



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

Consolidated Financial Statements
for the year ended 31 December 2019



Vincom Retail Joint Stock Company

Corporate Information

Business Registration Certificate No.

0105850244

11 April 2012

The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 2 January 2019. The Company's Business Registration Certificate was issued by the Department of Planning and Investment of Ha Noi City.

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

Vincom Retail Joint Stock Company
Corporate Information (continued)

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

Registered Office	No. 7, Bang Lang 1 Street, Ecological Residence of Vinhomes Riverside Viet Hung Ward, Long Bien District Hanoi city Vietnam
--------------------------	---

Auditor	KPMG Limited Vietnam
----------------	-------------------------

Vincom Retail Joint Stock Company and its subsidiaries

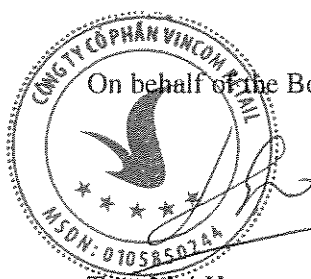
Statement of the Board of Management

The Board of Management of Vincom Retail Joint Stock Company ("the Company") presents this statement and the accompanying consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2019.

The Board of Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Management:

- (a) the consolidated financial statements set out on pages 6 to 65 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 operations and the consolidated cash flows of the Company and its subsidiaries for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company and its subsidiaries will not be able to pay its debts as and when they fall due.

The Board of Management has, on the date of this statement, authorised these accompanying consolidated financial statements for issue.



On behalf of the Board of Management

Trần Mai Hoa
General Director

Hanoi, 25 March 2020



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
+84 (28) 3821 9266 | kpmg.com.vn

INDEPENDENT AUDITOR'S REPORT

To the Shareholders Vincom Retail Joint Stock Company

We have audited the accompanying consolidated financial statements of Vincom Retail Joint Stock Company and its subsidiaries, which comprise the consolidated balance sheet as at 31 December 2019, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 25 March 2020, as set out on pages 6 to 65.

Management's Responsibility

The Company's Board of Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company and its subsidiaries's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiaries' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Board of Management, 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 Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Vincom Retail Joint Stock Company and its subsidiaries as at 31 December 2019 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Audit Report No.: 19-01-00249-20-2



Hà Vũ Đình
Practicing Auditor Registration
Certificate No. 0414-2018-007-1
Deputy General Director

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

Ho Chi Minh City, 25 March 2020

Vincom Retail Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2019

Form B 01 – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2019 VND million	1/1/2019 VND million
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		5,070,409	7,122,640
Cash and cash equivalents	110	5	1,388,344	2,431,381
Cash	111		1,368,344	501,381
Cash equivalents	112		20,000	1,930,000
Short-term financial investments	120		788,537	701,417
Held-to-maturity investments	123	6	788,537	701,417
Accounts receivable – short-term	130		724,237	1,047,919
Accounts receivable from customers – short-term	131	7	431,915	444,768
Prepayments to suppliers – short-term	132	8	121,081	282,451
Other short-term receivables	136	9(a)	182,697	333,110
Allowance for doubtful debts	137	10	(11,456)	(12,410)
Inventories	140	11	985,989	901,518
Inventories	141		986,800	903,378
Allowance for inventories	149		(811)	(1,860)
Other current assets	150		1,183,302	2,040,405
Short-term prepaid expenses	151	17(a)	80,316	152,319
Deductible value added tax	152		37,488	105,086
Taxes and other receivables from State Treasury	153		498	-
Other current assets	155	12	1,065,000	1,783,000

The accompanying notes are an integral part of these consolidated financial statements

Vincom Retail Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2019 (continued)

Form B 01 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2019 VND million	1/1/2019 VND million
Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260)	200		30,768,281	31,561,043
Accounts receivable – long-term	210		8,659	10,107
Other long-term receivables	216	9(c)	8,659	10,107
Fixed assets	220		473,832	307,842
Tangible fixed assets	221	13	450,446	281,956
Cost	222		580,540	365,421
Accumulated depreciation	223		(130,094)	(83,465)
Intangible assets	227	14	23,386	25,886
Cost	228		49,787	45,236
Accumulated amortisation	229		(26,401)	(19,350)
Investment property	230	15	28,063,677	26,429,422
Cost	231		32,702,792	29,763,599
Accumulated depreciation	232		(4,639,115)	(3,334,177)
Long-term work in progress	240		654,380	1,343,478
Construction in progress	242	16	654,380	1,343,478
Long-term financial investments	250		-	1,832,000
Equity investments in other entities	253		-	2,000
Held-to-maturity investments	255	6	-	1,830,000
Other long-term assets	260		1,567,733	1,638,194
Long-term prepaid expenses	261	17(b)	554,712	593,379
Deferred tax assets	262	18	9,243	9,453
Other long-term assets	268	12	597,000	556,000
Goodwill	269	19	406,778	479,362
TOTAL ASSETS (270 = 100 + 200)	270		35,838,690	38,683,683

The accompanying notes are an integral part of these consolidated financial statements

Vincom Retail Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2019 (continued)

Form B 01 – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2019 VND million	1/1/2019 VND million
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		8,885,183	10,174,402
Current liabilities	310		4,780,265	6,259,846
Accounts payable to suppliers				
– short-term	311	20	2,055,465	3,423,551
Advances from customers				
– short-term	312	21	470,926	887,934
Taxes and other payables to State Treasury	313	22	294,967	276,208
Payables to employees	314		801	841
Accrued expenses	315	23	964,902	777,952
Unearned revenue – short-term	318	24(a)	116,291	102,060
Other payables – short-term	319	25(a)	830,810	749,231
Short-term bonds and finance lease liabilities	320	26(a)	19,415	18,079
Provisions – short-term	321	27	23,792	21,094
Bonus and welfare funds	322		2,896	2,896
Long-term liabilities	330		4,104,918	3,914,556
Unearned revenue – long-term	336	24(b)	129,524	215,362
Other payables – long-term	337	25(b)	1,129,871	855,791
Long-term bonds and finance lease liabilities	338	26(b)	2,765,306	2,762,382
Deferred tax liabilities	341	18	80,217	81,021

The accompanying notes are an integral part of these consolidated financial statements

Vincom Retail Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2019 (continued)

Form B 01 – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2019 VND million	1/1/2019 VND million
EQUITY (400 = 410)	400		26,953,507	28,509,281
Owners' equity	410	28	26,953,507	28,509,281
Share capital	411	29	23,288,184	23,288,184
- Ordinary shares with voting rights	411a		23,288,184	23,288,184
Share premium	412		46,983	46,983
Treasury shares	415		(1,954,258)	-
Other equity funds	420		(53,420)	(58,420)
Undistributed profits after tax	421		5,592,148	5,190,927
- Undistributed profits after tax brought forward	421a		2,740,668	2,786,541
- Net profits after tax for the current year	421b		2,851,480	2,404,386
Non-controlling interest	429		33,870	41,607
TOTAL RESOURCES (440 = 300 + 400)	440		35,838,690	38,683,683

