Vinhomes Joint Stock Company

Separate financial statements

Quarter IV 2019

CONTENTS

GENERAL INFORMATION

THE COMPANY

Vinhomes Joint Stock Company ("the Company") 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 Enterprise Registration Certificate No. 0102671977 dated 5 August 2010 on registration of a shareholding company. The Company subsequently also received amended Enterprise Registration Certificates with the the 28th amendment dated 28 June 2019 as the latest.

The current principal activities of the Company are to develop real estate property 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. Vingroup JSC and its subsidiaries are hereby referred as the Group.

BOARD OF DIRECTORS

Members of the Board of Directors during the period and as at the issuing date of the separate financial statements:

Ms. Nguyen Dieu Linh	Chairwoman
Mr. Nguyen Viet Quang	Member
Ms. Cao Thi Ha An	Member
Mr. Varun Kapur	Independent member
Mr. Mueen Uddeen	Independent member

SUPERVISORY BOARD

Members of the Supervisory Board during the period and as at the issuing date of the separate financial statements:

Mr. Pham Khoi Nguyen	Head of the Supervisory Board
Ms. Doan Thi Thu Mai	Member
Ms. Le Thi Duyen	Member

BOARD OF MANAGEMENT

Members of the management during the period and as at the issuing date of the separate financial statements are:

Mr. Pham Thieu Hoa	Chief Executive Officer
Mr. Douglas John Farrell	Deputy Chief Executive Officer
Ms. Nguyen Ngoc Thuy Linh	Deputy Chief Executive Officer
Mr. Nguyen Duc Quang	Deputy Chief Executive Officer
Ms. Phi Thi Thuc Nga	Deputy Chief Executive Officer
Mr. Nguyen Van Trai	Deputy Chief Executive Officer
Mr. Pham Van Khuong	Deputy Chief Executive Officer

LEGAL REPRESENTATIVES

The legal representatives of the Company:

- until 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 27 June 2019 are Ms. Nguyen Dieu Linh - Chairwoman, Mr. Pham Thieu Hoa - Chief Executive Officer and Mr. Nguyen Van Trai - Deputy Chief Executive Officer.
- from 28 June 2019 to the issuing date of this report are Ms. Nguyen Dieu Linh – Chairwoman, Mr. Pham Thieu Hoa – Chief Executive Officer, Mr. Nguyen Van Trai – Deputy Chief Executive Officer and Mr. Pham Van Khuong – Deputy Chief Executive Officer.

Ms. Le Thi Hai Yen, Chief Financial Officer, is authorised to sign on the financial statements of the Company according to Letter of Authorisation No. 064/2019/GUQ-TGD-VH dated 26 July 2019.

Vinhomes Joint Stock Company

REPORT OF MANAGEMENT

Management of Vinhomes Joint Stock Company ("the Company") presents this report and the accompanying separate financial statements of the Company for Quarter IV 2019.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM SEPARATE FINANCIAL STATEMENTS

Management is responsible for the separate financial statements which gave a true and fair view of the separate financial position of the Company and of the separate results of its operations and its separate cash flows for the year. In preparing the separate 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 or not, subject to any material departures disclosed and explained in the separate financial statements; and
- prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept to disclose, with reasonable accuracy at any time, the financial position of the Company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that they have complied with the above requirements in preparing these separate financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2019 and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the separate financial statements.

The Company has subsidiaries as disclosed in the separate financial statements. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the consolidated financial statements of the Company and its subsidiaries as at 31 December 2019 ("the consolidated financial statements") dated 30 January 2020.

Users of the accompanying separate financial statements should read them together with the above consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company and its subsidiaries.

