

**AUDITED FINANCIAL STATEMENTS**  
*For the financial year ended December 31, 2018*  
**THANG LOI REAL ESTATE JOINT STOCK COMPANY**

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# **THANG LOI REAL ESTATE JOINT STOCK COMPANY**

## **REPORT OF THE BOARD OF DIRECTORS**

*For the financial year ended December 31, 2018*

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*The Board of Directors respectfully submits this report together with the audited financial statements for the year ended December 31, 2017.*

### **1. General information about the Company**

#### **Establishment:**

Thang Loi Real Estate Joint Stock Company (referred to as "the Company"), formerly known as Nha Viet Dat Viet Real Estate Joint Stock Company, is a joint stock company, operates under the Business Registration Certificate No. 0310151834, registered for the first time on July 14, 2010 issued by the Department of Planning and Investment of Ho Chi Minh City. Certificate of business registration for the 12th change dated December 25, 2018 about the change of the Company's head office address.

#### **Form of equity ownership** Joint Stock Company

#### **Business activities of the Company:**

- Consultant, broker, real estate auction, the auction of land use rights
- Doing business in real estate, land use rights of the owner, user or lessee;

English name: THANG LOI REAL ESTATE JOINT STOCK COMPANY.

Abbreviation name: THANG LOI REAL ESTATE., JSC.

Headquarters No. 51 Kinh Duong Vuong, Ward 12, District 6, Ho Chi Minh City, Vietnam.

### **2. Financial situation and operating results:**

The financial position and results of operations of the Company are shown in the attached financial statements.

### **3. Members of the Board of Directors, Board of General Directors and Chief Accountant:**

Members of the Board of Directors, the Board of General Directors and Chief Accountant during the year and up to the date of the financial statements include:

#### **The Board of Directors**

Mr. Duong Long Thanh	Chairman
Mr. Nguyen Thanh Quyen	Member
Mrs. Dao Thi Thao Uyen	Member
Mr. Loan Van Son	Member (Appointed on April 5, 2019 according to Decree No. 04/2019/NQ-ĐHĐCD)

#### **Board of General Directors and Chief Accountant**

Mr. Duong Long Thanh	General Director
Mr. Nguyen Thanh Quyen	Deputy General Director
Mr. Bui Duc Trung	Chief Accountant (Appointed according to Decision No. 02/2019/QĐ-HĐQT dated 15/11/2019)
Mr. Phan Minh Hoang	Chief Accountant (Resigned according to Decision No. 01/2019/QĐ - HĐQT dated 15/11/2019)

**The legal representative of the Company during the year and to the date of the financial statement is as follows:**

Mr. Duong Long Thanh      Chairman of the Board of Directors cum General Director

**THANG LOI REAL ESTATE JOINT STOCK COMPANY**  
**REPORT OF THE BOARD OF DIRECTORS**

*For the financial year ended December 31, 2018*

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**4. Independent audit**

Auditing and Informatic Services Co., Ltd. (“AISC”) was appointed as an auditor for the fiscal year ended December 31, 2018

**5. Commitment of the Board of Directors and the Board of General Directors**

The Board of Directors and the Board of General Directors is responsible for preparing the financial statements that honestly and reasonably represent the Company's financial position as of December 31, 2018, the results of operations and cash flows for the financial year then ended. During preparing this financial statement, the Board of Directors and the Board of General Directors have considered and complied with the following matters:

- Select appropriate accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- The financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Directors and the Board of General Directors is responsible for ensuring that proper accounting records are kept which are prepared and kept in the Company's financial standing, at all times and on a regular basis for preparation of financial statements in conformity with generally accepted accounting standards is included in the notes to the financial statements. The Board of Directors and the Board of General Directors 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.

**6. Confirmation**

In the opinion of the Board of Directors, we certify that the financial statements include the balance sheet as of December 31, 2018, the statement of income, the statement of cash flows and the accompanying notes are an expression of a true and fair view of the financial position and results of its operations and cash flows for the year then ended on December 31, 2019.

The financial statements of the Company are prepared in accordance with Vietnamese Accounting Standards and Policies.

*Ho Chi Minh City, September 16, 2019*

**ON BEHALF OF THE BOARD OF DIRECTORS**

(Signed and sealed)

**Duong Long Thanh**

Chairman of the Board



## AUDITING & INFORMATIC SERVICES COMPANY LIMITED

Auditing And Informatic Services Company Limited

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No.: C1018408-R18/AISC-DN5

### INDEPENDENT AUDITOR'S REPORT

**Dear: THE SHAREHOLDERS, BOARD OF MANAGEMENT AND BOARD OF GENERAL DIRECTORS**

#### **THANG LOI REAL ESTATE JOINT STOCK COMPANY**

We have audited the accompanying financial statements of Thang Loi Real Estate Joint Stock Company (hereinafter referred to as "the Company"), made on September 16, 2019, from page 04 to page 33, including the Balance Sheet as of December 31, 2018, Income Statement, cash flow statement for the fiscal year ended on the same day and Notes to the financial statements.

#### **Responsibilities of the Board of General Directors**

The Board of Management is responsible for making and presenting honest and reasonableness of the consolidated financial statements of the Company in accordance with accounting standards, Vietnamese accounting policy for enterprises and other legal regulations related to the preparation and presentation of financial reports; is responsible for the internal controls that the Board of Management deems necessary to ensure that the preparation and presentation of the financial statements are free of material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on auditing results. We conducted our audit in accordance with Vietnamese Auditing Standards. These standards require that we must comply with industry standards and regulations, plan and execute the audit to obtain reasonable assurance on whether the Company's Financial statements are free from material misstatement or not.

An audit involves to perform procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selected procedures are based on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements due to fraud or error. When assessing these risks, the auditor considers the Company's internal controls relevant to the preparation and fair presentation of the Financial statements in order to design audit procedures that are appropriate to actual situations, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes assessing the appropriateness of accounting used policies and the reasonableness of estimates made by the Board of General Directors, as well as evaluating the overall presentation of the financial statements.

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

#### **Auditor's Opinions**

In our opinion, the Separate financial statements give a true and fair view, in all material respects, of the financial position of Thang Loi Real Estate Joint Stock Company at December 31, 2018, as well as the Income statement, Cash flows statement for the fiscal year ended on the same day, in accordance with the accounting standards and regime of Vietnam and the legal provisions relating to the preparation and presentation of financial statements.

*Ho Chi Minh City, September 16, 2019*

**ON BEHALF OF GENERAL DIRECTOR  
GENERAL DIRECTOR**

(Signed and sealed)

**PHAM VAN VINH**

*Audit Practicing Registration Certificate No.: 0112-2018-005-1  
Issued by Ministry of Finance of Vietnam*

**AUDITORS**

(Signed)

**TRA HAI SON**

*Audit Practicing Registration Certificate No.: 3174-2015-005-1*

*Issued by Ministry of Finance of Vietnam*

Branch in Ha Noi: 6 Floor, 36 Hoa Binh 4 str, Minh Khai Ward, Hai Ba Trung Dist., Ha Noi  
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**BALANCE SHEET**

*As of 31 December 2018*

*Unit: Vietnam dong*

ASSETS	Code	Notes	31/12/2018	01/01/2018
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>394,629,136,526</b>	<b>137,979,033,552</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>V.1</b>	<b>53,714,276,427</b>	<b>1,697,993,488</b>
1. Cash	111		16,214,276,427	1,697,993,488
2. Cash equivalents	112		37,500,000,000	-
<b>II. Short-term financial investments</b>	<b>120</b>		<b>-</b>	<b>-</b>
1. Securities trading	121		-	-
2. Provision for impairment of trading securities	122		-	-
3. Investment held to maturity date	123		-	-
<b>III. Short-term receivables</b>	<b>130</b>		<b>262,339,973,281</b>	<b>75,397,811,725</b>
1. Short-term trade receivables	131	V.3	17,058,523,473	11,379,132,328
2. Short-term advances to suppliers	132	V.4	29,380,244,222	23,934,359,016
3. Short-term intra-company receivables	133		-	-
4. Receivables under schedule of construction contract	134		-	-
5. Short-term loans receivables	135		-	-
6. Other short-term receivables	136	V.6a	217,089,700,143	40,084,320,381
7. Provision for short-term doubtful receivables	137	V.3,6	(1,188,494,557)	-
8. Shortage of assets awaiting resolution	139		-	-
<b>IV. Inventory</b>	<b>140</b>	<b>V.7</b>	<b>78,121,992,588</b>	<b>60,841,334,071</b>
1. Inventory	141		78,121,992,588	60,841,334,071
2. Provision for inventory discount	149		-	-
<b>V. Other short-term assets</b>	<b>150</b>		<b>452,894,230</b>	<b>41,894,268</b>
1. Short-term prepaid expenses	151	V.11a	452,894,230	41,894,268
2. Value added tax deducted	152		-	-
3. Taxes and other receivables from State	153		-	-
4. Government bonds purchased for resale	154		-	-
5. Other short-term assets	155		-	-

**BALANCE SHEET***As of 31 December 2018**Unit: Vietnam dong*

ASSETS	Code	Notes	31/12/2018	01/01/2018
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>154,935,702,940</b>	<b>95,268,025,207</b>
<b>I. Non -current receivables</b>	<b>210</b>		<b>48,000,000</b>	<b>91,859,811,742</b>
1. Long-term receivables from customers	211		-	-
2. Long-term prepayments to suppliers	212		-	-
3. Working capital provided to sub-units	213		-	-
4. Long term internal receivables	214		-	-
5. Long-term loans receivables	215		48,000,000	91,859,811,742
6. Other long-term receivables	216	V.5b	-	-
7. Provision for long-term bad receivables	219		-	-
<b>II. Fixed assets</b>	<b>220</b>		<b>119,256,617,087</b>	<b>3,097,857,303</b>
1. Tangible fixed assets	221	V.8	8,722,864,799	2,953,357,303
- Cost/ Historical cost	222		10,289,509,886	3,773,817,237
- Accumulated depreciation	223		(1,566,645,087)	(820,459,934)
2. Leased fixed assets	224		-	-
- Cost/ Historical cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	V.9	110,533,752,288	144,500,000
- Cost/ Historical cost	228		110,644,252,288	204,000,000
- Accumulated depreciation	229		(110,500,000)	(59,500,000)
<b>III. Investment properties</b>	<b>230</b>		-	-
- Cost/ Historical cost	231		-	-
- Accumulated depreciation	232		-	-
<b>IV. Long-term assets in progress</b>	<b>240</b>	<b>V.7</b>	<b>14,854,931,614</b>	
1. Cost for work in process	241		-	-
2. Construction cost in progress	242		14,854,931,614	-
<b>V. Long-term financial assets</b>	<b>250</b>	<b>V.2</b>	<b>20,005,725,000</b>	-
1. Investments in subsidiaries	251		-	-
2. Invest in joint ventures, associates	252		20,010,725,000	-
3. Investment in other units	253		-	-
4. Provision for long-term financial investments	254		-	-
5. Investment held to maturity date	255		-	-
<b>VI. Other long-term assets</b>	<b>260</b>		<b>770,429,239</b>	<b>310,356,162</b>
1. Long-term prepaid expenses	261	V.10b	770,429,239	310,356,162
2. Deferred income tax assets	262		-	-
3. Long-term equipment and spare parts for replacement	263		-	-
4. Other long-term assets	268		-	-
<b>TOTAL ASSETS</b>	<b>270</b>		<b>549,564,839,466</b>	<b>233,247,058,759</b>