25 March 2020

Prepared by:



Phung Thi Thanh

Approved by:



Nguyen Thi Xuan Nghia
Chief Accountant



Trần Mai Hoa
General Director

The accompanying notes are an integral part of these consolidated financial statements

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

Form B 02 – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2019 VND million	2018 VND million
Revenue from sale of goods and provision of services	01	32	9,259,257	9,123,952
Revenue deductions	02	32	-	-
Net revenue (10 = 01 - 02)	10	32	9,259,257	9,123,952
Cost of sales	11	33	4,855,637	5,482,655
Gross profit (20 = 10 - 11)	20		4,403,620	3,641,297
Financial income	21	34	265,083	519,224
Financial expenses	22	35	302,500	417,400
<i>In which: Interest expense</i>	23		299,007	375,271
Selling expenses	25	36	371,960	408,675
General and administration expenses	26	37	448,658	342,115
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		3,545,585	2,992,331
Other income	31	38	70,729	78,051
Other expenses	32	39	40,372	17,597
Results of other activities (40 = 31 - 32)	40		30,357	60,454
Accounting profit before tax (50 = 30 + 40)	50		3,575,942	3,052,785
Current corporate income tax expense	51	41	724,603	616,686
Deferred corporate income tax (income)/ expense	52	41	(594)	22,872
Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)	60		2,851,933	2,413,227

The accompanying notes are an integral part of these consolidated financial statements

Vincom Retail Joint Stock Company and its subsidiaries

Consolidated statement of income for the year ended 31 December 2019 (continued)

Form B 02 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC

dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2019 VND million	2018 VND million
Net profit after tax (60 = 50 - 51 - 52) (brought forward from previous page)	60		2,851,933	2,413,227
Attributable to:				
Equity holders of the Company	61		2,851,480	2,404,386
Non-controlling interest	62		453	8,841
<hr/>				
Earnings per share				
Basic earnings per share	70	42	1,226	1,032
<hr/>				

25 March 2020

Prepared by:



Phung Thi Thanh

Approved by:



Nguyen Thi Xuan Nghia
Chief Accountant



Tran Mai Hoa
General Director

The accompanying notes are an integral part of these consolidated financial statements

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

Form B 03 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2019 VND million	2018 VND million
CASH FLOWS FROM OPERATING ACTIVITIES				
Accounting profit before tax	01		3,575,942	3,052,785
Adjustments for				
Depreciation and amortisation	02		1,447,324	1,156,999
Allowances and provisions	03		7,322	2,576
Profits from investing activities	05		(244,005)	(517,861)
Interest expense and bonds issuance costs	06		299,007	375,271
Operating profit before changes in working capital	08		5,085,590	4,069,770
Change in receivables and other assets	09		132,354	257,413
Change in inventories	10		(62,234)	1,087,893
Change in payables and other liabilities	11		(1,194,687)	(1,039,269)
Change in prepaid expenses	12		106,573	(12,285)
			4,067,596	4,363,522
Interest paid	14		(258,031)	(360,745)
Corporate income tax paid	15		(662,851)	(561,242)
Other receipts from operating activities	16		-	132,200
Net cash flows from operating activities	20		3,146,714	3,573,735

The accompanying notes are an integral part of these consolidated financial statements

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

Form B 03 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2019 VND million	2018 VND million
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(3,492,372)	(2,577,933)
Collections on investment deposits	21		1,596,000	585,000
Proceeds from disposals of fixed assets	22		701	475
Payments for granting loans and placement of term deposits	23		(33,941)	(685,953)
Receipts from collecting loans and proceeds from sale of debt instruments	24		1,780,000	2,659,268
Payments for investments in other entities	25		-	(2,000)
Collections of investments in other entities	26		2,000	136,695
Receipts of interest and dividends	27		382,787	520,565
Net cash flows from investing activities	30		235,175	636,117
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments for shares redemptions	32		(1,954,258)	-
Payments to settle loan principals	34		-	(3,200,000)
Payments to settle finance lease liabilities	35		(19,452)	-
Payments of dividends	36		(2,451,216)	-
Net cash flows used in financing activities	40		(4,424,926)	(3,200,000)
Net cash flows during the year (50 = 20 + 30 + 40)	50		(1,043,037)	1,009,852
Cash and cash equivalents at the beginning of the year	60		2,431,381	1,421,529
Cash and cash equivalents at the end of the year (70 = 50 + 60)	70	5	1,388,344	2,431,381

25 March 2020

Prepared by:



Phung Thi Thanh

Approved by:



Nguyen Thi Xuan Nghia
Chief Accountant



Tran Mai Hoa
General Director

The accompanying notes are an integral part of these consolidated financial statements

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019

Form B 09 – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

1. Reporting entity

(a) Ownership structure

Vincom Retail Joint Stock Company (“the Company”) is incorporated as a joint stock company in Vietnam. The consolidated financial statements of the Company for the year ended 31 December 2019 comprise the Company and its subsidiaries.

(b) Principal activities

The current principal activities of the Company and its subsidiaries are to invest in and develop shopping centers for lease and inventory properties for sale.

(c) Normal operating cycle

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

Vincom Retail Joint Stock Company and its subsidiaries**Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)****Form B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***(d) Company structure**

As at 31 December 2019, the Company had 4 directly owned subsidiaries (1/1/2019: 3 directly owned subsidiaries). Details of subsidiaries are described as follows:

Name	Principal activities	Address	Percentage of economic interests and voting rights as at	
			31/12/2019	1/1/2019
Directly owned subsidiaries				
South Vincom Retail Limited Liability Company	Leasing malls, offices and providing related services, and trading real estate property and entertainment services.	No. 72, Le Thanh Ton Street and No. 45A Ly Tu Trong Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.	100.00%	100.00%
North Vincom Retail Limited Liability Company	Leasing malls, offices and providing related services, and trading real estate property and entertainment services.	No. 72A, Nguyen Trai Street, Thuong Dinh Ward, Thanh Xuan District, Hanoi City, Vietnam.	100.00%	100.00%
Suoi Hoa Urban Development and Investment Joint Stock Company	Leasing malls, offices and providing related services, and trading real estate property and entertainment services.	Km1 + 200, Tran Hung Dao Street, Suoi Hoa Ward, Bac Ninh City, Bac Ninh Province, Vietnam.	97.27%	97.27%
Ha Thanh Real Estate Development and Investment Company Limited (*)	Leasing malls, offices and providing related services, and trading real estate property and entertainment services.	No. 7, Bang Lang 1 Street, Ecological Residence of Vinhomes Riverside, Viet Hung Ward, Long Bien District, Hanoi City, Vietnam	100.00%	10.00%

All subsidiaries are incorporated in Vietnam.