For and on behalf of the Management

CÔNG TY CỔ PHẦN VINHOMES

Le Thi Hai Yen
Chief Financial Officer

Hanoi, Vietnam

30 January 2020

SEPARATE BALANCE SHEET
as at 31 December 2019

Currency: million VND

Code	*ASSETS*	*Notes*	*Ending balance*	*Beginning balance*
100	**A. CURRENT ASSETS**		**47,926,765**	**67,151,733**
110	***I. Cash and cash equivalents***	***4***	***4,737,255***	***1,032,921***
111	1. Cash		860,092	547,827
112	2. Cash equivalents		3,877,163	485,094
120	***II. Short-term investments***		***123,563***	***543,307***
123	1. Held-to-maturity investments	5	123,563	543,307
130	***III. Current accounts receivable***		***34,382,079***	***49,230,107***
131	1. Short-term trade receivables	6.1	20,070,225	17,641,321
132	2. Short-term advances to suppliers	6.2	1,159,332	1,040,693
135	3. Short-term loan receivables	7	21,324	23,257
136	4. Other short-term receivables	8	13,151,597	30,545,237
137	5. Provision for doubtful short-term receivables	9	(20,399)	(20,401)
140	***IV. Inventories***	***10***	***8,276,731***	***10,747,631***
141	1. Inventories		8,306,788	10,908,986
149	2. Provisions for obsolete inventories		(30,057)	(161,355)
150	***V. Other current assets***		***407,137***	***5,597,767***
151	1. Short-term prepaid expenses	11	58,895	325,550
152	2. Value-added tax deductible	19	-	37,597
155	4. Other current assets	12	348,242	5,234,620

SEPARATE BALANCE SHEET (continued)
as at 31 December 2019

Currency: million VND

Code	*ASSETS*	*Notes*	*Ending balance*	*Beginning balance*
200	**B. NON-CURRENT ASSETS**		**74,696,698**	**71,491,651**
210	***I. Long-term receivables***		**9,948**	***9,951***
215	1. Other long-term receivables	8	9,948	9,951
220	***II. Fixed assets***		**540,552**	***63,900***
221	1. Tangible fixed assets	13	475,003	36,408
222	Cost		516,404	65,183
223	Accumulated depreciation		(41,401)	(28,775)
227	2. Intangible fixed assets		65,549	27,492
228	Cost		107,597	48,394
229	Accumulated amortisation		(42,048)	(20,902)
230	***III. Investment properties***	***14***	**3,550,152**	***3,281,849***
231	1. Cost		3,777,743	3,425,793
232	2. Accumulated depreciation		(227,591)	(143,944)
240	***IV. Long-term assets in progress***		**286,078**	***382,857***
242	1. Construction in progress	16	286,078	382,857
250	***V. Long-term investments***	***17***	**68,161,557**	***65,884,076***
251	1. Investments in subsidiaries	17.1	67,575,148	65,477,667
253	2. Investments in other entities	17.2	536,409	356,409
255	3. Held-to-maturity investments	17	50,000	50,000
260	***VI. Other long-term assets***		**2,148,411**	***1,869,018***
261	1. Long-term prepaid expenses	11	68,609	143,981
262	2. Deferred tax assets		47,465	181,283
268	3. Other long-term assets	12	2,032,337	1,543,754
270	**TOTAL ASSETS**		**122,623,463**	**138,643,383**

SEPARATE BALANCE SHEET (continued)
as at 31 December 2019

Currency: million VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	**C. LIABILITIES**		**82,746,161**	**99,093,656**
310	***I. Current liabilities***		***31,172,921***	***31,106,665***
311	1. Short-term trade payables	18.1	1,630,576	1,628,352
312	2. Short-term advances from customers	18.2	4,759,897	5,508,078
313	3. Statutory obligations	19	255,637	1,014,675
315	5. Short-term accrued expenses	20	2,714,951	3,938,134
318	6. Short-term unearned revenues	21	400,153	438,784
319	7. Other short-term payables	22	10,201,100	8,598,703
320	8. Short-term debts and borrowings	23	11,207,157	9,979,940
321	9. Short-term provisions		3,450	-
330	***II. Non-current liabilities***		***51,573,240***	***67,986,991***
333	1. Long-term accrued expenses	20	7,261,441	1,776,534
336	2. Long-term unearned revenues	21	1,345,961	1,460,577
338	3. Long-term debts and borrowings	23	42,875,627	64,608,324
342	4. Long-term provisions	24	90,211	141,555
400	**D. OWNERS' EQUITY**		**39,877,302**	**39,549,727**
410	***I. Capital***	***25***	***39,877,302***	**39,549,727**
411	1. Share capital		33,495,139	33,495,139
411a	- *Shares with voting rights*		*33,495,139*	*33,495,139*
415	2. Treasury shares		(5,549,929)	-
421	3. Undistributed earnings		11,932,092	6,054,588
421a	- *Undistributed earnings by the end or prior year*		*2,705,074*	*238,950*
421b	- *Undistributed earnings of current year*		*9,227,018*	*5,815,638*
440	**TOTAL LIABILITIES AND OWNERS' EQUITY**		**122,623,463**	**138,643,383**

