



**Vincom Retail Joint Stock Company
and its subsidiaries**

Consolidated Financial Statements
for the year ended 31 December 2019

Prepared in accordance with
International Financial Reporting Standards



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Vincom Retail Joint Stock Company Statement of the Board of Management

GENERAL INFORMATION

THE COMPANY

Vincom Retail Joint Stock Company, previously known as Vincom Retail Company Limited, is established in accordance with the Business Registration Certificate No. 0105850244 issued by the Hanoi Department of Planning and Investment on 11 April 2012. In accordance with the 1st amended Business Registration Certificate dated 14 May 2013, the Company changed its legal form to a joint stock company and also changed its name to Vincom Retail Joint Stock Company. The Company also obtained subsequent amended Business Registration Certificates, with the 20th amended Business Registration Certificate being granted on 2 January 2019 as the latest.

The Company's head office is located at No. 7, Bang Lang 1 Street, Ecological Residence of Vinhomes Riverside, Viet Hung ward, Long Bien District, Hanoi, Vietnam.

Board of Directors

Ms. Thai Thi Thanh Hai	Chairwoman	
Ms. Mai Thu Thuy	Member	(until 1 August 2019)
Ms. Tran Mai Hoa	Member	
Ms. Nguyen Thi Diu	Member	
Ms. Le Mai Lan	Member	
Mr. Jeffrey David Perlman	Member	(until 8 July 2019)
Mr. Timothy J. Daly	Member	
Mr. Brett Krause	Member	
Mr. Phan Thanh Son	Member	(until 1 August 2019)

Board of Management

Ms. Tran Mai Hoa	General Director
Mr. Nguyen Anh Dung	Deputy General Director
Ms. Tran Thu Hien	Deputy General Director
Ms. Pham Ngoc Thoa	Chief Finance Officer

Board of Supervision

Ms. Do Thi Quynh Trang	Head of Board of Supervision
Ms. Nguyen Thu Phuong	Member
Ms. Tran Thanh Tam	Member

Vincom Retail Joint Stock Company
Statement of the Board of Management (continued)

RESULTS

The consolidated net profit for the year ended 31 December 2019 was VND5,754,887 million (2018: VND5,422,505 million).

CONTINGENT AND OTHER LIABILITIES

At the date of this report there does not exist:

- any charge on the assets of the Company and its subsidiaries, which has arisen since the end of the year, which secures the liabilities of any other person; or
- any contingent liability in respect of the Company and its subsidiaries that has arisen since the end of the year.

ITEMS OF UNUSUAL NATURE

The results of operations of the Company and its subsidiaries for the year ended 31 December 2019 were not, in the opinion of the Company's Board of Management materially affected by any items, transactions or events of a material and unusual nature.

There has not arisen in the interval between the balance sheet date and the date of this report any items, transactions or events of a material and unusual nature likely, in the opinion of the Company's Board of Management, to affect substantially the results of operations of the Company and its subsidiaries for the current year.

AUDITOR

The Company's auditor is KPMG Limited.

Vincom Retail Joint Stock Company
Statement of the Board of Management (continued)

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management is responsible for the consolidated financial statements of Vincom Retail Joint Stock Company ("the Company") and its subsidiaries which give a true and fair view of the consolidated financial position of the Company and its subsidiaries as at 31 December 2019 and of the consolidated results of financial performance and consolidated cash flows for the year then ended. In preparing these consolidated financial statements, the Board of Management is required to:

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

The Board of Management is also responsible for ensuring that proper accounting records are maintained which disclose, with reasonable accuracy at any time, the consolidated financial position of the Company and its subsidiaries. The Board of Management is also responsible for safeguarding the assets of the Company and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management confirms that they have complied with the above requirements in preparing the consolidated financial statements.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements which give a true and fair view of the consolidated financial position of the Company and its subsidiaries as at 31 December 2019 and of the consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

On behalf of the Board of Management



Phạm Ngọc Thoa
Chief Finance Officer

Hanoi, Vietnam
29 April 2020



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Vincom Retail Joint Stock Company

Opinion

We have audited the consolidated financial statements of Vincom Retail Joint Stock Company ("the Company") and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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



Fair value of investment properties and investment properties under construction:

The Company and its subsidiaries account for their investment properties (“IP”) and investment properties under construction (“IPUC”) at fair value. As of 31 December 2019, the carrying value of the Company and its subsidiaries’ IP and IPUC amounted to VND56,143,709 million and VND1,963,645 million, representing 86% and 3%, respectively, of the Company and its subsidiaries’ consolidated total assets. The valuation of IP and IPUC requires the assistance of external appraiser, whose calculations are complex and involve estimates, assumptions and information, such as rental value, occupancy rate, discount rate, capitalization rate, growth rate, historical transactions, estimated budget costs and cost to complete of IPUC, among others, based on external and internal factors as assessed by management and the external appraiser. Refer to Notes 4 and 6 for the relevant accounting policy and a discussion of significant judgment and estimates and Note 23 for the detailed disclosure about the Company and its subsidiaries’ IP and IPUC.

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

- ▶ We involved our internal specialist in evaluating the methodologies and the assumptions used by the management and the external appraiser;
- ▶ We reviewed the relevant inputs, assumptions and estimates used in the valuation by the management and the external appraiser, such as the floor area, rental value, occupancy rate, discount rate, capitalization rate, growth rate, estimated budget costs and cost to completion, among others, against market related information and historical experience of the Company and its subsidiaries;
- ▶ We assessed the professional qualification, independence and objectivity of the external appraiser engaged by the Company and its subsidiaries in valuing the Company and its subsidiaries’ IP and IPUC; and
- ▶ We also reviewed the adequacy of the Company and its subsidiaries’ disclosures with respect to the IP and IPUC.

Business cooperation contracts (“BCC”) with related parties

The Company and its subsidiaries entered into various types of BCC arrangements with related parties during the year for the development and subsequent commercial operation of certain shopping malls. Management has assessed that the Company and its subsidiaries have assumed control over these shopping malls when these BCC arrangements come into effect, or when the shopping malls are handed over from related parties for commercial operation, and thus, has accounted for these shopping malls as its IP and IPUC, whose fair values as at 31 December 2019 were reported at VND9,083,707 million and VND1,801,459 million, respectively. The accounting for these arrangements is complex and requires management to determine when the right to control the shopping malls has been transferred to the Company and its subsidiaries. We considered the accounting for these BCCs to be a key audit matter because of the magnitude and complexity of the transactions. Refer to Notes 6 and Note 27 for the relevant accounting policy and the disclosure about key principles of BCC arrangements of the Company and its subsidiaries.

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

- ▶ We reviewed the key terms and conditions in the BCCs and assessed the accounting treatment applied by management including the timing for recognition of the assets; and
- ▶ We also reviewed the disclosures with respect to the BCC arrangements.



Other Information

Management is responsible for the other information. The other information comprises the information included in the statement of Board of Management, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Those charged with governance are responsible for overseeing the Company and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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



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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in these consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

On behalf of KPMG Limited's Branch in Ho Chi Minh City

Vietnam
Operating registration certificate No.: 4114000230
Audit Report No. 19-01-00249-20-3



Chang Hung Chun
Practicing Auditor Registration
Certificate No. 0863-2018-007-1
Deputy General Director

Ho Chi Minh City, 29 April 2020

Vincom Retail Joint Stock Company and its subsidiaries
Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2019

	Note	2019 VND million	2018 VND million
I. Profit or loss			
Revenue	8	9,409,448	9,400,083
Cost of sales	9	(3,560,119)	(4,630,727)
Gross profit		5,849,329	4,769,356
Valuation gain from completed investment property	21	1,066,649	2,124,521
Valuation gain from investment property under construction	22	1,194,184	379,881
Other income	10	70,729	139,867
Selling and distribution expenses	11	(371,960)	(408,675)
Administrative expenses	12	(376,074)	(269,531)
Other expenses		(40,370)	(17,597)
Operating profit		7,392,487	6,717,822
Finance income	13	314,423	595,457
Finance costs	14	(536,413)	(507,572)
Net finance (expense)/income		(221,990)	87,885
Profit before tax		7,170,497	6,805,707
Income tax expense	16	(1,415,610)	(1,383,202)
Profit from continuing operation and total comprehensive income for the year		5,754,887	5,422,505

Vincom Retail Joint Stock Company and its subsidiaries
Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2019 (continued)