**BALANCE SHEET***As of 31 December 2018**Unit: Vietnam dong*

<b>CAPITAL</b>	<b>Code</b>	<b>Notes</b>	<b>31/12/2018</b>	<b>01/01/2018</b>
<b>C. LIABILITIES</b>	<b>300</b>		<b>321,798,282,591</b>	<b>111,099,808,238</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>285,009,481,107</b>	<b>111,099,808,238</b>
1. Short-term trade payables	311	V.11	30,773,811,297	53,352,870,792
2. Short-term advances from customers	312		-	30,916,249,925
3. Taxes and other payables to State budget	313	V. 12	10,548,289,577	728,837,502
4. Payables to employees	314		3,056,853,744	1,178,063,662
5. Short-term accrued expenses	315		215,235,100	-
6. Short-term intra-company payables	316		-	-
7. Payables under schedule of construction contract	317		-	-
8. Short-term unrealized revenue	318		5,201,388,167	-
9. Other short-term payables	319	V.13	196,055,973,066	19,923,786,357
10. Short-term loans and borrowings	320	V.14a,b	39,157,930,156	5,000,000,000
11. Long-term provisions	321		-	-
12. Bonus and welfare	322		-	-
13. Price stabilization fund	323		-	-
14. Government bonds purchased for resale	324		-	-
<b>II. Non-current liabilities</b>	<b>330</b>		<b>36,788,801,484</b>	<b>-</b>
1. Long-term accounts payable to suppliers	331		-	-
2. Long-term deferred revenue	332		-	-
3. Long-term accrued expenses	333		-	-
4. Intra-company payables for operating capital received	334		-	-
5. Long-term intercompany payables	335		-	-
6. Long-term unrealized turnover	336		-	-
7. Other long-term payables	337	v.16b	-	-
8. Long-term borrowings and finance lease liabilities	338	V.14c	36,788,801,484	-
9. Convertible bonds	339		-	-
10. Preferred shares	340		-	-
11. Payable deferred income tax	341		-	-
12. Long-term provisions	342		-	-
13. Funds for science and technology development	343		-	-



**BALANCE SHEET***As of 31 December 2018**Unit: Vietnam dong*

<b>CAPITAL</b>	<b>Code</b>	<b>Notes</b>	<b>31/12/2018</b>	<b>01/01/2018</b>
<b>D. OWNER'S EQUITY</b>	<b>400</b>		227,766,556,875	122,147,250,521
<b>I. Owner's equity</b>	<b>410</b>	<b>V.15</b>	<b>227,766,556,875</b>	<b>122,147,250,521</b>
1. Capital contributed by the owner	411		200,000,000,000	120,000,000,000
- Common shares with voting rights	411a		200,000,000,000	120,000,000,000
- Preferred shares	411b		-	-
2. Share premium	412		-	-
3. Conversion options on convertible bonds	413		-	-
4. Other capital of the owner	414		-	-
5. Treasury share	415		-	-
6. Asset revaluation difference	416		-	-
7. Exchange rate differences	417		-	-
8. Development & investment fund	418		-	-
9. Enterprise reorganization assistance fund	419		-	-
10. Other equity funds	420		-	-
11. Undistributed earnings	421		27,766,556,875	2,147,250,521
- Undistributed profit after tax brought forward	421a		2,147,250,521	(2,921,051,457)
- Undistributed profit after tax for the current year	421b		25,619,306,354	5,068,301,978
12. Capital expenditure funds	422		-	-
<b>II. Funding sources and other funds</b>	<b>430</b>		-	-
1. Funding	431		-	-
2. Funding has been established	432		-	-
				-
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>	<b>440</b>		<b>549,564,839,466</b>	<b>233,247,058,759</b>

*Ho Chi Minh City, September 16, 2019*

**Prepared by**  
(Signed)  
**Pham Thi Thuy Trang**

**Chief accountant**  
(Signed)  
**Phan Minh Hoang**

**GENERAL DIRECTOR**  
(Signed and sealed)  
**Duong Long Thanh**

**INCOME STATEMENT***For the financial year ended December 31, 2018**Unit: Vietnam dong*

TARGETS	Code	Notes	Year: 2018	Year: 2017
1. Revenues from sales and services	01	VI. 1	242,284,954,909	82,512,053,612
2. Revenue deductions	02	VI.2	1,246,727,272	4,718,363,634
3. Net revenues from sale of goods and rendering of services	10	VI.3	241,038,227,637	77,793,689,978
4. Cost of goods	11	VI.4	153,532,814,134	27,552,470,564
<b>5. Gross profit from sale of goods and provision of services (20=10-11)</b>	<b>20</b>		<b>87,505,413,503</b>	<b>50,241,219,414</b>
6. Financial income	21	VI.5	258,835,121	32,147,627
7. Expenses from financial activities	22	VI.6	5,297,072,622	177,611,727
<i>In which: Interest expenses</i>	23		<i>5,297,072,622</i>	<i>177,611,727</i>
8. Selling expenses	25	VI.7a	34,579,265,997	33,803,564,366
9. General and administration expenses	26	VI.7b	18,335,007,568	10,728,964,962
<b>10. Net profit from operating activities (30 = 20 + (21 - 22) - (25 + 26))</b>	<b>30</b>		<b>29,552,902,437</b>	<b>5,563,225,986</b>
11. Others income	31	VI.8	2,761,267,724	769,277,911
12. Other expenses	32	VI.9	247,842,003	11,026,182
13. Other profit (40 = 31 - 32)	40		<b>2,513,425,721</b>	<b>758,251,792</b>
<b>14. Accounting gross profit before tax (50 = 30 + 40)</b>	<b>50</b>		<b>32,066,328,158</b>	<b>6,321,477,715</b>
15. Expense from current Corporate income tax	51	VI.11	6,447,021,804	1,253,175,737
16. Deferred corporate income tax expenses	52		-	-
<b>17. Profit after corporate income tax</b>	<b>60</b>		<b>25,619,306,354</b>	<b>5,068,301,978</b>
<b>18. Basic earnings per share</b>	<b>70</b>	<b>VI.12</b>	<b>2,227</b>	<b>644</b>
<b>19. Diluted earnings per share</b>	<b>71</b>	<b>VI.12</b>	<b>2,227</b>	<b>644</b>

*Ho Chi Minh City, September 16, 2019***Prepared by**

(Signed)

**Chief accountant**

(Signed)

**GENERAL DIRECTOR**

(Signed and sealed)

**Pham Thi Thuy Trang****Phan Minh Hoang****Duong Long Thanh**

**STATEMENTS OF CASH FLOWS**

(Indirect method)

*For the financial year ended December 31, 2018**Unit: Vietnam dong*

TARGETS	Code	Notes	Year: 2018	Year: 2017
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>1. Accounting profit before tax</b>	<b>01</b>		<b>32,066,328,158</b>	<b>6,321,477,715</b>
2. Adjustments of amounts:				
- Depreciation of fixed assets and investment properties	02	V.9,10	797,185,153	489,940,746
- Provisions	03	V.3,6	1,188,494,557	-
- Foreign exchange difference gains and losses due to revaluation of monetary items of foreign currencies	04		-	-
Profit, loss from investing activities	05		(3,903,113,204)	(2,414,476,394)
- Costs for loan interest	06	VI.6	5,297,072,622	177,611,727
- Other adjustment items	07		-	-
<b>Profit from operating activities before changing working capital</b>	<b>08</b>		<b>35,445,967,286</b>	<b>4,574,553,794</b>
- Increase or decrease of receivables	09		(31,674,566,288)	(131,706,865,082)
- Increase, decrease of inventory	10		(17,280,658,517)	(40,517,456,881)
- Increase (-) or decrease (+) in payables (Excluding interest payable, corporate income tax payable)	11		135,550,404,647	53,236,842,231
- Increase (-) or decrease (+) in prepaid expenses	12		(871,073,039)	7,346,646,558
- Increase (-) or decrease (+) in trading securities	13		-	-
Paid loan interest	14		(5,297,072,622)	(177,611,727)
- Corporate income tax paid	15	V.13	(2,245,683,738) 1	(1,089,140,704)
- Other proceeds from operating activities	16			
- Other payments for operating activities	17			
<b>Net cash flow from operating activities</b>	<b>20</b>		<b>113,627,317,729</b>	<b>(108,333,031,811)</b>
<b>II. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>				
1. Expenses for procurement, construction of fixed assets and other long-term assets	21		(131,810,876,551)	(1,876,744,509)
2. Proceeds from liquidation, sale of fixed assets and other long term assets	22		-	-
3. Loans to and payments for purchase of debt instruments of other entities	23		(61,000,000,000)	(4,000,000,000)
4. Collections from borrowers and proceeds from disposal of debt instruments of other entities	24		-	6,140,188,258
5. Expenditures on equity investments in other entities	25		(20,005,725,000)	-
6. Recovery of investments in other entities	26		-	510,000,000
7. Interest and dividends received	27		258,835,121	32,147,627
<b>Net cash flow from investments activities</b>	<b>30</b>		<b>(212,557,766,430)</b>	<b>805,591,376</b>