Nguyen Thi Hong Trang Preparer	Nguyen Huu Thanh Chief Accountant	Le Thi Hai Yen Chief Financial Officer

Hanoi, Vietnam

30 January 2020

SEPARATE INCOME STATEMENT
for the year ended 31 December 2019

Currency: million VND

Code	*ITEMS*	*Notes*	*Quarter IV 2019*	*Quarter IV 2018*	*Current year*	*Previous year*
01	**1. Revenue from sale of goods and rendering of services**	**26.1**	**4,683,506**	**7,135,442**	**15,268,844**	**16,762,374**
02	**2. Sales deductions**	**26.1**	**-**	**-**	**-**	**-**
10	**3. Net revenue from sale of goods and rendering of services**	**26.1**	**4,683,506**	**7,135,442**	**15,268,844**	**16,762,374**
11	**4. Cost of goods sold and services rendered**	**27**	**(2,318,324)**	**(6,015,906)**	**(11,682,609)**	**(12,354,778)**
20	**5. Gross profit from sale of goods and rendering of services**		**2,365,182**	**1,119,536**	**3,586,235**	**4,407,596**
21	**6. Finance income**	**26.2**	**5,323,797**	**3,402,306**	**14,211,912**	**15,375,224**
22	**7. Finance expenses**	**28**	**(1,283,615)**	**(1,679,213)**	**(7,095,973)**	**(4,369,044)**
23	*In which: Interest expenses*		*(1,282,865)*	*(1,677,463)*	*(6,934,665)*	*(4,364,936)*
25	**8. Selling expenses**	**29**	**(45,807)**	**(126,363)**	**(474,597)**	**(489,616)**
26	**9. General and administrative expenses**	**29**	**(23,505)**	**(117,490)**	**(518,982)**	**(465,456)**
30	**10. Operating profit**		**6,336,052**	**2,598,776**	**9,708,595**	**14,458,704**

SEPARATE INCOME STATEMENT (continued)
for the year ended 31 December 2019

Currency: million VND

Code	ITEMS	Notes	Quarter IV 2019	Quarter IV 2018	Current year	Previous year
31	**11. Other income**		**56,834**	**3,250**	**113,243**	**52,632**
32	**12. Other expenses**		**(19,046)**	**(96,142)**	**(132,549)**	**(121,269)**
40	**13. Other profit/ (loss)**		**37,788**	**(92,892)**	**(19,306)**	**(68,637)**
50	**14. Accounting profit before tax**		**6,373,840**	**2,505,884**	**9,689,289**	**14,390,068**
51	**15. Current corporate income tax expenses**	30	**(328,454)**	**(708,033)**	**(328,454)**	**(2,587,434)**
52	**16. Deferred tax income/ (expense)**	30	**(5,921)**	**149,238**	**(133,817)**	**170,043**
60	**17. Net profit after tax**		**6,039,465**	**1,947,089**	**9,227,018**	**11,972,678**

Nguyen Thi Hong Trang
Preparer

Nguyen Huu Thanh
Chief Accountant

CÔNG TY CỔ PHẦN VINHOMES
MSDN: 01026719

Le Thi Hai Yen
Chief Financial Officer

Hanoi, Vietnam

30 January 2020

SEPARATE CASH FLOW STATEMENT
for the year ended 31 December 2019

Currency: million VND

Code	*ITEMS*	*Notes*	*Current year*	*Previous year*
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Accounting profit before tax**		**9,689,289**	**14,390,068**
	Adjustments for:			
02	Depreciation of tangible fixed assets and investment properties and amortisation of intangible fixed assets		121,844	89,399
03	Reversal of provisions		(179,194)	(20,782)
05	Profits from investing activities		(13,761,997)	(15,382,749)
06	Interest expenses		6,934,665	4,364,936
08	**Operating profit before changes in working capital**		**2,804,607**	**3,440,872**
09	Decrease in receivables		2,081,617	6,795,764
10	Decrease in inventories		2,593,319	6,672,344
11	Increase in payables and other liabilities (excluding interest, corporate income tax)		(268,490)	(12,147,004)
12	Decrease in prepaid expenses		342,027	262,295
14	Interest paid		(2,541,124)	(2,133,139)
15	Corporate income tax paid	19	(1,268,301)	(2,215,927)
16	Other receipts in operating activities		-	822,555
20	**Net cash flows used in operating activities**		**3,743,655**	**1,497,758**
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets and other long-term assets		(577,103)	(334,573)
22	Proceeds from disposals of fixed assets and other long-terms assets		386,723	1,645,858
23	Loans to other entities and payments for purchase of debt instruments of other entities		(2,483,740)	(5,467,948)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		2,905,417	2,832,796
25	Payments for investments in other entities		(37,372,139)	(87,970,760)
26	Proceeds from sale of investments in other entities		59,490,377	25,730,353
27	Interest and dividends received		7,016,065	624,874
30	**Net cash flows used in investing activities**		**29,365,600**	**(62,939,400)**