	Note	2019 VND million	2018 VND million
II. Total comprehensive income for the year			
Profit attributable to:			
Owners of the Company		5,753,063	5,411,822
Non-controlling interests		1,824	10,683
		5,754,887	5,422,505
Total comprehensive income attributable to:			
Owners of the Company		5,753,063	5,411,822
Non-controlling interests		1,824	10,683
		5,754,887	5,422,505
		VND	VND
Earnings per share	17		
Basic earnings per share		2,474	2,324
		2,474	2,324

Vincom Retail Joint Stock Company and its subsidiaries
Consolidated statement of financial position as at 31 December 2019

	Note	31/12/2019 VND million	1/1/2019 VND million
ASSETS			
Property, plant and equipment	18	584,872	313,153
Intangible assets		23,386	25,886
Goodwill	20	515,548	515,548
Completed investment property	21	56,143,709	50,604,523
Investment property under construction	22	1,963,645	1,652,539
Construction in progress	24	39,300	72,674
Other equity investments		-	2,000
Deferred tax assets	26	70,539	33,027
Amounts due from related parties	27	732,149	412,626
Long-term prepayments	28	34,701	316,879
Other non-current assets	29	8,659	1,982,107
Non-current assets		60,116,508	55,930,962
Inventories	30	1,043,856	910,071
Trade receivables	8	544,176	377,385
Advances to suppliers	31	112,269	188,914
Amounts due from related parties	27	979,012	1,913,098
Short-term prepayment and other current assets	32	248,537	432,906
Short-term investments	33	788,537	701,417
Cash and cash equivalents	34	1,388,344	2,431,381
Provisional corporate income tax		4,622	8,719
Current assets		5,109,353	6,963,891
TOTAL ASSETS		65,225,861	62,894,853

Vincom Retail Joint Stock Company and its subsidiaries
Consolidated statement of financial position at 31 December 2019 (continued)

	Note	31/12/2019 VND million	1/1/2019 VND million
EQUITY AND LIABILITIES			
EQUITY			
Share capital	35	23,288,184	23,288,184
Share premium	35	46,983	46,983
Treasury shares	35	(1,954,258)	-
Common control reserves	35	674,933	674,933
Retained earnings		26,930,602	23,619,894
Equity attributable to equity holders of the Company		48,986,444	47,629,994
Non-controlling interest		42,108	48,474
TOTAL EQUITY		49,028,552	47,678,468
LIABILITIES			
Loans and borrowings	37	2,594,628	2,592,149
Long-term customers' deposits	38	659,765	571,954
Long-term deferred revenue	39	210,469	356,171
Amounts due to related parties	40	382,984	241,489
Deferred tax liabilities	26	5,627,713	4,899,195
Other non-current liabilities		2,896	2,896
Long-term lease liabilities	19(a)(ii)	747,430	-
Non-current liabilities		10,225,885	8,663,854
Short-term lease liabilities	19(a)(ii)	387,498	-
Trade payables	41	221,132	686,161
Deposits and down payment from customers	42	1,003,143	1,435,970
Short-term deferred revenue	39	107,984	175,863
Amounts due to related parties	40	2,568,797	2,834,970
Accruals	43	1,124,805	971,333
Corporate income tax payable		255,480	197,823
Other current liabilities	44	302,585	250,411
Current liabilities		5,971,424	6,552,531
TOTAL LIABILITIES		16,197,309	15,216,385
TOTAL EQUITY AND LIABILITIES		65,225,861	62,894,853

Vincom Retail Joint Stock Company and its subsidiaries
Consolidated statement of changes in equity for the year ended 31 December 2019

	Attributable to owners of the Company					Total VND million	Non- controlling interests VND million	Total equity VND million
	Share capital VND million	Share premium VND million	Assets revaluation reserves VND million	Common control reserves VND million	Retained earnings VND million			
Balance at 1 January 2018	19,010,787	4,324,380	-	674,933	18,208,072	42,218,172	35,791	42,253,963
Net income for the year	-	-	-	-	5,411,822	5,411,822	10,683	5,422,505
Total comprehensive income	-	-	-	-	5,411,822	5,411,822	10,683	5,422,505
Transactions with owners of the Company								
Contribution and distributions								
Non-controlling interest increase capital in a subsidiary	-	-	-	-	-	-	2,000	2,000
Shares issued from share premium	4,277,397	(4,277,397)	-	-	-	-	-	-
Total contribution and distributions	4,277,397	(4,277,397)	-	-	-	-	2,000	2,000
Total transactions with owners of the Company	4,277,397	(4,277,397)	-	-	-	-	2,000	2,000
Balance at 31 December 2018	23,288,184	46,983	-	674,933	23,619,894	47,629,994	48,474	47,678,468