- (*) On 20 June 2019, North Vincom Retail Limited Liability Company completed the acquisition of 100% equity interest in Ha Thanh Real Estate Investment and Development Company Limited (previously known as Ha Thanh Real Estate Investment and Development Joint Stock Company). On 29 October 2019, North Vincom Retail Limited Liability Company transferred 100% equity interest in Ha Thanh Real Estate Investment and Development Company Limited to the Company.

As at 31 December 2019, the Company had 1,076 employees (1/1/2019: 981 employees).

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

(b) Basis of measurement

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the indirect method.

(c) Annual accounting period

The annual accounting period of the Company and its subsidiaries are from 1 January to 31 December.

(d) Accounting and presentation currency

The Company's accounting currency is Vietnam Dong ("VND").

The consolidated financial statements are prepared and presented in million of Vietnam Dong ("VND million").

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Company and its subsidiaries in the preparation of these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of the subsidiaries are consolidated in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Non-controlling interests

Non-controlling interests ("NCI") are measured at the proportionate share of the acquiree's identifiable net assets at date of acquisition.

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Company's share of net assets of the subsidiary and any consideration paid or received is recorded directly in undistributed profits after tax under equity.

(iii) *Transactions eliminated on consolidation*

Intra-group transactions, balances from the Company and its subsidiaries and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iv) *Asset acquisition and business combination*

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Under the purchase method, the assets and liabilities of the acquired entity are consolidated using their fair values. Cost of business combination consists of the aggregate fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company and its subsidiaries in exchange for control of the acquiree, and transaction costs. Goodwill represents the excess of the cost of business combination over the Company and its subsidiaries' interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity. When the excess is negative, it is recognised immediately in the consolidated statement of income.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company and its subsidiaries incurred in connection with business combinations included any costs directly attributable to the business combination, such as professional fees paid to accountants, legal advisers, valuers and other consultants to effect the business combination. Transaction costs are capitalised into the cost of business combination. General administrative costs and other costs that cannot be directly attributed to the particular business combination being accounted for are not included in the cost of the business combination, they are recognised as an expense when incurred.

The Company and its subsidiaries acquire subsidiaries that own real estate projects. At the date of acquisition, the Company and its subsidiaries consider whether the acquisition represents the acquisition of a business. The Company and its subsidiaries account for an acquisition as a business combination where an integrated set of activities is acquired.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred income tax is recognised.

Vincom Retail Joint Stock Company and its subsidiaries

**Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)**

Form B 09 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

Business combinations involving entities or business under common control

Business combination where the same group of shareholders (“the Controlling Shareholders”) control the combining companies before and after the business combination meets the definition of business combination under common control because there is a continuation of the risks and benefits to the Controlling Shareholders. Such common control business combination is specifically excluded from the scope of Vietnamese Accounting Standard 11 – Business Combination and in selecting its accounting policies with respect to such transaction, the Company and its subsidiaries have considered Vietnamese Accounting Standard 01 – Framework and Vietnamese Accounting Standard 21 – Presentation of Financial Statements. Based on these standards, the Company and its subsidiaries have adopted the followings.

- The assets and liabilities of the two combined entities are reflected at their carrying amounts on the date of business combination;
- No goodwill is recognised from the business combination;
- The consolidated statement of income reflects the results of the combined entities from the date of the business combination;
- Any difference between the cost of acquisition and net assets value acquired is treated as a deemed distribution to or contribution from shareholders and recorded in equity.

(b) Foreign currency

Transactions in currencies other than VND during the year have been translated into VND at actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and account transfer selling rate, respectively, at the end of the annual accounting period quoted by the commercial bank where the Company or its subsidiaries most frequently conduct transactions as at the end of annual accounting period.

All foreign exchange differences are recorded in the consolidated statement of income.

(c) Cash and cash equivalents

Cash comprises call deposits and cash in transit. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Vincom Retail Joint Stock Company and its subsidiaries

**Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)**

Form B 09 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(d) Investments

Held-to-maturity investments

Held-to-maturity investments are those that the Company and its subsidiaries have the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank. These investments are stated at costs less allowance for diminution in value.

(e) Accounts receivable from customers and other receivables

Accounts receivable from customers and other receivables are stated at cost less allowance for doubtful debts.

(f) Inventories

(i) *Inventory properties*

Properties constructed for sale in the ordinary course of business or for long-term lease qualified for recognition of outright sales, rather than for rental or capital appreciation, are recorded as inventory and are measured at the lower of cost incurred in bringing the inventories to their present location and condition, and net realisable value.

Cost includes:

- Freehold, leasehold rights for land, and land development costs;
- Construction costs payable to contractors; and
- Borrowing costs, consultancy and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, directly attributable construction overheads and other related costs.

Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and direct selling expenses.

The cost of inventory properties recognised in consolidated statement of income on sales is determined with reference to the specific costs incurred on the properties sold and an allocation of any non-specific costs based on an appropriate basis.

(ii) *Other inventories*

Other inventories are carried at the lower of cost incurred in bringing each product to its present location and condition and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated costs of sale.

The perpetual method is used to record the costs of other inventories on a weighted average basis.

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(g) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the consolidated statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

- | | |
|---------------------------|--------------|
| • buildings, structures | 5 – 15 years |
| • machinery and equipment | 2 – 15 years |
| • motor vehicles | 4 – 15 years |
| • office equipment | 3 – 10 years |
| • other assets | 3 – 15 years |

(h) Intangible fixed assets

Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 3 to 8 years.

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(i) Investment properties

Investment properties held to earn rental

Cost

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its purchase price, cost of land use rights and any directly attributable expenditures of bringing the property to the condition necessary for it to be capable of operating in the manner intended by the Board of Management. Expenditure incurred after the investment property held to earn rental has been put into operation, such as repairs and maintenance, is charged to the consolidated statement of income in the year in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property held to earn rental, the expenditure is capitalised as an additional cost of the investment property.

Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of investment property. The estimated useful lives are as follows:

- | | |
|---|--------------|
| • land use rights and buildings, structures | 5 – 50 years |
| • machinery and equipment | 3 – 25 years |

The Company and its subsidiaries have contributed capital to cooperate in the investment, construction and development of shopping centers. Under business co-investment contracts, the Company and its subsidiaries have the right to control the shopping centers when the shopping centers are handed over to the Company and its subsidiaries from the counterparties for commercial operations. Accordingly, the shopping centers are recognised by the Company and its subsidiaries as investment properties in the consolidated balance sheet upon the hand over of these properties.

(j) Construction in progress

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the year of construction and installation.

(k) Prepaid expenses

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

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(i) Prepaid rentals

Prepaid rentals under operating lease terms are stated at their costs and amortised on a straight-line basis over lease terms.

(ii) Overhaul expenditures

Overhaul expenditures include major repair and maintenance prepaid expenses which are stated at their costs and amortised on a straight-line basis over a usual period of 3 years from the overhaul completion.