SEPARATE CASH FLOW STATEMENT (continued)
for the year ended 31 December 2019

Currency: million VND

Code	*ITEMS*	*Notes*	*Current year*	*Previous year*
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of shares		-	12,000,000
32	Payments for capital contributed by owners, or for re-purchase of issued shares		(5,549,929)	-
33	Drawdown of borrowings		52,276,333	128,077,459
34	Repayment of borrowings		(72,781,811)	(77,176,118)
36	Dividends paid		(3,349,514)	(900,000)
40	**Net cash flows (used in)/ from financing activities**		**(29,404,921)**	**62,001,341**
50	**Net increase in cash for the year**		**3,704,334**	**559,700**
60	**Cash and cash equivalents at the beginning of the year**		**1,032,921**	**473,221**
70	**Cash and cash equivalents at the end of the year**	**4**	**4,737,255**	**1,032,921**

Nguyen Thi Hong Trang
Preparer

Nguyen Huu Thanh
Chief Accountant

Le Thi Hai Yen
Chief Financial Officer

Hanoi, Vietnam

30 January 2020

1. CORPORATE INFORMATION

Vinhomes Joint Stock Company ("the Company") 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 Enterprise Registration Certificate No. 0102671977 dated 5 August 2010 on registration of a shareholding company. The Company subsequently also received amended Enterprise Registration Certificates with the the 28th amendment dated 28 June 2019 as the latest.

The current principal activities of the Company are to develop real estate property 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.

The Company's normal course of business cycle of real estate development activity begins when the Company receives investment certificate, carries out land clearance and construction works until the project is completed. Accordingly, the normal course of business cycle of real estate development activity ranges from 12 months to 36 months.

The Company's normal course of business cycle of other activities is normally within 12 months.

The number of the Company's employees as at 31 December 2019: 7,116 (31 December 2018: 6,258).

Seasonality of operations

Due to the nature of real estate business, revenue from rental income and render real estate management service is expected to be stable throughout the year except when the Company introduces new investment properties into the market. On the other hand, revenue from sale of residential properties is dependent on the completion of the Company's properties projects and on the market conditions at the time these projects are on offering.

1. CORPORATE INFORMATION (continued)

Corporate structure

As at 31 December 2019, the Company has 17 subsidiaries (as at 31 December 2018: 18 subsidiaries). The information on these subsidiaries, along with the Company's direct and indirect voting rights and direct and indirect equity interest in each subsidiary is as follows:

No.	*Company*	*Voting rights (%)*	*Equity interest (%)*	*Registered office's address*
1	Gia Lam Urban Development and Investment Limited Liability Company ("Gia Lam LLC") (i)	85.00	83.95	No. 7 Bang Lang 1 Street, Vinhomes Riverside Eco-Urban Area, Viet Hung Ward, Long Bien District, Hanoi
2	Ecology Development and Investment Joint Stock Company ("Ecology JSC") (i)	99.18	98.76	No. 191 Ba Trieu Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi
3	Vietnam Investment and Consulting Investment Joint Stock Company ("Vietnam Investment JSC") (i)	69.50	68.64	No. 191 Ba Trieu Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi
4	Can Gio Tourist City Corporation ("Can Gio JSC") (i)	99.89	98.56	No.72 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City
5	Tay Tang Long Real Estate LLC ("Tay Tang Long LLC")	90.00	90.00	No.72 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City
6	Berjaya Vietnam International University Township ("Berjaya VIUT LLC") (i)	97.90	88.17	20A Floor, Dong Khoi Vincom Center, No. 72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City
7	Royal City Real Estate Development and Investment JSC ("Royal City JSC")	57.85	57.85	No. 72A Nguyen Trai Street, Thuong Dinh Ward, Thanh Xuan District, Hanoi
8	Lang Van Development and Investment JSC ("Lang Van JSC") (i)	99.00	95.82	No. 7 Truong Sa Street, Hoa Hai Ward, Ngu Hanh Son District, Da Nang City
9	Metropolis Hanoi LLC	100.00	100.00	HH land area, Pham Hung Street, Nam Tu Liem District, Hanoi