**STATEMENTS OF CASH FLOWS**

(Indirect method)

*For the financial year ended December 31, 2018**Unit: Vietnam dong*

<b>TARGETS</b>	<b>Code</b>	<b>Notes</b>	<b>Year: 2018</b>	<b>Year: 2017</b>
1. Proceeds from share issuance, equity contribution of the owner	31		80,000,000,000	90,000,000,000
2. Payment of capital contributed to owners, repurchase of shares issued by the business	32		-	-
3. Proceeds from borrowing	33	VII.3	99,275,000,000	5,738,000,000
4. Repayment of loan principal	34	VII.4	(28,328,268,360)	(5,600,000,000)
5. Repayment of financial principal	35		-	-
6. Dividends or profits paid to owners	36		-	-
<b>Net cash flow from financing activities</b>	<b>40</b>		<b>150,946,731,640</b>	<b>90,138,000,000</b>
<b>Net cash flow in the period (50 = 20 + 30 + 40)</b>	<b>50</b>		<b>52,016,282,939</b>	<b>(17,389,440,435)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>60</b>		<b>1,697,993,488</b>	<b>19,087,433,923</b>
Effect of exchange rate fluctuations on foreign currency conversion	61		-	-
<b>Cash and cash equivalents at the end of the year (70 = 50+60+61)</b>	<b>70</b>	<b>V.1</b>	<b>53,714,276,427</b>	<b>1,697,993,488</b>

*Ho Chi Minh City, September 16, 2019*

<b>Prepared by</b>	<b>Chief accountant</b>	<b>GENERAL DIRECTOR</b>
(Signed)	(Signed)	(Signed and sealed)
<b>Pham Thi Thuy Trang</b>	<b>Phan Minh Hoang</b>	<b>Duong Long Thanh</b>

## NOTES TO FINANCIAL STATEMENTS

*For the financial year ended December 31, 2018*

*Unit: Vietnam dong*

### **I. Operational characteristics of the enterprise**

#### **1. Establishment:**

Thang Loi Real Estate Joint Stock Company (referred to as "the Company"), formerly known as Nha Viet Dat Viet Real Estate Joint Stock Company, operates under the Business Registration Certificate No. 0310151834, registered for the first time on July 14, 2010 issued by the Department of Planning and Investment of Ho Chi Minh City. Certificate of business registration for the 10th change dated November 21, 2018 about the change of the Company's head office address.

#### **Form of equity ownership** Joint Stock Company

Headquarters: 340, Cong Hoa Street, Ward 13, Tan Binh District, Ho Chi Minh City, Vietnam.

#### **2. Business activities:** Real estate investment and business.

#### **3. Business lines**

- Consultant, broker, real estate auction, the auction of land use rights
- Doing business in real estate, land use rights of the owner, user or lessee;

#### **4. Normal business and production period:**

The production and business cycle of the Company lasts for 12 months according to the usual financial year from January 1 to December 31.

#### **5. The Company's operating activities in the financial year affecting the financial statements;** None

#### **6. Total number of employees as of 31 December 2018:** 328 employees. (31 December 2017: 197 employees)

#### **7. Declaration on the comparability of information on the financial statements**

The selection of figures and information that need to be presented in the financial statements is made in accordance with the principle of comparability between the corresponding accounting periods.

### **II. ACCOUNTING YEAR, MONEYTARY UNIT USED IN ACCOUNTING**

#### **1. Accounting period**

The Company's fiscal year starts on January 1 and ends on December 31 every year.

#### **2. The currency used in accounting**

Vietnamese dong (VND) shall be used as a monetary unit for book-keeping entries.

### **II. APPLICABLE ACCOUNTING STANDARDS AND REGIME**

#### **1. Applied accounting system**

The Company applies the Vietnamese corporate accounting system according to the guidance in Circular No. 200/2014/TT-BTC issued by the Ministry of Finance of Vietnam on December 22, 2014 and the amended and supplemented circulars.

#### **2. Declaration of compliance with accounting standards and accounting**

We have done the accounting work in preparing and presenting the financial statements in accordance with Vietnamese accounting standards, Vietnamese corporate accounting regime and related legal provisions. Financial statements have been presented honestly and reasonably about the financial status, business results and cash flows of the enterprise.

## NOTES TO FINANCIAL STATEMENTS

*For the financial year ended December 31, 2018*

*Unit: Vietnam dong*

The selection of data and information that is required to be disclosed in the Notes to the financial statements is conducted in accordance with the primary principles defined in Vietnamese Accounting Standard No. 21 "Presentation of Financial Statements".

### IV. APPLIED ACCOUNTING POLICIES

#### 1. Principles for recording cash and cash equivalents

**Money** includes cash, bank deposits without term.

**Cash equivalents** include term deposits and short-term investments with original terms not exceeding three months from the date of investment, which are highly liquid and easily convertible into amount of money and there is no risk in converting money.

#### 2. Accounting principles for financial investments

##### Accounting principles for loans

Loans are loans made by escrow, contract or loan agreement between two parties for the purpose of collecting interest on a periodic basis and are recorded at cost less provisions for doubtful debts. Provisions for bad debts of loans are made based on the estimated amount of losses that are past due, not past due but may not be recovered due to the borrower's inability to pay.

##### Accounting principles for investments in subsidiaries and associates

Investments in affiliated companies are recognized when the Company holds between 20% and less than 50% of the voting rights of the investees, which enables them to exercise significant influence in financial and operating policy decisions in these companies.

Investments in affiliated companies are initially recognized at cost, and thereafter which are not adjusted for changes in the investors' share of the investee's net assets. The original price includes the purchase price and costs directly related to the investment. In case of investment with non-monetary assets, the cost of the investment is recognized at the fair value of the non-monetary asset at the time of arising.

Provision for investment loss in affiliated companies is made when the enterprise receiving the contributed capital suffers a loss leading to the possibility of loss of capital for the Company or when the value of investments in the associate company degraded in value. The basis for making provision for investment loss is the consolidated financial statement of the investee company (if this company is the parent company), the financial statement of the investee company (if the company is an independent business without subsidiaries).

##### Principles of accounting for investments contributed as capital in other entities

An investment in another entity is an investment by the Company in an equity instrument of another entity but without control or joint control, and without significant influence over the investee.

Investments are recognized at cost, including purchase price and directly attributable costs of the investment.

In case of investment with non-monetary assets, the cost of the investment is recognized at the fair value of the non-monetary asset at the time of arising.

For an investment that the Company holds for a long time (not classified as trading securities) and has no significant influence on the investee, the provision for loss is made as follows:

+ The investment in listed shares or the fair value of the investment is determined reliably, the provision is made based on the market value of the shares.

## NOTES TO FINANCIAL STATEMENTS

For the financial year ended December 31, 2018

Unit: Vietnam dong

+ The fair value of the investment cannot be determined at the reporting time, the provision is made based on the loss of the investee. The basis for making provision for investment loss is the consolidated financial statement of the investee company (if this company is the parent company), the financial statement of the investee company (if the company is an independent business without subsidiaries).

### 3. Principle of recognition of trade receivables and other receivables:

**Principles for recording receivables:** at historical cost less provision for bad debts.

The classification of receivables as trade and other receivables depending on the nature of the transaction or the relationship between the company and the receivable object.

**Provision for bad receivables** Provisions for bad receivables are estimated for the amount of impairment of receivables and other held-to-maturity investments of a similar nature as bad receivables which are overdue and not yet overdue but may not be recoverable because the debtors are unable to pay due to bankruptcy or doing business dissolution, disappearance, escape...

### 4. Principles of recording inventory:

Real estate acquired or built for the purpose of sale in the normal course of business of the Company, and not for rental or appreciation, is recognized as inventory. Inventories are stated at the lower of historical cost and net realizable value. Cost of inventories includes land use and construction costs, direct costs and other related overheads incurred to bring the inventories to their present location and condition. Net realizable value is the estimated selling price of inventories in the ordinary production and business period minus the estimated costs to complete and the estimated costs necessary for sale. When necessary, provisions are made for obsolete, slow-moving, damaged inventories and in cases where cost of inventories is higher than net realizable value.

### 5. Principle of recording and depreciation of fixed assets

#### Principle of recognizing tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost is the total cost that an enterprise must have to acquire a fixed asset by the time it is made available as intended. Costs incurred after the initial recognition are recognized only to the extent that it is probable that future economic benefits associated with the use of the asset will substantially increase. Expenses fail to meet the above conditions are recognized as expenses in the period.

When fixed assets are sold or disposed, the historical cost and accumulated depreciation are written off, and any gain or loss resulting from the disposal is included in the income or expense in the period.

Determining the cost price in each case:

#### *Tangible fixed assets procurement*

The cost of a fixed asset comprises its purchase price (minus (-) trade discounts or discounts), taxes (excluding refundable taxes) and expenses directly related to asset availability, such as installation costs, commissioning, expertise and other directly related costs.

#### 5.2 Principle of recognizing intangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of an intangible fixed asset is the total amount of fees that the enterprise must pay to acquire intangible fixed assets by the time it is intended to be put into use.

Determining the cost price in each case:

#### *Computer software*

## NOTES TO FINANCIAL STATEMENTS

For the financial year ended December 31, 2018

Unit: Vietnam dong

Computer software is all expenses that the Company has spent up to the time of putting the software into use.

### 5.3 Depreciation method of fixed assets

Fixed assets are depreciated using the straight-line method over the estimated useful lives of the assets. Estimated useful time is the time that assets are promoted for production and business.

*The estimated useful time of fixed assets are as follows:*

*Means of transportation, 6 years  
transmission*

## 6. Principles of accounting for business cooperation contracts.

The Company recognizes capital contributions to BCC initially at cost and records it as other receivables.

### 6.1 For BCC as a jointly controlled business

A business cooperation contract in the form of a jointly controlled business is a joint venture without establishing a new business establishment. Joint venture parties have obligations and enjoy benefits as agreed in the contract. The activities of the joint venture contract are carried out by the capital contributors together with other normal business activities of each party.

Capital amounts (cash or non-monetary assets) contributed to BCC are recognized and reflected in the financial statements as assets contributed to joint ventures based on contractual agreements. The difference between the fair value of the property received and the value of the contributed capital (if any) is recorded as other income or other expenses.