Vincom Retail Joint Stock Company and its subsidiaries
Consolidated statement of changes in equity for the year ended 31 December 2019 (continued)

	Attributable to owners of the Company					Total VND million	Non- controlling interests VND million	Total equity VND million
	Share capital VND million	Share premium VND million	Treasury shares VND million	Common control reserves VND million	Retained earnings VND million			
Balance at 1 January 2019 as previously reported	23,288,184	46,983	-	674,933	23,619,894	47,629,994	48,474	47,678,468
Impact of adoption of IFRS 16	-	-	-	-	2,904	2,904	-	2,904
Balance at 1 January 2019 as restated	23,288,184	46,983	-	674,933	23,622,798	47,632,898	48,474	47,681,372
Net income for the year	-	-	-	-	5,753,063	5,753,063	1,824	5,754,887
Total comprehensive income	-	-	-	-	5,753,063	5,753,063	1,824	5,754,887
Transactions with owners of the Company								
Contribution and distributions								
Dividends declared by the Company	-	-	-	-	(2,445,259)	(2,445,259)	-	(2,445,259)
Dividends declared by a subsidiary	-	-	-	-	-	-	(8,190)	(8,190)
Repurchase of treasury shares	-	-	(1,954,258)	-	-	(1,954,258)	-	(1,954,258)
Total contribution and distributions	-	-	(1,954,258)	-	(2,445,259)	(4,399,517)	(8,190)	(4,407,707)
Total transactions with owners of the Company	-	-	(1,954,258)	-	(2,445,259)	(4,399,517)	(8,190)	(4,407,707)
Balance at 31 December 2019	23,288,184	46,983	(1,954,258)	674,933	26,930,602	48,986,444	42,108	49,028,552

Vincom Retail Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2019
(Indirect method)

	Note	2019 VND million	2018 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		7,170,497	6,805,707
Adjustments for			
Depreciation and amortisation		47,943	65,078
Allowances and provisions		8,371	27,006
Changes in amortised cost of lease liabilities		131,197	-
Changes in amortised cost of payables		102,715	90,172
Interest expense		299,007	375,271
Interest income		(314,415)	(596,178)
Loss/(gain) on disposal of property, plant and equipment and completed investment property		398,476	(59,730)
Valuation gain from investment property and investment property under construction		(2,260,833)	(2,504,402)
Loss from investment property written-off		12,346	-
Operating profit before changes in working capital		5,595,304	4,202,924
Change in receivables and other assets		15,782	281,841
Change in inventories		(30,827)	1,146,485
Change in payables and other liabilities		(1,566,119)	(1,127,607)
Change in prepayments		53,456	(140,121)
		4,067,596	4,363,522
Interest paid		(258,031)	(360,745)
Income tax paid		(662,851)	(561,242)
Other receipts from operating activities		-	132,200
Net cash flows from operating activities		3,146,714	3,573,735

Vincom Retail Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for year ended 31 December 2019
(Indirect method – continued)

	Note	2019 VND million	2018 VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(2,472,372)	(1,740,020)
Proceeds from disposals of property, plant and equipment		701	475
Deposits for investment in potential real estate projects		(1,020,000)	(837,913)
Collection of deposits for investing in potential real estate projects		1,596,000	585,000
Placement for granting loan and short-term deposits		(33,941)	(685,953)
Proceeds from disposals of equity-accounted investee		2,000	136,695
Receipts from collecting loans and term deposits		1,780,000	2,659,268
Payments for investments in other entities		-	(2,000)
Receipts of interest and dividends		382,787	520,565
Net cash from investing activities		235,175	636,117
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for shares redemptions		(1,954,258)	-
Payments to settle loan principals		-	(3,200,000)
Payments to settle finance lease liabilities		(19,452)	-
Payments of dividends		(2,451,216)	-
Net cash flows used in financing activities		(4,424,926)	(3,200,000)
Net cash flows during the year		(1,043,037)	1,009,852
Cash and cash equivalents at the beginning of the year		2,431,381	1,421,529
Cash and cash equivalents at the end of the year	34	1,388,344	2,431,381