1. CORPORATE INFORMATION (continued)

Corporate structure (continued)

No.	*Company*	*Voting rights (%)*	*Equity interest (%)*	*Registered office's address*
10	Berjaya Vietnam Financial Center LLC ("Berjaya VFC LLC")	67.50	60.78	20A Floor, Dong Khoi Vincom Center, No. 72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City
11	Thai Son Investment and Construction JSC ("Thai Son JSC") (i)	100.00	90.96	No. 290 Nam Ky Khoi Nghia Street, Ward 8, District 3, Ho Chi Minh City
12	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
13	GS Cu Chi Development JSC ("GS Cu Chi JSC") (i)	100.00	99.90	20A Floor, Dong Khoi Vincom Center, No. 72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City
14	Phu Gia Property Trading Limited Liability Company ("Phu Gia LLC") (i) (ii)	98.00	96.79	No. 63 Hang Ga Street, Hang Bo Ward, Hoan Kiem District, Hanoi
15	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
16	Green City Development Joint Stock Company ("GCD JSC")	90.00	90.00	72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City
17	Delta Joint Stock Company ("Delta JSC") (i)	100.00	99.34	110 Dang Cong Binh, Xuan Thoi Thuong Ward, Hoc Mon District, Ho Chi Minh City

(i) The equity interest in these subsidiaries differs from voting right since the Company controls over these subsidiaries indirectly through other subsidiaries.

(ii) This company is in the process of completing dissolution procedures.

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

The separate financial statements of the Company, which are expressed in million of Vietnamese dong ("VND million"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards No. 27 – Financial Reporting and others Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

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

2.2 *Applied accounting documentation system*

The Company's applied accounting documentation system is the General Journal.

2.3 *Fiscal year*

The Company's fiscal year applicable for the preparation of its separate financial statements starts on 1 January and ends on 31 December.

2.4 *Accounting currency*

The separate financial statements are prepared in VND which is also the Company's accounting currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of no longer than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.2 *Inventories*

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value ("NRV") 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 *Inventories* (continued)

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 property and is measured at the lower of cost and net realisable value.

Cost of inventory property includes:

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

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, and less costs to completion and the estimated costs to sell.

The cost of inventory property recognised in the separate income statement 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 reasonable relative cost basis.

Inventory construction

The Company uses perpetual method to record raw materials and merchandise which are valued at cost of purchase on a weighted average basis.

Work in progress of construction contracts comprises costs of materials, labour costs, construction costs payable to sub-contractors and other related costs which have not been accepted by the investors at the date of the financial statements.

Provision for obsolete inventories

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

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

3.3 *Receivables*

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

The Company contributes assets into Investment Co-operation agreements, including shopping mall and school components, in which corporate counterparties have the right to operate, exploit and manage these components since the commencement of operation, and the Company is entitled to receive a portion of profits from operation. Under such circumstances, the Company's capital contribution into the Investment Co-operation agreements will be recognised in other receivables on the separate balance sheet at the time the Company hands over the assets to operate and exploit.

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

3.3 ***Receivables*** (continued)

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

3.4 ***Tangible fixed assets***

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

3.5 ***Leased assets***

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Where the Company is the lessor

Assets subject to operating leases are presented as investment properties in the separate balance sheet. Initial direct costs incurred in negotiating an operating lease are recognised in the separate income statement as incurred.

Lease income is recognised in the separate income statement on a straight-line basis over the lease term.

Where the Company is the lessee

Rentals under operating leases are charged to the separate income statement on a straight-line basis over the lease term.

3.6 ***Intangible fixed assets***

Intangible fixed assets are stated at cost less accumulated amortisation.

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

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

3.6 ***Intangible fixed assets*** (continued)

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

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

3.7 ***Depreciation and amortisation***

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

Buildings and structures	44 - 47 years
Machinery and equipment	5 - 10 years
Means of transportation	6 - 9 years
Office equipment	3 - 5 years
Computer software	3 - 5 years
Others	2 - 5 years

3.8 ***Investment properties***

Investment properties are stated at cost, including transaction costs, less accumulated depreciation.