For revenue, expenses and products related to the contract, the Company recognizes the revenue divided from the sale of goods or the provision of services, the expenses incurred by the joint venture based on the agreements in the contract. For expenses incurred exclusively for jointly controlled business activities that are incurred by the Company, the Company must recognize the expenses incurred.

For fixed assets, investment real estate, when contributing capital to BCC and not transferring ownership from the capital contributing party to common ownership of the parties, the Company does not record a decrease in assets in the financial statements but only tracks the details of the location, where the property is located.

### 6.2 BCC profit sharing

If BCC stipulates that other parties participating in BCC are entitled to a fixed profit, the Company recognizes rental income from the division of BCC.

If BCC stipulates that other parties in BCC are only entitled to share profits if BCC's operating results are profitable and at the same time incur losses, the Company will record the revenue and expenses corresponding to its share from BCC.

## 7. Principle of recording the prepaid expenses

Prepaid expenses at the Company include actual expenses incurred but related to the business results of many accounting periods. Prepaid expenses of the Company include the following expenses: Tools and supplies

Method of distribution of prepaid expenses Calculation and allocation of prepaid expenses to operating expenses each period on a straight-line basis. Based on the nature and extent of each type of expense,



## NOTES TO FINANCIAL STATEMENTS

*For the financial year ended December 31, 2018*

*Unit: Vietnam dong*

the allocation time is as follows: short-term prepaid expenses are allocated within 12 months; long-term prepaid expenses are allocated from 12 months to 36 months.

### **8. Principles of recognizing liabilities**

Liabilities payable are recorded at cost and not lower than the obligation to pay.

The Company classifies liabilities as payables to sellers, internal payable, other payables depending on the nature of the transactions arising or the relationship between the company and payable subject.

The liabilities are monitored in detail by due date, payable subject and other factors according to the Company's management needs.

At the time of preparing the financial statements, the Company immediately recognizes a liability when there is evidence that a loss is likely to occur on a prudent basis.

### **9. Loan recognition principle**

The value of borrowings is recorded as the total amount of loans borrowed from banks, organizations, financial company and other entities (excluding loans in the form of bonds or preferential shares issuance with provisions that require the issuer to repurchase at a certain time in the future).

Loans are monitored in detail by each lender, each loan agreement and each type of liabilities.

### **10. Principles of recognition and capitalization of borrowing costs**

Principle of recognition of borrowing costs: loan interest and other expenses directly related to the borrowings of the enterprise are recorded as expenses of production and business in the period, unless these expenses arise from loans directly related to the investment in construction or production of uncompleted assets shall be included in the value of such assets (capitalized) when it fully meets the conditions prescribed in Accounting Standard No. 16 "Borrowing costs".

**The capitalization rate used to determine capitalized borrowing costs in the period;** In case of arising general loans, including those used for investment in construction or production of an uncompleted asset, the amount of borrowing expenses eligible for capitalization in each accounting period is determined according to the capitalization rate of the weighted average accumulated cost incurred for the investment in construction or production of such assets. The capitalization rate is calculated based on the weighted average interest rate of the outstanding loans in the period of the enterprise. The capitalized borrowing costs in a period cannot exceed the total borrowing costs incurred in that period.

### **11. Principles for recognizing accrued expenses:**

Expenses payable include expenses payable for construction costs, fees of external purchases, etc incurred in the reporting period but not yet actually paid. These expenses are recognized based on reasonable estimates of the amount to be paid under specific contracts and agreements.

### **12. The principle of recognition of equity**

#### **Principle of recognizing equity**

Equity is formed from the amount of initial capital contribution, additional contributions of shareholders, equity is recognized according to the actual capital contributed in cash or in assets calculated at par value of shares issued when newly established, or mobilized more to expand the operation scale of the Company.

#### **The principle of recognition of undistributed earnings.**

## NOTES TO FINANCIAL STATEMENTS

*For the financial year ended December 31, 2018*

*Unit: Vietnam dong*

Undistributed earnings it is recognized as profit (or loss) from the business results of the enterprise after deducting (-) the income tax expense of the current period and the adjustments due to the retroactive application accounting policies and retrospectively adjusted key errors of the previous years.

The distribution of profits is based on the Company's charter and approved by the Annual General Meeting of Shareholders.

### **13. Principles and methods of recording revenue, other income**

#### **Principles and methods of recording sales revenue**

Revenue is recognized when meeting the following 5 conditions: 1. The enterprise has transferred the majority of the risks and benefits associated with the ownership of the product, the goods to the buyer; The Company no longer retains management of goods as the owner or control of goods; 3. The revenue can be measured reliably; When a Contract stipulates that a buyer is entitled to return products or goods as purchased under specific conditions, the enterprise can only record the revenue when those specific conditions no longer exist and the buyer cannot return products or goods (except where the customer reserves the right to return goods in exchange for other goods or services); 4. The enterprise has or will gain economic benefits from sales transactions; Identify the costs related to the sale.

#### **Principles and methods of recording service provision revenue**

Service provision revenue is recorded when the transaction results are determined reliably. Where the service supply is related to several periods, the revenue is recognized in the period in accordance with the result of the work completed on the preparation date of the Balance Sheet of that period. Revenue from service provision is recognized when all four (4) conditions are simultaneously met: 1. The sales can be measured reliably. When the contract specifies that the buyer is entitled to return the purchased service under specific conditions, the revenue is only recognized when that particular condition no longer exists and the buyer is not entitled to return the provided service; 2. The Company has or will receive economic benefits from that transaction. 3. Identification of the work completed at the Balance sheet date; 4. Determine the costs incurred for the transaction and the costs to complete the transaction.

If the contract results cannot be determined reliably, revenue will only be recognized at the recoverable level of the recorded expenses.

#### **Principles and methods of recognizing sales of real estate**

**For projects, work items in which the Company is the investor:** Revenue from real estate sales is recognized when all five conditions are satisfied: 1. The real estate has been completely completed and handed over to the buyer, the Company has transferred the risks and benefits associated with the ownership of the real estate to the buyer; 2. The company no longer holds the right to manage the real estate as the owner of the floor real estate or control the real estate; 3. The revenue can be measured reliably; 4. The Company has obtained or will receive economic benefits from the sale of real estate; 5. Determine the costs associated with the sale of real estate.

**For sales of real estate subdivision selling ground:** Revenue is recognized when all four conditions are satisfied: 1. The risks and benefits associated with the land use rights have been transferred to the buyer; 2. The revenue can be measured reliably; 3. Determine the costs related to the transaction of selling the land; The enterprise has obtained or is certain to receive economic benefits from the sale of land.

#### **Principles and methods of recording income from financial activities**

Financial income reflects income from interest.

## NOTES TO FINANCIAL STATEMENTS

*For the financial year ended December 31, 2018*

*Unit: Vietnam dong*

Revenue arising from interest is recognized when two conditions are satisfied simultaneously: 1. Be able to benefit from the transaction; 2. The revenue can be measured reliably;

- Interest is recognized on the basis of the real time and interest rates periodically.

When it is impossible to recover an item which was previously recorded in the revenue, the amount likely to be irrecoverable or uncertain must be accounted into expenses incurred in the period and not recorded as revenue reduction.

### **14. Principles and methods of recording cost of goods sold**

Cost of goods sold reflects the cost value of products, goods, services, and investment properties sold during the period; expenses related to business activities. Investment real estate and other expenses are recognized in cost or reduced in cost in the reporting period. Historical costs are recognized at the time of the transaction, or when there is room for doubt in the future regardless of whether the expenses are paid or not. Cost of goods sold and revenue are recognized on a consistent basis. Expenses in excess of normal consumption are recognized immediately in cost according to the prudential principle.

### **15. Principles and methods of revenue cost recognition**

**Financial expenses include:** Borrowing costs

The financial expenses are recorded in detail for each expense item when actually incurred in the period and are reliably determined when there is sufficient evidence of these expenses.

### **16. Principles and methods of recording current CIT expenses**

Current corporate income tax expense is the amount of corporate income tax payable on the taxable income during the period and the current corporate income tax rate.

Taxes payable to the state budget will be specifically settled with the tax authorities. The difference between the payable tax amount according to the books and the settlement inspection data will be adjusted when there is an official settlement with the tax agency.

The corporate income tax rate applied at the Company is 20%.

### **17. Principle of recognition of earnings per share**

Basic earnings per share is calculated by taking profits or losses distributed to ordinary share holders of the Company after deducting the bonus and welfare fund set aside during the period divided by the weighted number of ordinary shares outstanding for the period.

Diluted earnings per share are calculated by dividing the after-tax profit or loss attributable to the ordinary shareholders of the Company (after making adjustments to the dividends of convertible preferred shares) for the weighted average number of ordinary shares outstanding during the period and the weighted average number of ordinary shares to be issued in the case that all potential ordinary shares with a dilution effect are converted into ordinary shares.

### **18. Financial instruments**

#### **Initial recognition**

##### **Financial assets**

In accordance with Circular No. 210/2009/TT-BTC of November 6, 2009 ("Circular 210"), financial assets are appropriately classified, for disclosure purposes in the financial statements, into financial assets recognized at fair value through the income statement, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Company determines and classifies these financial assets at the time of initial recognition.

**NOTES TO FINANCIAL STATEMENTS***For the financial year ended December 31, 2018**Unit: Vietnam dong*

At initial recognition, financial assets are measured at cost plus directly attributable transaction costs.

The Company's financial assets include cash and short-term deposits, trade and other receivables.

**Financial liabilities**

Financial liabilities to the extent of Circular 210, for the purposes of disclosure in the financial statements, are appropriately classified into financial liabilities recognized through the income statement, financial liabilities are measured at their amortized value. The Company determines the classification of financial liabilities at the time of initial recognition.

All financial liabilities are initially recognized at cost plus directly related transaction costs.

The Company's financial liabilities include trade payables, other payables, debt and borrowings.

**Value after initial recognition**

There is currently no requirement to revalue financial instruments after initial recognition.

**Clearing financial instruments**

Financial assets and financial liabilities are offset and the net amount is presented on the financial statement, if and only if, the Company has the legal right to offset any amounts that have already been recognized and intended to offset on a net basis, or acquire assets and settle liabilities at the same time.