(iii) Tools and supplies

Tools and supplies include assets held for use by the Company and its subsidiaries in the normal course of business and not qualified for recognition as fixed assets under prevailing regulations. Costs of tools and supplies are amortised on a straight-line basis not exceeding 3 years.

(iv) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the Company and its subsidiaries obtained land use rights certificate but are not qualified as intangible fixed assets under prevailing regulations by Minister of Finance and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the lease contract.

(v) Commission fees

Sale commissions that are directly related to sale of inventory properties and lease of shopping malls are capitalised under the prepaid expenses account in the consolidated balance sheet and subsequently expensed when the Company and its subsidiaries recognise revenue from the sale of the related inventory properties and lease of shopping malls.

(vi) Committed profits

Committed profits include prepayments to customer under business cooperation contracts and apartment management service program. Committed profits are capitalised under the prepaid expenses account in the consolidated balance sheet and subsequently expensed when the Company and its subsidiaries recognise revenue from service rendered over the term of management service program.

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(l) Goodwill

Goodwill arises on the acquisition of subsidiaries and associates. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Company and its subsidiaries's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (gain from bargain purchase), it is recognised immediately in the consolidated statement of income.

Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis over 10 years.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment and is not amortised.

(m) Accounts payable to suppliers and other payables

Accounts payable to suppliers and other payables are stated at their cost.

(n) Provisions

A provision is recognised if, as a result of a past event, the Company and its subsidiaries have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provision for warranty expenses for apartments and shop-houses

The provision for warranties relates to sold standard-designed apartments and shop-houses. The provision is based on estimates derived from historical warranty data associated with the repair expenses of apartments and shop-houses sold in the past.

(o) Share capital and share premium

(i) Ordinary shares

Ordinary shares are recognised at issuance price less costs not directly attributable to the issue of shares, net of tax effects. Such costs less taxes directly related to the issue of shares are recognised as a deduction from share premium.

(ii) Repurchase of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognized as a reduction from equity. Repurchased shares are classified as treasury shares under equity.

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(p) Bond issued

At initial recognition, straight bonds are measured at cost which comprises proceeds from issuance net of issuance costs. Any discount, premium or issuance costs are amortised on a straight-line basis over the term of the bond.

(q) Taxation

Income tax on the consolidated profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Revenue and other income

(i) Revenue from sale of inventory properties

Revenue from transfer of standard-designed apartments and shophouses which do not require significant customisation for each customer is recognised when the significant risks and rewards of ownership of the properties have been passed to the buyer.

Revenue from sale of inventory properties also includes long-term lease of real estate properties qualified for recognition of outright sales. If the lease-term is greater than 90% of the asset's useful life, the Company and its subsidiaries will recognise the revenue for the entire prepaid lease payment if all of the following conditions are met:

- Lessee is not allowed to cancel the lease contract during the lease term, and the lessor is not responsible for reimbursing the prepaid lease payments under any circumstances;
- The prepaid lease payment is not less than 90% of the total estimated lease payment collected under contract over the lease period and lessee must pay all rental within 12 months from the commencement of the lease;
- Significant risks and rewards associated with the ownership of leased assets are transferred to the lessee; and
- The full cost of the lease must be reasonably estimated.

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(ii) Revenue from leasing of investment properties

Rental income arising from operating lease of properties is recognised in the consolidated statement of income on a straight line basis over the lease term. Lease incentives granted (if any) are recognised as a deduction of the total rental income.

(iii) Rendering of services

Revenue from services rendered is recognised in the consolidated statement of income when the services are rendered. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(iv) Interest income

Interest income is recognised in the consolidated statement of income on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(s) Leased assets

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

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

Where the Company and its subsidiaries are the lessee

Assets held under finance leases are capitalised in the consolidated balance sheet at the inception of the lease at the fair value of the leased assets or, if lower, at the net present value of the minimum lease payments. The principal amount included in future lease payments under finance leases are recorded as a liability. The interest amounts included in lease payments are charged to the consolidated statement of income over the lease term to achieve a constant rate on interest on the remaining balance of the finance lease liability.

Capitalised finance leased assets are depreciated using straight-line basis over the shorter of the estimated useful life of the asset and the lease term.

Assets subject to finance leases are included as the Company and its subsidiaries's investment properties and long-term prepaid expenses in the consolidated balance sheet.

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

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

Where the Company and its subsidiaries are the lessor

Assets subject to operating leases are included as the Company and its subsidiaries's investment properties in the consolidated balance sheet.

Lease income is recognised in the consolidated statement of income on a straight-line basis over the lease term. Lease incentives granted (if any) are recognised as a deduction of the total rental income.

(t) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the year of construction are capitalised as part of the cost of the assets concerned.

(u) Earnings per share

The Company presents basic earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders (after deducting any amounts appropriated to bonus and welfare funds for the accounting period) of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares, which comprise convertible bonds and share options.

(v) Segment reporting

A segment is a distinguishable component of the Company and its subsidiaries that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company and its subsidiaries's primary format for segment reporting is based on business segments.

(w) Related parties

Parties are considered to be related to the Company and its subsidiaries if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Company and its subsidiaries and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

4. Segment reporting

(a) Business segments

The Company and its subsidiaries comprise the following main business segments:

- Sale of inventory properties;
- Leasing of investment properties and providing related services; and
- Others.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment revenue, expenses and results include transfer between business segments. Such transfers are eliminated on consolidation.

Vincom Retail Joint Stock Company and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

Form B 09 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

For the year ended 31 December 2019	Sale of inventory properties VND million	Leasing activities and rendering of related services VND million	Others VND million	Total segments VND million	Elimination VND million	Consolidated VND million
External revenue	2,027,165	7,017,202	214,890	9,259,257	-	9,259,257
Inter-segment revenue	-	66,219	356,096	422,315	(422,315)	-
Total segment revenue	2,027,165	7,083,421	570,986	9,681,572	(422,315)	9,259,257
Segment results	567,507	3,108,518	(95,080)	3,580,945	2,057	3,583,002
Financial income						265,083
Financial expenses						302,500
Net operating profit						3,545,585
Other income						70,729
Other expenses						40,372
Income tax expense						724,009
Net profit after tax						2,851,933

Vincom Retail Joint Stock Company and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

Form B 09 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

For the year ended 31 December 2018	Sale of inventory properties VND million	Leasing activities and rendering of related services VND million	Others VND million	Total segments VND million	Elimination VND million	Consolidated VND million
External revenue	3,432,575	5,505,977	185,400	9,123,952	-	9,123,952
Inter-segment revenue	-	56,868	286,470	343,338	(343,338)	-
Total segment revenue	3,432,575	5,562,845	471,870	9,467,290	(343,338)	9,123,952
Segment results	537,389	2,435,398	(124,766)	2,848,021	42,486	2,890,507
Financial income						519,224
Financial expenses						417,400
Net operating profit						2,992,331
Other income						78,051
Other expenses						17,597
Income tax expense						639,558
Net profit after tax						2,413,227