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

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

Definite land use rights	47 - 49 years
Buildings and structures	27 - 50 years
Machinery and equipment	9 years

No amortisation is charged on the land use rights presented as investment properties with indefinite terms.

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

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Borrowing costs

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

Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that borrowing costs are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset.

3.10 Prepaid expenses

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

Short-term prepaid expenses include commission fees for selling inventory properties, provisional corporate income tax for down payments from customers for the purchases of inventory properties at the Company's real estate projects and other short-term prepaid expenses which are expected to bring future economic benefits within one ordinary course of business cycle.

Long-term prepaid expenses include long-term prepaid land rental, pre-operation expenditure, tools and supplies, and other prepaid expenses that bring future economic benefits for more than one year.

3.11 Investments

Investments in subsidiaries

Investments in subsidiaries over which the Company has control are carried at cost.

Distributions from accumulated net profits of the subsidiaries arising subsequent to the date of acquisition are recognised in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

Investments in associates

Investments in associates over which the Company has significant influence are carried at cost.

Distributions from accumulated net profits of the associates arising subsequent to the date of acquisition are recognised in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

Held-for-trading securities and investments in other entities

Held-for-trading securities and investments in other entities are stated at their acquisition costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 *Investments* (continued)

Provision for diminution in value of held-for-trading securities and investments in entities

Provision is made for any diminution in value of the held-for-trading securities and investments in capital of other entities at the balance sheet date. Increases or decreases to the provision balance are recorded as finance expense in the separate income statement.

Held-to-maturity investments

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as finance expense in the separate income statement and deducted against the value of such investments.

3.12 *Payables and accruals*

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. Payables to construction contractors are recognised for amounts certified by the construction work certificate signed with contractors, whether or not billed to the Company.

3.13 *Provisions*

General provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, 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 expects 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 any provision is presented in the separate income statement 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, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance expense.

Warranty provision for inventory properties

The Company estimates provision for warranty expenses based on revenues and available information about the repair of inventory properties sold in the past.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Foreign currency transactions

Transactions in currencies other than the Company's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the transaction of commercial banks designated for payment; and
- Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the separate balance sheet dates which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Company conducts transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conducts transactions regularly.

All foreign exchange differences incurred during the year and arisen from the translation of monetary accounts denominated in foreign currency at the end of the year are taken to the separate income statement.

3.15 Appropriation of net profits

Net profit after tax (excluding gain arising from a bargain purchase) is available for appropriation to shareholders after approval in the Annual General Meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

3.16 Advances from customers buying inventory properties

Payments received from customers as deposits for the purchase of inventory properties in the future that do not meet the conditions for revenue recognition, are recognised and presented as "Advances from customers" in the liability section in the separate balance sheet. Incentives under promotion programs which are, in substance, revenue deductions are offset against account "Advances from customers" which are not qualified to be recognised as revenue for the year.

3.17 Revenue recognition

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

Revenue from sale of inventory properties

Revenue from sale of inventory properties is recognised when the significant risks and rewards incident to ownership of the properties have been passed to the buyer.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Revenue recognition (continued)

Revenue from leasing of properties

Rental income arising from leased properties is recognised in the separate income statement on a straight-line basis over the lease terms of ongoing leases.

Rendering of services

Revenue from rendering of services is recognised when the services are rendered to customers.

Interest

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

Dividends

Income is recognised when the Company's entitlement as an investor to receive the dividend is established.

Income from capital transfer

Income from capital transfer is identified as difference between transfer consideration and cost of capital transfer. This income is recorded on date when transaction arises being the date when the transfer contract is exercised.

Income from Business and Investment Co-operation Contracts in which the Company is entitled to profit before tax

Income from the profit before tax of real estate business under Business and Investment Co-operation Contracts is recognised as finance income in the separate income statement.

3.18 Construction contract

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the separate balance sheet date, as measured by reference to the work performed that has been agreed by customers. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the year in which they are incurred.

3.19 Taxation

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 the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the separate balance sheet date.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 *Taxation* (continued)

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

Deferred tax

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

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

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

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

- where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, 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 profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each separate balance sheet date and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred income tax assets are re-assessed at each separate balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

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

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