**19. Related parties**

Related parties are enterprises, individuals, directly or indirectly through one or more intermediaries, with the control or under control of the Company. Associates, individuals who directly or indirectly hold voting rights and have significant influence over the Company, key management personnel such as the Board of Management, the Board of Directors and the members familiar with the family of individuals or affiliates or affiliated companies is also considered a stakeholder. In considering each of the relationships among stakeholders, the nature of the relationship is noted, not the legal form.

**V. ADDITIONAL INFORMATION FOR ITEMS IN THE BALANCE SHEET**

<b>1. Cash and cash equivalents</b>	<b>31/12/2018</b>	<b>01/01/2018</b>
<b>Cash</b>	<b>16,214,276,427</b>	<b>1,697,993,488</b>
Cash on hand	1,261,006,228	825,153,241
Demand deposits	14,953,270,199	872,840,247
<b>Cash equivalents</b>	<b>37,500,000,000</b>	-
Term deposits with a term of 3 months	37,500,000,000	-
<b>- Total</b>	<b>53,714,276,427</b>	<b>1,697,993,488</b>

**2. Financial investments**

			<b>31/12/2018</b>		<b>01/01/2018</b>	
			<b>Original cost</b>	<b>Provision</b>	<b>Original cost</b>	<b>Provision</b>
<b>Investment in associated companies</b>			<b>20,005,725,000</b>	-	-	-
Vinatown Investment	Real Joint	Estate Stock	20,005,725,000	-	-	-

**NOTES TO FINANCIAL STATEMENTS***For the financial year ended December 31, 2018**Unit: Vietnam dong*

Company

<b>Total</b>	<b>20,005,725,000</b>	-	-	-
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According to the Business Registration Certificate No. 1101894330 dated September 27, 2018 issued by the Department of Planning and Investment of Long An, the Company registered to invest in Vinatown Real Estate Investment Joint Stock Company at 40,000,000,000 VND, equivalent to 40% of charter capital. As of December 31, 2018, the Company has invested 20,005,725,000 VND, equivalent to 20% of charter capital.

In 2018, Vinatown Real Estate Investment Joint Stock Company is newly established without making a profit. The fair value as of December 31, 2018 of the investment in unpublicized entities has not yet provided specific and unified guidance on the method of determining fair value in accounting. of these investments. Therefore, the Company does not present the fair value of these investments.

**3. Receivables from customers**

	31/12/2018		01/01/2018	
	Value	Provision	Value	Provision
<b>Short-time</b>	<b>17,058,523,473</b>	<b>(525,450,000)</b>	<b>11,379,132,328</b>	<b>-</b>
Phuoc Thai House Trading and Investment Joint Stock Company	-	-	6,657,610,810	-
Mrs. Huynh Thi Ngoc Thuy	-	-	-	-
Other customers	17,058,523,473	(525,450,000)	4,721,521,518	-
<b>Total</b>	<b>17,058,523,473</b>	<b>(525,450,000)</b>	<b>11,379,132,328</b>	<b>-</b>

**4. Prepayments to sellers**

	31/12/2018		01/01/2018	
	Value	Provision	Value	Provision
<b>a. Short-time</b>	<b>29,380,244,222</b>	<b>-</b>	<b>23,934,359,016</b>	<b>-</b>
<b>Domestic supplier</b>	<b>29,380,244,222</b>	<b>-</b>	<b>23,934,359,016</b>	<b>-</b>
Phuc Long Co., Ltd	-	-	8,445,092,169	-
Ms. Tran Dang Phuong Linh	19,622,758,282	-	13,200,000,000	-
Other suppliers	9,757,485,940	-	2,289,266,847	-
<b>Total</b>	<b>29,380,244,222</b>	<b>-</b>	<b>23,934,359,016</b>	<b>-</b>

(\*) This is a deposit related to the land use right transfer contract between Thang Loi Real Estate Joint Stock Company and Ms. Tran Dang Phuong Linh to transfer the land use right with an area of 66,000 m2 in Phuoc Loi commune, Ben Luc district, Long An province.

**NOTES TO FINANCIAL STATEMENTS***For the financial year ended December 31, 2018**Unit: Vietnam dong*

<b>6. Other receivables</b>	<b>31/12/2018</b>		<b>01/01/2018</b>	
	<b>Value</b>	<b>Provision</b>	<b>Value</b>	<b>Provision</b>
<b>a. Short-time</b>	<b>217,089,700,143</b>	<b>(663,044,557)</b>	<b>40,084,320,381</b>	<b>-</b>
Social insurance payments	-	-	35,845,052,501	-
Advances	4,818,057,349	-	-	-
Collateral, deposits	65,000,000	-	4,239,267,880	-
Other receivables	78,468,478,410	(663,044,557)	525,150,000	-
+ <i>Thang Loi Group Investment Joint Stock Company</i>	6,496,721,657	-	2,382,328,767	-
+ <i>Mrs. Dao Thi Thao Uyen</i>	6,026,606,850	-	-	-
+ <i>Mr. Duong Long Thanh</i>	13,293,669,455	-	-	-
+ <i>Mrs. Nguyen Thi Xuan Cuu (1)</i>	50,000,000,000	-	-	-
+ <i>Other receivables</i>	2,651,480,448	(663,044,557)	1,331,789,113	-
Receivables from investment cooperation contracts	133,738,164,384	-	-	-
+ <i>Thang Loi Group Investment Joint Stock Company (2)</i>	61,000,000,000	-	-	-
+ <i>Mrs. Dao Thi Thao Uyen (3)</i>	72,738,164,384	-	-	-
<b>b. Long-term</b>	<b>48,000,000</b>	<b>-</b>	<b>91,859,811,742</b>	<b>-</b>
Collateral, deposits	48,000,000	-	-	-
Viet Uc Trade and Investment Joint Stock Company	-	-	3,859,811,742	-
Mrs. Dao Thi Thao Uyen (3)	-	-	88,000,000,000	-
<b>Total</b>	<b>217,137,700,143</b>	<b>(663,044,557)</b>	<b>131,944,132,123</b>	<b>-</b>
<b>c. Other receivables from related parties</b>				
Mr. Duong Long Thanh	13,393,669,445	-	-	-
+ <i>Thang Loi Group Investment Joint Stock Company</i>	67,496,721,657	-	525,150,000	-

**NOTES TO FINANCIAL STATEMENTS***For the financial year ended December 31, 2018**Unit: Vietnam dong*

+ Mrs. Dao Thi Thao Uyen	78,764,771,234	-	90,382,328,767	-
<b>Total</b>	<b>159,555,162,346</b>	<b>-</b>	<b>90,907,478,767</b>	<b>-</b>

(1) Deposit contract for capital contribution transfer dated April 11, 2018 between Thang Loi Real Estate Joint Stock Company and Ms. Nguyen Thi Xuan Cuu to transfer the contributed capital of Ms. Nguyen Thi Xuan Cuu to Thang Loi Real Estate Joint Stock Company, a capital contribution of 55 billion VND that Ms. Nguyen Thi Xuan Cuu owns in Thanh Long NewTown Co., Ltd. (the enterprise is separated from Thanh Long Co., Ltd according to the business registration certificate no. 1100660971 issued by the Department of Planning and Investment of Long An province on January 28, 2015, changed for the 7th time on April 12, 2018.)

(2) This is an investment cooperation contract under the Investment Cooperation Contract No. 01/2018/HTĐT-TLG-TLL dated April 16, 2018 between Thang Loi Real Estate Joint Stock Company (Party A) and Thang Loi Group Investment JSC (Party B) to invest in building business infrastructure of Can Duoc Town Commercial and Residential Area Project (trading name is Thang Loi Riverside Market 2 Project).

Thang Loi Riverside Market 2 project has an area of 56,194 m2 in Can Duoc Town, Can Duoc District, Long An Province. According to Contract No. 01/2018, the total expected investment capital is 177,066,000,000 VND, Party A contributes 83.06% and Party B contributes the remaining percentage.

(3) According to the investment cooperation contract No. 01/HTDT-2017 dated April 03, 2017, Thang Loi Real Estate Joint Stock Company has performed an investment cooperation contract with Ms. Dao Thi Thao Uyen (as the related party) with an investment cooperation amount of 88 billion VND for a period of 03 years from the date of actual investment. Accordingly, Thang Loi Real Estate Joint Stock Company has assigned Ms. Dao Thi Thao Uyen as a representative to search, negotiate and use contributed capital to invest in land to meet the development needs of the Company in Thanh Phu commune, Ben Luc district, Long An province. After making the investment, the land fund will be given priority to transfer to the Company on the basis of agreement and ensure benefits for the parties involved. The collateral for the performance of this investment cooperation contract includes the land use rights formed from the investment capital.

At the time of this financial statement, the land fund formed from the above investment capital has not been approved for investment policy. Therefore, with the goal of continuing to expand investment and business activities, the Company has agreed to recover the entire amount invested in Ms. Dao Thi Thao Uyen according to the terms agreed in the investment cooperation contract and the Company used this capital to invest in Galaxy Hai Son project in Duc Hoa district, Long An province.

**6. Inventory**

	31/12/2018		01/01/2018	
	Original cost	Provision	Original cost	Provision
Tools and supplies	-	-	35,181,818	-
(*) Unfinished production and business expenses	72,179,938,261	-	47,025,525,208	-
Real Estate Goods	5,942,054,327	-	13,780,627,045	-
<b>Total</b>	<b>78,121,992,588</b>	<b>-</b>	<b>60,841,334,071</b>	<b>-</b>

The value of inventory which is stagnant, bad, deteriorating quality can not be sold at the end of the year: None

**NOTES TO FINANCIAL STATEMENTS***For the financial year ended December 31, 2018**Unit: Vietnam dong*

- The value of inventories used for mortgaging or pledging to ensure the debts payable at the end of the year. None

(\*) The cost of production and business in progress is the cost of land use rights and construction cost of Thang Loi Go Den central residential project, Phuoc Loi commune, Ben Luc district, Long An province.

**7. Long-term assets in progress**

	31/12/2018		01/01/2018	
	Value	Provision	Value	Provision
<b>Construction in progress</b>	14,854,931,614	-	-	-
(*)				
- Procurement	10,059,747,712	-	-	-
- Basic construction	4,795,183,902	-	-	-
<i>House No. 51 Kinh Duong Vuong</i>	4,795,183,902	-	-	-
<b>Total</b>	<b>14,854,931,614</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) This is the cost of buying and upgrading property on land at 51 Kinh Duong Vuong. By the end of the fiscal year, the Company is still in the process of upgrading and repairing and has not been put into use.