Vincom Retail Joint Stock Company and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

Form B 09 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

As at 31 December 2019

	Sale of inventory properties VND million	Leasing activities and rendering of related services VND million	Others VND million	Consolidated VND million
Segment assets	1,238,846	31,969,164	344,473	33,552,483
Unallocated assets				2,286,207
Total assets				35,838,690
Segment liabilities	2,086,894	3,469,405	64,144	5,620,443
Unallocated liabilities				3,264,740
Total liabilities				8,885,183

For the year ended 31 December 2019

Capital expenditure	-	2,526,693	2,153	2,528,846
Depreciation of tangible fixed assets	-	19,296	17,052	36,348
Amortisation of intangible fixed assets and goodwill	-	79,750	-	79,750
Depreciation of investment property	-	1,329,865	1,361	1,331,226

Vincom Retail Joint Stock Company and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

Form B 09 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

As at 1 January 2019

	Sale of inventory properties VND million	Leasing activities and rendering of related services VND million	Others VND million	Consolidated VND million
Segment assets	1,114,980	32,173,771	131,070	33,419,821
Unallocated assets				5,263,862
Total assets				38,683,683
Segment liabilities	2,458,914	4,392,888	100,993	6,952,795
Unallocated liabilities				3,221,607
Total liabilities				10,174,402

For the year ended 31 December 2019

Capital expenditure	-	7,648,164	16,690	7,664,854
Depreciation of tangible fixed assets	-	21,906	14,160	36,066
Amortisation of intangible fixed assets and goodwill	-	79,452	-	79,452
Depreciation of investment property	-	1,033,423	8,058	1,041,481

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

Details of unallocated assets and liabilities are as following:

	31/12/2019 VND million	1/1/2019 VND million
Cash and cash equivalents	1,388,344	2,431,381
Short-term financial investments	788,537	701,417
Interest income receivables from term deposits, other deposits and loan receivables	39,820	157,532
Receivables for payment on behalf	17,655	20,274
Prepaid provisional corporate income tax	4,622	8,719
Deductible value added tax	37,488	105,086
Taxes receivable from State Treasury	498	-
Long-term financial investments	-	1,830,000
Deferred tax assets	9,243	9,453
Unallocated assets	2,286,207	5,263,862
Taxes and others payable to State Treasury	294,967	276,208
Accrued loans and bond interests	100,130	83,917
Dividends payable	2,233	-
Interest payables	2,472	-
Short-term bonds and finance lease liabilities	19,415	18,079
Long-term bonds and finance lease liabilities	2,765,306	2,762,382
Deferred tax liabilities	80,217	81,021
Unallocated liabilities	3,264,740	3,221,607

(b) Geographical segments

The Company and its subsidiaries operate in one single geographical segment which is Vietnam.

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

5. Cash and cash equivalents

	31/12/2019 VND million	1/1/2019 VND million
Cash in transit	129	721
Cash in banks	1,368,215	500,660
Cash equivalents	20,000	1,930,000
	<hr/> 1,388,344	<hr/> 2,431,381 <hr/>

Cash equivalents as at 31 December 2019 included term deposits in VND with original terms of three months and earned interest at the rate of 5.0% per annum (1/1/2019: term deposits in VND with original terms to maturity ranging from one to three months and earned interest at the rate ranging from 5.0% - 5.5% per annum).

6. Held-to-maturity investments

	31/12/2019 VND million	1/1/2019 VND million
Held-to-maturity investments – short-term		
▪ Term deposits (i)	788,537	701,417
Held-to-maturity investments – long-term		
▪ Term deposits	-	1,830,000
	<hr/>	<hr/>

- (i) Held-to-maturity investments – short-term represented term deposits with remaining term ranging from 6 to 12 months and earned interest at the rate ranging from 7.0% - 7.2% per annum (2018: 6.0% - 7.1% per annum)), in which, including VND88,537 million maintenance funds of handed over apartments of Vinpearl Condotel Riverfront Da Nang project, Suoi Hoa project and handed over shop-office of Vinhomes Times City project, Vinhomes Royal City project. These funds will be transferred to the building management boards.

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

7. Accounts receivable from customers – short-term

	31/12/2019 VND million	1/1/2019 VND million
Receivables from leasing activities and rendering of related services	268,761	343,181
Receivables from sale of inventory properties	128,647	86,841
Others	34,507	14,746
	431,915	444,768

(a) Accounts receivable from customers – short-term detailed by significant customers

	31/12/2019 VND million	1/1/2019 VND million
Vincommerce General Commerce Services Joint Stock Company	51,924	64,126
Receivable from long-term leasing contract and related services fee to a corporate counterparty	-	76,904
Other customers	379,991	303,738
	431,915	444,768

(b) Accounts receivable from customers – short-term who are related parties

	31/12/2019 VND million	1/1/2019 VND million
Vincommerce General Commerce Services Joint Stock Company (*)	-	64,126
Vinhomes Joint Stock Company	19,394	30,722
Vinpro Business and Trading Services Joint Stock Company	17,972	12,069
Other related parties	31,458	25,847
	68,824	132,764

(*) As at 31 December 2019, Vincommerce General Commerce Services Joint Stock Company (“Vincommerce”) was not related to the Company. Amounts due to/(from) Vincommerce had not been disclosed as related party balances at 31 December 2019. The transactions with Vincommerce during the year was still disclosed as related party transactions in Note 43.

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

8. Prepayments to suppliers – short-term

(a) Prepayments to suppliers – short-term detailed by significant suppliers

	31/12/2019 VND million	1/1/2019 VND million
Vinhomes Joint Stock Company	5,995	93,246
Other suppliers	115,086	189,205
	<hr/> 121,081	<hr/> 282,451

(b) Prepayments to suppliers – short-term who are related parties

	31/12/2019 VND million	1/1/2019 VND million
Vinhomes Joint Stock Company	5,995	93,246
Vinsmart Research and Manufacture Joint Stock Company	1,708	-
Vinfast Trading and Service Limited Liability Company	1,099	-
Vincommerce General Commerce Services		
Joint Stock Company	-	292
Other related parties	11	-
	<hr/> 8,813	<hr/> 93,538

9. Other receivables

(a) Other short-term receivables comprise:

	31/12/2019 VND million	1/1/2019 VND million
Interest income receivables from term deposits, other deposits and loan receivables	39,820	157,532
Receivables for payment on behalf	17,655	20,274
Deposits for projects and contracts	41,764	52,206
Others	83,458	103,098
	<hr/> 182,697	<hr/> 333,110

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(b) Other short-term receivables from related parties

