate	Advances for providing goods	27,132,974,671
		Subtotal	**27,132,974,671**
			9,790,007,082,536

35. TRANSACTIONS WITH RELATED PARTIES (continued)

As at 1 January 2017 (continued)

Related parties	*Relationship*	*Transactions*	*Amount VND*
Long-term deferred revenue and payables to related parties			
Non-financial liabilities:			
South VCR LLC	Affiliate	Deferred revenue	1,084,011,858,038
			1,084,011,858,038

Details of loans due from related parties are as follows:

Related parties	*Relationship*	*31 December 2016 (VND)*	*Interest rate per annum*	*Maturity date*	*Collateral*
Short-term loans					
Vingroup JSC	Parent company	2,276,485,360,034	7%	27 June 2017	None
		391,537,189,699	7%	21 June 2017	None
Hai Linh Energy JSC	Affiliate	4,213,867,108	7%	21 October 2017	None
		2,672,236,416,841			

Details of loans due to related parties are as follows:

Related parties	*Relationship*	*31 December 2016 (VND)*	*Interest rate per annum*	*Maturity date*	*Collateral*
Short-term borrowings					
Vingroup JSC	Parent company	2,761,048,124,009	7%	31 January 2017	None
		524,474,813,158	7%	9 June 2017	None
		296,393,755,789	7%	28 April 2017	None
		131,223,250,887	7%	29 January 2017	None
		149,539,336,769	7%	26 March 2017	None
Southern Star JSC	Affiliate	603,849,018,536	7%	22 February 2017	None
Sai Dong JSC	Affiliate	408,829,908,175	7%	5 September 2017	None
Phu Quoc Tourism JSC	Affiliate	2,112,653,392,279	7%	5 March 2017	None
Tan Lien Phat JSC	Affiliate	900,193,217,406	7%	14 March 2017	None
Vinpearl Quy Nhon JSC	Affiliate	335,236,164,645	7%	14 July 2017	None
Cam Ranh Investment LLC	Affiliate	28,000,000,000	7%	14 July 2017	None
Hon Tre LLC	Affiliate	43,000,000,000	7%	14 July 2017	None
Vinpearl Bai Dai LLC	Affiliate	16,000,000,000	7%	14 July 2017	None
Viet Nam Books JSC	Affiliate	601,944,366,388	7%	14 July 2017	None
Tay Tang Long LLC	Affiliate	12,090,490,328	7%	30 June 2017	None
		8,924,475,838,369			

35. TRANSACTIONS WITH RELATED PARTIES (continued)

Other related party transactions

Remuneration to members of management and Board of Directors:

	2018 VND	*2017 VND*
Salaries and bonus	23,797,002,359	-
TOTAL	**23,797,002,359**	-

For the year ended 31 December 2017, members of management and Board of Directors did not receive remuneration at the Company.

36. CAPITALISED BORROWING COSTS

During the year 2018, the Company and its subsidiaries capitalised borrowing costs amounting to VND459,981,776,474 (2017: VND112,729,256,647). These borrowing costs are mainly related to specific borrowings taken to finance the construction of Vinhomes Central Park, Vinhomes Ocean Park, Vinhomes Sportia and Vinhomes Metropolis Projects. The capitalised borrowing costs are determined by applying a capitalisation rate from 7.00% per annum to 10.03% per annum (2017: 7.00% per annum).

37. EVENTS AFTER THE REPORTING PERIOD

On 2 January 2019, the Company signed an agreement to transfer 51% equity interest in Phat Loc LLC to a corporate counterparty with total consideration of VND561 billion.

In January and February 2019, the Company and its subsidiaries signed a contract to transfer 97.9% equity interest in Berjaya VIUT LLC and another contract to conditionally repurchase this equity interest. Accordingly, the transaction price is equivalent to the par value of the transferred equity interest.

In March 2019, the Company and its subsidiries completed the transfer of its entire equity interest in Prime Land JSC to a corporate counterparty.

There is no other matter or circumstance that has arisen after the reporting period that requires an adjustment or a disclosure in the consolidated financial statements of the Company and its subsidiaries.