**8. Tangible fixed assets**

Items	Machinery and equipment:	Means of transportation	Equipment, management tools	Total
<b>Cost/ Historical cost</b>				
Beginning balance	-	3,773,817,237	-	3,773,817,237
<i>Purchase in the year</i>	2,761,516,285	3,622,436,364	131,740,000	6,515,692,649
Ending balance	2,761,516,285	7,396,253,601	131,740,000	10,289,509,886
<b>Accumulated depreciation</b>				
Beginning balance	-	820,459,934	-	820,459,934
<i>Depreciation in the year</i>	24,576,756	721,411,522	196,875	746,185,153
Ending balance	24,576,756	1,541,871,456	196,875	1,566,645,087
<b>Net carrying amount</b>				
Beginning balance	-	2,953,357,303	-	2,953,357,303
Ending balance	2,736,939,529	5,854,382,145	131,543,125	8,722,864,799

\* The residual value of the tangible fixed assets used for mortgage or pledge to secure loans: VND 3,531,414,793.

\* The cost of tangible fixed assets at the end of the year is fully depreciated but still in use: None

**9. Intangible fixed assets**



## NOTES TO FINANCIAL STATEMENTS

For the financial year ended December 31, 2018

Unit: Vietnam dong

Items	Land use rights	Software program	Total
<b>Cost/ Historical cost</b>			
Beginning balance	-	204,000,000	<b>204,000,000</b>
<i>Purchase in the year</i>	110,440,252,288	-	<b>110,440,252,288</b>
Ending balance	110,440,252,288	204,000,000	<b>110,644,252,288</b>
<b>Accumulated depreciation</b>			
Beginning balance	-	59,500,000	<b>59,500,000</b>
<i>Depreciation in the year</i>	-	51,000,000	<b>51,000,000</b>
Ending balance	-	110,500,000	<b>110,500,000</b>
<b>Net carrying amount</b>			
Beginning balance	-	144,500,000	<b>144,500,000</b>
Ending balance	110,440,252,288	93,500,000	<b>110,533,752,288</b>

\* The residual value of the intangible fixed assets used for mortgage or pledge to secure loans: VND 110,440,252,288.

\* The Original cost of intangible fixed assets at the end of the year is fully depreciated but still in use: None

	31/12/2018	01/01/2018
<b>10. Prepaid expenses</b>		
<b>a. Short-term prepaid expenses</b>	452,894,230	41,894,268
Tools, devices used	452,894,230	41,894,268
<b>b. Long-term prepaid expenses</b>	<b>770,429,239</b>	<b>310,356,162</b>
Tools, devices used	770,429,239	310,356,162
<b>Total</b>	<b>1,223,323,469</b>	<b>352,250,430</b>

11. Payables to sellers	31/12/2018		01/01/2018	
	Value	Repayable	Original cost	Provision
<b>Short-time</b>	<b>30,773,811,297</b>	<b>30,773,811,297</b>	<b>53,352,870,792</b>	<b>53,352,870,792</b>
<b>Domestic supplier</b>	<b>30,773,811,297</b>	<b>30,773,811,297</b>	<b>53,352,870,792</b>	<b>53,352,870,792</b>
Thu Duc Housing Development Joint Stock Company (*)	9,289,670,131	9,289,670,131	15,562,780,137	15,562,780,137
VINACOMIN - HOUSING AND INFRASTRUCTURE JOINT STOCK COMPANY	-	-	37,600,000,000	37,600,000,000
MATERIAL EQUIPMENT AND CIVIL ENGINEERING JOINT	12,202,914,158	12,202,914,158	-	-

**NOTES TO FINANCIAL STATEMENTS**

*For the financial year ended December 31, 2018*

*Unit: Vietnam dong*

**STOCK COMPANY 624**

Thuy Phuong Technology  
Co., Ltd

7,286,400,000 7,286,400,000 - -

Other suppliers

1,994,827,008 1,994,827,008 190,090,655 190,090,655

**Total**

**30,773,811,297 30,773,811,297 53,352,870,792 53,352,870,792**

**12. Taxes and payables to the State**

	01/01/2018	Payable in the year	Actually paid in the year	31/12/2018
<b>Payables</b>				
Value added tax	444,918,386	20,840,508,046	15,913,969,239	5,371,457,193
Corporate income tax	164,035,033	6,447,021,804	2,245,683,738	4,365,373,099
Personal income tax	119,884,083	2,505,189,359	1,813,614,157	811,459,285
<b>Total</b>	<b>728,837,502</b>	<b>29,792,719,209</b>	<b>19,973,267,134</b>	<b>10,548,289,577</b>

**13. Prepayment from buyers**

	31/12/2018	01/01/2018
<b>a. Short-time</b>	20,010,000	20,010,000
Surplus of assets awaiting resolution	82,409,705	36,499,015
Union funds	5,985,351	58,519,837
Insurances	-	650,000,000
Short-term deposits received	195,947,568,010	19,158,757,505
Other payables	-	3,290,000,000
- Borrowings from Mr. Duong Long Thanh	46,404,000	943,047,000
- Consignment customers	24,999,455,269	14,622,089,000
- Other payables (*)	170,901,708,741	303,621,505
<b>TOTAL</b>	<b>196,055,973,066</b>	<b>19,923.786.357</b>

(\*) In which, the other payable is the deposit to buy the foundation of Thang Loi Go Den central residential project, Phuoc Loi commune, Ben Luc district, Long An province. Closing balance: VND 166,243,474,786

**14. Financial lease liabilities and loans**

**31/12/2018**

**01/01/2018**

	Value	Repayable	Value	Repayable
<b>a. Short-term borrowing</b>	<b>15,370,000,000</b>	<b>15,370,000,000</b>	<b>5,000,000,000</b>	<b>5,000,000,000</b>
Saigon Thuong Tin Commercial Joint Stock Bank - Tan Binh	11,900,000,000	11,900,000,000	5,000,000,000	5,000,000,000

**NOTES TO FINANCIAL STATEMENTS***For the financial year ended December 31, 2018**Unit: Vietnam dong*

## Branch

(2) Saigon Commercial Joint Stock Bank for Industry and Trade - Cho Lon Branch	3,470,000,000	3,470,000,000	-	-
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(3) Ho Chi Minh City Development Commercial Joint Stock Bank - Long An Branch	-	-	-	-
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<b>b. Due long-term loans</b>	<b>23,787,930,156</b>	<b>23,787,930,156</b>	-	-
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Saigon Thuong Tin Commercial Joint Stock Bank - Tan Binh Branch	23,333,340,000	23,333,340,000	-	-
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(2) Saigon Commercial Joint Stock Bank for Industry and Trade - Cho Lon Branch	-	-	-	-
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(4) Shinhan Bank Vietnam	454,590,156	454,590,156	-	-
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<b>c. Long-term borrowings</b>	<b>36,788,801,484</b>	<b>36,788,801,484</b>	-	-
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Saigon Thuong Tin Commercial Joint Stock Bank - Tan Binh Branch	34,999,990,000	34,999,990,000	-	-
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(2) Saigon Commercial Joint Stock Bank for Industry and Trade - Cho Lon Branch	-	-	-	-
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(4) Shinhan Bank Vietnam	1,788,811,484	1,788,811,484	-	-
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<b>Total</b>	<b>75,946,731,640</b>	<b>75,946,731,640</b>	<b>5,000,000,000</b>	<b>5,000,000,000</b>
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**Notes on bank loans**

1. Loans from Saigon Thuong Tin Commercial Joint Stock Bank - Tan Binh Branch includes the following loan contracts:

Credit contract no. LD1802900031 dated 1/29/2018. Total loan amount is 9,400,000,000 VND. Loan term: 12 months. Interest rate of 10%/year, interest rate will be adjusted every 3 months. Purpose of loan for real estate transfer. The guarantor: Mr. Duong Long Thanh and Ms. Dao Thi Thao Uyen with collateral: 17 land use rights certificates at land plots no. 562, 926, 927, 928, 929, 930, 931, 945, 946, 947, 948, 545, 920, 923 and 924, along with map sheet No. 4, hamlet 6, My Yen commune, Ben Luc district, Long An province. Outstanding balance as of December 31, 2018 is 9,400,000,000 VND.

Limited credit contract no. LD1730300303 dated October 30, 2017. Loan limit is 5,000,000,000 VND. Loan term is not more than 6 months. Interest rate of 9.5%/year. Purpose of loan: supplement the company's working capital. The collateral is the land use right and assets attached to the land located at land plots no. 6974, 6975, 6976 and 6977 along with map sheet 1, Ben Luc town, Ben Luc district, Long An province. Outstanding balance as of December 31, 2018 is 2,500,000,000 VND.

Credit contract no. LD1817000704 dated June 19, 2018. Total cash book is 700,000,000,000 VND, term of 36 months, interest rate is 10.5%/year, applied for the first 6 months. Purpose of loan for real estate transfer. The collateral is the land use right and the papers attached to the land at address No. 51 Kinh

**NOTES TO FINANCIAL STATEMENTS***For the financial year ended December 31, 2018**Unit: Vietnam dong*

Duong Vuong, Ward 12, District 6, HCMC. Loan balance as of December 31, 2018 is: VND 58,333,330,000.

**2. Loans from Saigon Commercial Joint Stock Bank for Industry and Trade, Cho Lon Branch include the following loan contracts:**

Loan from Saigon Industrial and Commercial Joint Stock Bank according to Debit Note No. 02/04/2018 dated September 25, 2018. The total amount is 4,000,000,000 VND. The loan term is 9 months, the interest rate is 10%/year and is adjusted every 6 months. The purpose of the loan is to supplement working capital for business activities. Assurance property: land use rights and land-attached assets are located at land plots No. 2990, 2982, map sheet No. 7, Ward 6, Tan An City, Long An Province and land plots No. 1071, 1072, 1073, 1074, 1075, map sheet No. 9, hamlet 3, Long Cang Commune, Can Duoc District, Long An. According to the Financial Contract No. 08/HDTC-2018 dated January 29, 2018 and the Financial Contract No. 65/HDTC-2018 dated September 19, 2018, the mortgagor is Mr. Duong Long Thanh and Ms. Dao Thi Thao Uyen. The total guaranteed value is determined is 6,538,000,000 VND. Outstanding balance as of December 31, 2018 is 3,470,000,000 VND.