	31/12/2019 VND million	1/1/2019 VND million
Vingroup Joint Stock Company	5,576	90,534
Vietnam Investment and Consulting Investment JSC	19,459	19,381
Other related parties	29,520	47,413
	<hr/> 54,555	<hr/> 157,328

(c) Other long-term receivables

	31/12/2019 VND million	1/1/2019 VND million
Deposits for leasing office and commercial centres	8,659	10,107
	<hr/>	<hr/>

10. Allowance for doubtful debts

Movements of the allowance for doubtful debts during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	12,410	69,813
Increase in allowance during the year	5,673	15,539
Utilisation during the year	(6,627)	(72,567)
Written back during the year	-	(375)
	<hr/>	<hr/>
Closing balance	11,456	12,410

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

11. Inventories

	31/12/2019		1/1/2019	
	Cost VND million	Allowance VND million	Cost VND million	Allowance VND million
Inventory properties under construction	828,622	(811)	887,106	(1,860)
Completed inventory properties	137,286	-	5,899	-
Other inventories	20,892	-	10,373	-
	986,800	(811)	903,378	(1,860)

Movements of the inventories during the year were as follows:

	2019 VND million
Opening balance	903,378
Additions	1,351,371
Transfers from investment properties	21,190
Inventory properties sold during the year	(1,289,139)
Closing balance	986,800

Movements of the allowance for inventories during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	1,860	26,290
Written back during the year	(1,049)	(24,430)
Closing balance	811	1,860

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

12. Other assets

	31/12/2019 VND million	1/1/2019 VND million
Other current assets		
▪ Deposits to related parties for investment purposes	1,065,000	1,783,000
Other long-term assets		
▪ Deposits to related parties for investment purposes	597,000	414,000
▪ Deposits to a third party for investment purposes	-	142,000
	597,000	556,000

These are deposits to Vingroup Joint Stock Company, parent company, and some companies within Vingroup Joint Stock Company (hereby referred to as “the counterparties”) for the co-investment and co-operation of the shopping mall components of a number of real estate projects. These deposits require no collaterals. In accordance with these contracts, the counterparties have committed to transfer the shopping mall component of their properties to the Company and its subsidiaries, or to grant the Company and its subsidiaries the right to purchase the shopping malls.

Deposits to related parties for investments

	31/12/2019 VND million	1/1/2019 VND million
Parent company		
Vingroup Joint Stock Company	958,000	1,933,000
Other related parties		
Thai Son Investment Construction Corporation	81,000	-
Gia Lam Urban Investment and Development Company Limited	98,000	-
Can Gio Tourist City Corporation	163,000	163,000
Green City Development JSC	362,000	-
Central Park Development LLC	-	101,000
	1,662,000	2,197,000

Vincom Retail Joint Stock Company and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

Form B 09 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

13. Tangible fixed assets

	Buildings, structures VND million	Machinery and equipment VND million	Motor vehicles VND million	Office equipment VND million	Other assets VND million	Total VND million
Cost						
Opening balance	115,572	182,407	3,980	11,229	52,233	365,421
Additions	-	9,924	-	2,461	-	12,385
Transfers from construction in progress	5,739	1,076	-	269	332	7,416
Transfers from/(to) investment properties	168,149	67,215	-	4,636	(27,022)	212,978
Disposals	(8,562)	(6,338)	(2,398)	(362)	-	(17,660)
Closing balance	280,898	254,284	1,582	18,233	25,543	580,540
Accumulated depreciation						
Opening balance	15,200	54,729	1,672	6,637	5,227	83,465
Charge for the year	5,536	24,888	303	1,855	3,766	36,348
Transfers from/(to) investment properties	(202)	19,034	-	1,761	(2,053)	18,540
Disposals	(3,204)	(3,993)	(757)	(305)	-	(8,259)
Closing balance	17,330	94,658	1,218	9,948	6,940	130,094
Net book value						
Opening balance	100,372	127,678	2,308	4,592	47,006	281,956
Closing balance	263,568	159,626	364	8,285	18,603	450,446

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

Included in tangible fixed assets were assets costing VND29,279 million which were fully depreciated as at 31 December 2019 (1/1/2019: VND11,400 million), but which are still in active use.

Details of tangible fixed assets used as collaterals for bonds issued by the Company and its subsidiaries are presented in Note 26.

14. Intangible fixed assets

	Software VND million
Cost	
Opening balance	45,236
Additions	4,690
Disposals	(139)
	<hr/>
Closing balance	49,787
	<hr/>
Accumulated depreciation	
Opening balance	19,350
Charge for the year	7,166
Disposals	(115)
	<hr/>
Closing balance	26,401
	<hr/>
Net book value	
Opening balance	25,886
Closing balance	23,386
	<hr/>

Included in intangible fixed assets were assets costing VND3,631 million which were fully depreciated as at 31 December 2019 (1/1/2019: VND2,759 million), but which are still in active use.

Vincom Retail Joint Stock Company and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

Form B 09 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

15. Investment property

	Land use right and buildings, structures VND million	Machinery and equipment VND million	Total VND million
Cost			
Opening balance	24,627,194	5,136,405	29,763,599
Additions	212,387	50,867	263,254
Transfers from construction in progress	2,160,845	626,454	2,787,299
Transfers from/(to) tangible fixed assets	(229,091)	16,113	(212,978)
Increase/(decrease) upon finalisation	(212,909)	355,809	142,900
Transfers to inventory properties	(19,489)	(6,968)	(26,457)
Written-off	(14,825)	-	(14,825)
Reclassification	245,858	(245,858)	-
Closing balance	26,769,970	5,932,822	32,702,792
Accumulated depreciation			
Opening balance	1,987,669	1,346,508	3,334,177
Charge for the year	802,896	528,330	1,331,226
Transfers from/(to) tangible fixed assets	(9,516)	(9,024)	(18,540)
Transfers to inventory properties	(1,694)	(3,575)	(5,269)
Written-off	(2,479)	-	(2,479)
Reclassification	(20,413)	20,413	-
Closing balance	2,756,463	1,882,652	4,639,115
Net book value			
Opening balance	22,639,525	3,789,897	26,429,422
Closing balance	24,013,507	4,050,170	28,063,677

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

Investment properties mainly include assets of the shopping malls of the Company and its subsidiaries which are used for provision of leasing and other related services.

As at 31 December 2019, the Company and its subsidiaries are in the process of determining the fair values of these investment properties.

Details of investment properties used as collaterals for bonds issued by the Company and its subsidiaries are disclosed in Note 26.

Rental commitment under operating leases are disclosed in Note 31.