**3. Loans from Shinhan Bank Vietnam Ltd include the following loan contracts:**

Contract No. SHBVN/Q11/08102018/HDTD/CTTL dated October 8, 2018. Total amount is 1,040,000,000 VND, term of 60 months, interest rate is 8.5%/year. Outstanding balance as of December 31, 2018 is 1,005,901,640 VND. Purpose of loan: Buy cars.

The collateral is the registration certificate of the car HONDA CITY with license plate of 51G-695.18 and the car MAZDA CX-5 with license plate of 51G-698.20.

Contract No. SHBVN/Q11/14112018/HDTD/CTTL dated 11/14/2018. Total amount is 750,000,000 VND, term of 60 months, interest rate is 9.5%/year. Outstanding balance as of December 31, 2018 is 737,500,000 VND. Purpose of loan: Buy cars. The collateral is the registration certificate of a car with the brand name FORD EVEREST, license plate of 51G-722.17.

Contract No. SHBVN/Q11/03122018/HDTD/CTTL dated 12/3/2018. Total amount is 500,000,000 VND, term of 60 months, interest rate is 10%/year. Outstanding balance as of December 31, 2018 is 500,000,000 VND. Purpose of loan: Buy cars. The collateral is the registration certificate of a Mitsubishi Outlander GF2WXTGLV1 with license plate of 51G-732.76.

**15. Equity**

**a. Comparison table of changes in equity**

Items	Capital contributed by the owner	Undistributed after-tax profit	Total
<b>Beginning balance of previous year</b>	<b>30,000,000,000</b>	<b>(2,921,051,457)</b>	<b>27,078,948,543</b>
Capital increase	90,000,000,000	-	90,000,000,000
Profit	-	5,068,301,978	<b>5,068,301,978</b>
<b>Ending balance of previous year</b>	<b>120,000,000,000</b>	<b>2,147,250,521</b>	<b>122,147,250,521</b>
<b>Beginning balance of current year</b>	<b>120,000,000,000</b>	<b>2,147,250,521</b>	<b>122,147,250,521</b>
Capital increase	80,000,000,000	-	80,000,000,000
Profit	-	25,619,306,354	25,619,306,354

**NOTES TO FINANCIAL STATEMENTS***For the financial year ended December 31, 2018**Unit: Vietnam dong*

Ending balance of current year	200,000,000,000	27,766,556,875	27,766,556,875
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**b. Details of the capital contribution of the owner**

	Capital contribution ratio	31/12/2018	01/01/2018
Mr. Duong Long Thanh	81.639%	163,277,870,000	117,900,000,000
Mrs. Dao Thi Thao Uyen	1.000%	2,000,000,000	2,000,000,000
Mr. Nguyen Thanh Quyen	15.012%	30,024,070,000	-
Other shareholders	2.349%	4,698,060,000	100,000,000
<b>Total</b>	<b>100.00%</b>	<b>200,000,000,000</b>	<b>120,000,000,000</b>

**c. Capital transactions with owners and distribution of dividends, profit division**

	Year: 2018	Year: 2017
Capital contributed by the owner		
Capital at beginning of the year	120,000,000,000	30,000,000,000
Capital increased in the year	80,000,000,000	90,000,000,000
Capital at ending of the year	200,000,000,000	120,000,000,000
Distributed dividends, profits	-	

**VI. ADDITIONAL INFORMATION FOR ITEMS IN REPORT ON BUSINESS RESULTS****1. Revenues from sales and services**

	Year: 2018	Year: 2017
<b>Revenue</b>		
Real estate sales revenue	213,743,408,714	42,495,242,805
Real estate brokerage revenue	24,897,268,112	37,617,209,312
Other sales	-	17,272,728
Business cooperation revenue	3,644,278,083	17,272,728
<b>Total</b>	<b>242,284,954,909</b>	<b>82,512,053,612</b>

**2. Revenue deductions**

	Year: 2018	Year: 2017
Returned goods	1,246,727,272	4,718,363,634
<b>Total</b>	<b>1,246,727,272</b>	<b>4,718,363,634</b>

**3. Net revenues from sale of goods and rendering of services**

	Year: 2018	Year: 2017
Net sales of goods Real estate	212,496,681,442	37,776,879,171
Real estate brokerage net revenue	24,897,268,112	37,617,209,312
Other sales		17,272,728

**NOTES TO FINANCIAL STATEMENTS***For the financial year ended December 31, 2018**Unit: Vietnam dong*

Business cooperation revenue	3,644,278,083	2,382,328,767
<b>Total</b>	<b>241,038,227,637</b>	<b>77,793,689,978</b>

<b>4. Cost of goods</b>	<b>Year 2018</b>	<b>Year: 2017</b>
Cost of goods Real estate sold	148,212,280,163	27,535,197,836
Real estate brokerage cost	5,320,533,971	-
Other costs	-	17,272,728
<b>Total</b>	<b>153,532,814,134</b>	<b>27,552,470,564</b>

<b>5. Financial income</b>	<b>Year 2018</b>	<b>Year: 2017</b>
Interest on bank deposits	159,950,321	31,147,627
Interest on deferred sales	98,884,800	-
<b>Total</b>	<b>258,835,121</b>	<b>32,147,627</b>

<b>6. Expenses from financial activities</b>	<b>Year 2018</b>	<b>Year: 2017</b>
Interest expense	5,297,072,622	177,611,727
<b>Total</b>	<b>5,297,072,622</b>	<b>177,611,727</b>

<b>7. Selling expenses, corporate management costs</b>	<b>Year: 2018</b>	<b>Year: 2017</b>
<b>a. Selling expenses</b>		
Expenses for Employees	23,344,915,074	10,481,395,685
Cost of materials, packaging	50,000,000	421,365
Expenses of tools and utensils	119,517,134	5,966,662
Fixed asset depreciation expenses	394,332,173	158,424,240
Expenses for outsourcing	6,930,109,156	7,675,068,717
Other expenses	3,740,392,460	15,482,287,697
<b>Total</b>	<b>34,579,265,997</b>	<b>33,803,564,366</b>

<b>b. General and administration expenses</b>		
Expenses for Employees	7,887,551,684	4,969,959,353
Cost of materials, packaging	70,095,990	-
Stationery expenses	910,101,189	148,605,782
Fixed asset depreciation expenses	402,852,980	650,820,843
Taxes, fees and charges	174,282,161	35,763,439

**NOTES TO FINANCIAL STATEMENTS***For the financial year ended December 31, 2018**Unit: Vietnam dong*

Provision for bad receivables	1,188,494,557	-
Costs of external purchase services	5,690,156,758	2,398,921,304
Other expenses	2,011,472,249	2,524,894,241
<b>Total</b>	<b>18,335,007,568</b>	<b>10,728,964,962</b>

**8. Others income**

	<b>Year: 2018</b>	<b>Year: 2017</b>
Fines collected	166,104,901	26,580,656
Others	2,595,162,823	742,697,255
<b>Total</b>	<b>2,761,267,724</b>	<b>769,277,911</b>

**9. Other expenses**

	<b>Year 2018</b>	<b>Year: 2017</b>
Penalties	122,656,779	10,836,582
Others	125,185,224	189,600
<b>Total</b>	<b>247,842,003</b>	<b>11,026,182</b>

**10. Business & production expenses by factor**

	<b>Year 2018</b>	<b>Year: 2017</b>
Construction cost and land value	153,532,814,134	27,229,327,226
Labor expenses	31,232,466,758	15,451,355,038
Depreciation expenses	797,185,153	489,940,746
Expenses for outsourcing	12,620,265,914	10,073,990,021
Others	7,075,861,183	18,521,082,524
<b>Total</b>	<b>205,258,593,142</b>	<b>71,765,695,555</b>

**11. Current corporate income tax expense**

	<b>Year 2018</b>	<b>Year: 2017</b>
<b>1. Accounting gross profit before tax</b>	32,066,328,158	6,321,477,715
<b>2. Amounts adjusted to increase or decrease accounting profits to determine taxable profits for enterprises to access:</b>		
	168,780,864	(55,599,029)
- Increasing adjusted	168,780,864	11,026,182
Expenses that are not deductible	168,780,864	11,026,182
- Adjustments decreased	-	66,625,2110
Transfer losses in 2016	-	66,625,2110
<b>3. Taxable income in the current year (1+2)</b>	<b>32,235,109,022</b>	<b>6,265,878,686</b>

**NOTES TO FINANCIAL STATEMENTS***For the financial year ended December 31, 2018**Unit: Vietnam dong*

<b>4. Taxable income from production and business activities</b>	<b>8,572,390,611</b>	<b>1,036,313,726</b>
<b>5. Taxable income from real estate transfer (3-4)</b>	<b>23,662,718,411</b>	<b>5,229,564,960</b>
<b>6. Corporate income tax rate</b>	<b>20%</b>	<b>20%</b>
<b>7. Total current corporate income tax expense</b>	<b>6,447,021,804</b>	<b>1,253,175,737</b>

<b>12. Basic earnings per share</b>	<b>Year: 2018</b>	<b>Year: 2017</b>
<b>Accounting profit after corporate income tax</b>	<b>25,619,306,354</b>	<b>5,068,301,978</b>
<b>Adjustments of increase or decrease</b>	-	-
- Increasing adjusted	-	-
Adjustments decreased	-	-
<b>- Profit or loss allocated to shareholders owning common shares</b>	<b>25,619,306,354</b>	<b>5,068,301,978</b>
Common shares are circulating on average in the year	11,504,376	7,864,595
<b>Basic earnings per share</b>	<b>2,227</b>	<b>644</b>
<b>Diluted earnings per share</b>	<b>2,227</b>	<b>644</b>

**13. Objectives and policies of financial risk management**

Key risks from financial instruments include market risk, credit risk and liquidity risk. The Board of Directors considers and applies management policies for these risks as follows:

**13.1 Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate with changes in market prices. There are three types of market risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments exposed to market risk include loans and debt, deposits, and available-for-sale investments.

The sensitivity analyzes presented below relate to the financial position of the Company as of December 31, 2018 and December 31, 2017.

These sensitivity analyzes have been prepared on the basis of the net debt value, the ratio of fixed-rate debt to floating-rate debt, and the correlation ratio between financial instruments denominated in foreign currency remains unchanged.