16. Construction in progress

	2019 VND million
Opening balance	1,343,478
Additions	2,105,617
Transfers to tangible fixed assets	(7,416)
Transfers to investment properties	(2,787,299)
Closing balance	<u>654,380</u>

Major constructions in progress were as follows:

	31/12/2019 VND million	1/1/2019 VND million
Vincom Plaza My Tho project	103,448	-
Vincom+ Song Cong project	108,973	-
Vincom Plaza Bac Lieu project	92,312	-
Vincom Plaza Bien Hoa 2 project	135,650	134,399
Vincom Center Tran Duy Hung project	-	665,914
Vincom Plaza Mong Cai	-	88,581
Vincom Plaza Di An, Binh Duong project	-	79,358
Vincom Plaza Bac Kan project	-	66,430
Vincom Plaza Hoa Binh project	-	62,624
Shopping malls renovation projects	45,886	148,866
Other projects	168,111	97,306
	<u>654,380</u>	<u>1,343,478</u>

No borrowing costs capitalised into construction in progress in 2019 (2018: VND4,484 million).

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

17. Prepaid expenses

(a) Short-term prepaid expenses

	31/12/2019 VND million	1/1/2019 VND million
Prepaid sale commission related to sale of inventory properties not yet handed over	26,458	60,589
Prepayment for committed profit relating to business cooperation contracts of apartment management service	-	4,035
Prepaid land costs	14,995	24,845
Prepaid provisional corporate income tax (*)	4,622	8,719
Project investment costs	1,014	23,358
Others	33,227	30,773
	80,316	152,319

- (*) The Company provisionally pays tax at the rate of 1% on cash collections from its customers pending the recognition of sales and cost of sales from sales of inventory properties.

Vincom Retail Joint Stock Company and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

Form B 09 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(b) Long-term prepaid expenses

	Prepaid rentals VND million	Overhaul expenditures VND million	Tools and supplies VND million	Prepaid land costs VND million	Commission fees VND million	Committed profits VND million	Others VND million	Total VND million
Opening balance	268,105	91,450	31,198	2,668	11,092	174,654	14,212	593,379
Additions	-	46,781	23,702	2,115	38,463	743	-	111,804
Amortisation	(10,054)	(28,613)	(18,768)	(98)	(29,728)	(60,599)	(2,611)	(150,471)
Reclassifications	-	1,411	-	-	-	-	(1,411)	-
Closing balance	258,051	111,029	36,132	4,685	19,827	114,798	10,190	554,712

Included in the carrying amount of long-term prepaid expenses was an amount of VND258,051 million prepaid to a related party, Ecology Development and Investment Joint Stock Company as at 31 December 2019 (1/1/2019: VND268,105 million).

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

18. Deferred tax assets and deferred tax liabilities

Recognised deferred tax assets and deferred tax liabilities

	Tax rate	31/12/2019 VND million	1/1/2019 VND million
Deferred tax assets:			
Revaluation of subsidiaries' net assets at merger date and others	20%	9,081	9,081
Difference of allowance for inventories between separate financial statements and consolidated financial statements	20%	162	372
Total deferred tax assets		9,243	9,453
Deferred tax liabilities:			
Depreciation	20%	5,455	5,552
Fair value adjustment on acquisition of a subsidiary	20%	39,010	39,889
Revaluation of subsidiaries' net assets at merger date	20%	10,462	10,520
Difference from recognition of outright sales transactions – unearned revenue	20%	25,290	25,060
Total deferred tax liabilities		80,217	81,021

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

19. Goodwill

	VND million
Cost	
Openning/closing balance	725,837
Accumulated depreciation	
Opening balance	246,475
Charge for the year	72,584
Closing balance	319,059
Net book value	
Opening balance	479,362
Closing balance	406,778

20. Accounts payable to suppliers – short-term

(a) Accounts payable to suppliers – short-term detailed by significant suppliers

	31/12/2019		1/1/2019	
	Cost VND million	Amount within payment capacity VND million	Cost VND million	Amount within payment capacity VND million
Vingroup Joint Stock Company	348,467	348,467	1,204,652	1,204,652
Vinhomes Joint Stock Company	411,058	411,058	938,230	938,230
Vinpearl Joint Stock Company	230,732	230,732	389,787	389,787
Vietnam Investment and Consulting Investment JSC	725,226	725,226	762,780	762,780
Other suppliers	339,982	339,982	128,102	128,102
	2,055,465	2,055,465	3,423,551	3,423,551

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(b) Accounts payable to suppliers – short-term who are related parties

	31/12/2019		1/1/2019	
	Cost	Amount within	Cost	Amount within
	VND million	payment capacity	VND million	payment capacity
		VND million		VND million
Vingroup Joint Stock Company	348,467	348,467	1,204,652	1,204,652
Vinhomes Joint Stock Company	411,058	411,058	938,230	938,230
Vinpearl Joint Stock Company	230,732	230,732	389,787	389,787
Vietnam Investment and Consulting Investment JSC	725,226	725,226	762,780	762,780
Central Park Development LLC	112,382	112,382	-	-
Other related parties	6,469	6,469	21,594	21,594
	1,834,334	1,834,334	3,317,043	3,317,043

21. Advance from customers – short-term

The advance from customers – short-term represented the instalments from customers for the purchase of inventory properties. All advance from customers will be recognised as revenue upon completion and handover of the inventory properties.

22. Taxes and other payables to State Treasury

	1/1/2019	Incurred	Paid	Transfer	31/12/2019
	VND million	VND million	VND million	/(net-off)	VND million
				VND million	
Corporate income tax	197,823	724,603	(662,851)	(4,097)	255,478
Value added tax	12,235	962,217	(387,087)	(553,797)	33,568
Land rental and usage	61,998	987,396	(1,049,394)	-	-
Personal income tax	4,152	75,040	(73,490)	219	5,921
Other taxes	-	1,714	(1,993)	279	-
	276,208	2,750,970	(2,174,815)	(557,396)	294,967

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

23. Accrued expenses

	31/12/2019 VND million	1/1/2019 VND million
Accrued construction costs	590,595	454,404
Accrued loans and bond interests	100,130	83,917
Accrued commission and brokerage fee	59,909	55,565
Accrued committed profit relating to business cooperation contracts and apartment management service program	30,381	27,079
Others	183,887	156,987
	964,902	777,952

Accrued expenses payable to related parties

	31/12/2019 VND million	1/1/2019 VND million
Other related parties	2,962	1,787

24. Unearned revenue

(a) Unearned revenue – short-term

	31/12/2019 VND million	1/1/2019 VND million
Revenue received in advance from leasing activities and rendering of related services	-	2,389
Portion of long-term unearned revenue to be realised within 12 months	116,291	99,671
	116,291	102,060

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(b) Unearned revenue – long-term

	31/12/2019 VND million	1/1/2019 VND million
Revenue received in advance from leasing activities and rendering of related services	245,815	315,033
Amount to be realised within 12 months	(116,291)	(99,671)
	<hr/>	
Amount to be realised after 12 months	129,524	215,362
	<hr/>	

(c) Unearned revenue from related parties

	31/12/2019 VND million	1/1/2019 VND million
Vincommerce General Commerce Services Joint Stock Company	-	23,000
Other related parties	10,999	11,032
	<hr/>	
	10,999	34,032
	<hr/>	