In calculating sensitivity analyses, Board of General Directors assumes that the sensitivities of available-for-sale debt instruments on the balance sheet and related items of income statement are affected by changes in assumptions about the respective market risk. This analysis is based on the financial assets and liabilities held by the Company as of December 31, 2018 and December 31, 2017.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate with changes in market interest rates. The Company's market risk due to changes in interest rates mainly relates to the Company's loans and debts, cash and short-term deposits.



**NOTES TO FINANCIAL STATEMENTS***For the financial year ended December 31, 2018**Unit: Vietnam dong*

The Company manages interest rate risk by analyzing the competitive situation in the market to obtain interest rates that are favorable for the Company's purposes and remain within its risk management limits.

*Sensitivity to interest rates*

The sensitivity of the Company's (loans and debt, cash and short-term deposits) to a reasonably probable change in interest rates is shown below.

Assuming that other variables remain unchanged, changes in interest rates on floating interest rate (loans) have the following effects on the Company's profit before tax:

	<i>Base gain/decrease</i>	<i>Impact on profit before tax</i>
<b>Current year</b>		
VND	+100	(222,324,552)
	-100	222,324,552
<b>Previous year</b>		
VND	+100	(33,020,065)
	-100	33,020,065

The basis point increase/decrease used for interest rate sensitivity analysis is assumed based on current observable market conditions. These conditions show a slightly higher volatility than in previous periods.

*Foreign currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate with changes in the exchange rate. The Company is exposed to the risk of changes in foreign exchange rates directly related to its business activities in currencies other than Vietnam Dong.

The Group manages foreign currency risk by considering the current and expected market when the Company plans future transactions in foreign currencies. The Company does not use any derivative financial instruments to hedge its foreign currency risk.

*Foreign currency sensitivity*

The Company has not performed a sensitivity analysis for foreign currencies because the risks from changes in foreign currencies at the date of the financial statements are negligible.

*Real Estate Risks*

The Company has identified the following risks associated with its Real Estate portfolio: (i) project costs may increase if there is a delay in the planning process. The Company hires consultants who specialize in specific planning within the scope of the project in order to reduce risks that may arise during the planning process; (ii) fair value risk of the Real Estate portfolio due to market and buyer fundamentals.

**13.2 Credit risk**

Credit risk is the risk that a party to a financial instrument or customer contract will fail to meet its obligations, resulting in a financial loss. The company is exposed to credit risk from its business activities (mainly from customers) and from its financial activities, including deposits with banks, foreign exchange transactions and foreign exchange transactions and other financial instruments.

**NOTES TO FINANCIAL STATEMENTS***For the financial year ended December 31, 2018**Unit: Vietnam dong**Receivables from customers*

The company minimizes credit risk by only dealing with units with good financial ability. The company regularly monitors closely receivables to urge recovery. On this basis, and the Company's receivables relate to many different customers, credit risk is not concentrated on a certain customer.

*Bank deposits*

The company mainly maintains deposits at large reputable banks in Vietnam. The company found that the concentration of credit risk for bank deposits was low.

The Board of General Directors of the Company assesses that most of the financial assets are mature and not impaired as these financial assets are related to customers with good reputation and ability to pay.

**13.3 Liquidity risk**

Liquidity risk is the risk that the Company has difficulty in fulfilling its financial obligations due to lack of capital. Liquidity risk of the Company mainly arises from financial assets and financial liabilities with different maturity dates.

The Company monitors liquidity risk by maintaining a level of cash and cash equivalents and bank loans that the Board of General Directors considers as being sufficient to support the Company's operations and to minimize the impact of cash flow fluctuations.

The following table summarizes the payment terms of the Company's financial liabilities based on the expected contractual payments on an undiscounted basis:

<b>December 31, 2018</b>	<b><i>Less than 1 years</i></b>	<b><i>1-5 years</i></b>	<b><i>Over 5 years</i></b>	<b><i>Total</i></b>
Loans and debts	39,157,930,156	36,788,801,484	-	75,946,731,640
Payables to sellers	30,773,811,297	-	-	30,773,811,297
Other payables and payables and payable expenses	195,947,568,010	-	-	195,947,568,010
<b>Total</b>	<b>265,879,309,463</b>	<b>36,788,801,484</b>	<b>-</b>	<b>302,668,110,947</b>
<b>December 31, 2017</b>	<b><i>Less than 1 years</i></b>	<b><i>1-5 years</i></b>	<b><i>Over 5 years</i></b>	<b><i>Total</i></b>
Loans and debts	5,000,000,000			
Payables to sellers	53,352,870,792			
Other payables and payables and payable expenses	19,808,757,505	-	-	19,808,757,505
<b>Total</b>	<b>78,161,628,297</b>	<b>-</b>	<b>-</b>	<b>78,161,628,297</b>

The company has sufficient access to funds and loans maturing within 12 months can be renewed with existing lenders.

**Collateral**

The Company has used land use rights and tangible assets as collateral for loans from banks (Note V. 14- Borrowings and financial leases)

**NOTES TO FINANCIAL STATEMENTS***For the financial year ended December 31, 2018**Unit: Vietnam dong*

The Company is using third-party land use rights on December 31, 2017 and December 31, 2018 to secure loans from banks (Note V. 14- Borrowings and financial leases)

**13. Financial assets and financial liabilities** (See page 33).

The fair value of financial assets and financial liabilities is stated at the amount to which the financial instrument could be converted in a current transaction between the parties, unless it is required to sell or liquidate.

The Company uses the following methods and assumptions to estimate fair value:

The fair value of cash and short-term deposits, trade receivables, trade payables and other short-term liabilities is equivalent to the carrying amount of these items as a result of these instruments as short term.

Except for the foregoing, the fair values of financial assets and long-term financial liabilities have not been measured and measured formally as of December 31, 2018 and December 31, 2017 respectively. However, the Board of General Directors judges that the fair value of these financial assets and financial liabilities are not materially different from the book value at the end of the financial year.

**VII. ADDITIONAL INFORMATION FOR ITEMS PRESENTED IN THE CASH FLOW STATEMENT****1. Amount actually borrowed in the year**

	<b>Year: 2018</b>	<b>Year: 2017</b>
- Proceeds from ordinary borrowing	99,275,000,000	5,000,000,000

**2. Amount actually repaid in the year**

	<b>Year: 2018</b>	<b>Year: 2017</b>
- Repayment under ordinary loan	(28,328,268,360)	(5,600,000,000)

**VIII. OTHER INFORMATION****1. Potential debts, commitments and other financial information**

No contingent liabilities, commitments and financial information arising as of the balance sheet date are disclosed in the financial statements.

**2. Events arising after the date of the end of the financial year**

No significant events have occurred since the balance sheet date require adjustments or disclosures in the Financial Statements.

**3. Transactions with related parties**

Significant transactions and balances with related parties during the year are as follows:

<b>Stakeholders</b>	<b>Relationship</b>	<b>Transactional properties</b>	<b>Amount arising in the year</b>	<b>Balance at year-end receivable (payable)</b>
Thang Loi Group Investment Joint Stock Company	Co-Chairman of the Board of Directors	Investment cooperation	61,000,000,000	61,000,000,000
		Behalf payment	5,971,571,657	6,496,721,657

**NOTES TO FINANCIAL STATEMENTS***For the financial year ended December 31, 2018**Unit: Vietnam dong*

Mrs. Dao Thi Thao	Member of Board of Investment	3,644,278,083	6,026,606,850
Uyen	Directors	cooperation profit	10,000,000,000
		Investment	-
		cooperation	
Mr. Duong Long Thanh	General Director	Borrowings	22,093,669,455
+ Income of Board of Directors and Board of General Directors		Year: 2018	13,293,669,455
Key members		Year: 2017	
	Salaries and bonuses	1,352,000,000	683,360,000
<b>Total</b>		<b>1,352,000,000</b>	<b>683,360,000</b>

**4. Presenting assets, revenue, business results by segment:**

The company only operates in the field of brokerage, real estate business and the revenue arises mainly in Long An province. Therefore, the Board of Directors of the Company does not perceive any difference in risks and economic rewards by business sector and by geographical area. Therefore, the Company does not present a segment report by geographical area as well as a segment report by business sector.

**5. Continuing operations Information:** The company continues to operate in the future.*Ho Chi Minh City, September 16, 2019*

<b>Prepared by</b>	<b>Chief accountant</b>	<b>GENERAL DIRECTOR</b>
(Signed)	(Signed)	(Signed and sealed)
<b>Pham Thi Thuy Trang</b>	<b>Phan Minh Hoang</b>	<b>Duong Long Thanh</b>

**THANG LOI REAL ESTATE JOINT STOCK COMPANY****REPORT OF THE BOARD OF DIRECTORS***For the financial year ended December 31, 2018***VI.14 Financial assets and financial liabilities:**

The table below presents the carrying value and fair value of the financial instruments presented in the Company's financial statements.

	<b>Book Value</b>				<b>Fair value</b>	
	<b>31/12/2018</b>		<b>31/12/2017</b>		<b>31/12/2018</b>	<b>31/12/2017</b>
	<b>Value</b>	<b>Provision</b>	<b>Value</b>	<b>Provision</b>		
<b>Financial assets</b>						
- Receivables from customers	17,058,523,473	(525,450,000)	11,379,132,328		- 16,533,073,473	11,379,132,328
- Other receivables	-	-	96,099,079,622		- -	96,099,079,622
- Cash and cash equivalents	212,319,642,794	(663,044,557)	1,697,993,488		- 211,656,598,237	1,697,993,488
<b>TOTAL</b>	<b>53,714,276,427</b>	<b>-</b>	<b>109,176,205,438</b>		<b>- 53,714,276,427</b>	<b>109,176,205,438</b>
<b>Financial liabilities</b>						
- Borrowings	75,946,731,640	-	5,000,000,000		- 75,946,731,640	5,000,000,000
- Payables to sellers	30,773,811,297	-	53,352,870,792		- 30,773,811,297	53,352,870,792
- Other payables	195,947,568,010	-	19,808,757,505		- 195,947,568,010	19,808,757,505
<b>TOTAL</b>	<b>302,668,110,947</b>	<b>-</b>	<b>78,161,628,297</b>		<b>- 302,668,110,947</b>	<b>78,161,628,297</b>