25. Other payables

(a) Other payables – short-term

	31/12/2019 VND million	1/1/2019 VND million
Deposits under deposit contracts and loan agreements received from customers	288,178	331,199
Deposits from tenants for leasing offices, counters and shophouses to be refunded within the next 12 months	244,933	246,847
Deposits received for maintenance of handed-over properties	88,977	82,581
Other deposits	35,404	-
Dividends payable	2,233	-
Interest payables	2,472	-
Deposits for site construction	48,474	42,904
Deposits for shophouse projects	87,634	-
Others	32,505	45,700
	<hr/>	
	830,810	749,231
	<hr/>	

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(b) Other payables – long-term

	31/12/2019 VND million	1/1/2019 VND million
Deposits from tenants for leasing offices and counters – shopping center	1,194,804	1,102,638
Deposits from tenants for leasing offices and counters to be refunded within the next 12 months – shopping center	(244,933)	(246,847)
Deposit under business cooperation contracts	180,000	-
	<hr/>	<hr/>
Amount due after 12 months	1,129,871	855,791
	<hr/>	<hr/>

(c) Other payables to related parties

	31/12/2019 VND million	1/1/2019 VND million
Other payables – short-term		
Vincommerce General Commerce Services Joint Stock Company	-	3,883
Vinhomes Joint Stock Company	8,279	-
Other related parties	15,119	2,111
	<hr/>	<hr/>
	23,398	5,994
	<hr/>	<hr/>
Other payables – long-term		
Vincommerce General Commerce Services Joint Stock Company	-	27,299
Vinpearl Joint Stock Company	182,310	-
Vinschool One Member LLC	4,247	7,054
Other related parties	10,206	22,862
	<hr/>	<hr/>
	196,763	57,215
	<hr/>	<hr/>

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

26. Bonds and finance lease liabilities

(a) Short-term bonds and finance lease liabilities

	1/1/2019		Movements during the year		31/12/2019	
	Carrying amount VND million	Amount within repayment capacity VND million	Increase VND million	Decrease VND million	Carrying amount VND million	Amount within repayment capacity VND million
Finance lease principals due within 12 months from related parties (Note 26(b))	18,079	18,079	19,415	(18,079)	19,415	19,415

(b) Long-term bonds and finance lease liabilities

	31/12/2019 VND million	1/1/2019 VND million
Straight bonds (i)	2,594,628	2,592,149
Finance lease liabilities from a related party (ii)	190,093	188,312
	2,784,721	2,780,461
Repayable within twelve months	(19,415)	(18,079)
Repayable after twelve months	2,765,306	2,762,382

(i) Straight bonds

Bonds with the par value of VND3,000,000 million included 3,000 units which were issued on 8 March 2017 by Vietnam Bank for Industry and Trade Securities Joint Stock Company with duration of 5 years. Interest rate applied for the first year is 8.1% per annum, and the rate for the subsequent year is floating, being adjusted once per year and is determined by the paid-in-arrears interest rate of 12-month VND savings in Vietnam Joint Stock Commercial Bank for Industry and Trade - Hanoi Branch plus (+) 3%. The bonds value is presented at the net amount of bond issuance costs.

In 2018, the Company repurchased 400 bonds prior to maturity date.

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

These bonds are secured by land use rights and assets attached to land of a number of shopping malls owned by North Vincom Retail LLC and South Vincom Retail LLC, two subsidiaries.

(ii) Finance lease liabilities

Finance lease liabilities related to long-term lease contracts with commercial centres of Vincom Plaza Quang Trung and Vincom Plaza Le Van Viet. The minimum lease payments for these non-cancellable finance lease contracts are as following:

31/12/2019

	Total finance lease payments VND million	Interests VND million	Principals VND million
Within 1 year	20,911	1,496	19,415
Within 2 to 5 years	85,587	25,684	59,903
More than 5 years	528,797	418,022	110,775
	<hr/> 635,295	<hr/> 445,202	<hr/> 190,093

1/1/2019

	Total finance lease payments VND million	Interests VND million	Principals VND million
Within 1 year	19,452	1,373	18,079
Within 2 to 5 years	85,101	25,617	59,484
More than 5 years	550,592	439,843	110,749
	<hr/> 655,145	<hr/> 466,833	<hr/> 188,312

27. Provisions – short-term

Provisions – short-term represented the provision for warranty for commercial area and shop-houses.

	2019 VND million
Opening balance	21,094
Provision made during the year	2,698
	<hr/>
Closing balance	23,792

Vincom Retail Joint Stock Company and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

Form B 09 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

28. Changes in owners' equity

	Ordinary shares with voting rights VND million	Share premium VND million	Treasury shares VND million	Other equity funds VND million	Undistributed profits VND million	Non-controlling interest VND million	Total VND million
Balance at 1 January 2018	19,010,787	4,324,380	-	(58,420)	2,786,541	30,766	26,094,054
Net profit for the year	-	-	-	-	2,404,386	8,841	2,413,227
Non-controlling interest increase capital in a subsidiary	-	-	-	-	-	2,000	2,000
Shares issued from share premium	4,277,397	(4,277,397)	-	-	-	-	-
Balance at 1 January 2019	23,288,184	46,983	-	(58,420)	5,190,927	41,607	28,509,281
Net profit for the year	-	-	-	-	2,851,480	453	2,851,933
Dividend declared by the Company (Note 30)	-	-	-	-	(2,445,259)	-	(2,445,259)
Dividend declared by subsidiary	-	-	-	-	-	(8,190)	(8,190)
Appropriation to equity funds	-	-	-	5,000	(5,000)	-	-
Repurchase of treasury shares	-	-	(1,954,258)	-	-	-	(1,954,258)
Balance at 31 December 2019	23,288,184	46,983	(1,954,258)	(53,420)	5,592,148	33,870	26,953,507

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

29. Share capital

The Company's authorised and issued share capital are:

	31/12/2019		1/1/2019	
	Number of shares	VND million	Number of shares	VND million
Authorised and issued share capital				
Ordinary shares	2,328,818,410	23,288,184	2,328,818,410	23,288,184
Treasury shares				
Ordinary shares	56,500,000	1,954,258	-	-
Issued share capital				
Ordinary shares	2,272,318,410	22,723,184	2,328,818,410	23,288,184
Share premium	-	46,983	-	46,983

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividends as declared by the Company from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. For repurchased shares, all rights above shall be withheld until they are reissued.

Movements in share capital during the year were as follows:

	2019		2018	
	Number of shares	VND million	Number of shares	VND million
Balance at the beginning of the year	2,328,818,410	23,288,184	1,901,078,733	19,010,787
Repurchase of treasury shares	(56,500,000)	(565,000)	-	-
Shares issued from share premium	-	-	427,739,677	4,277,397
Balance at the end of the year	2,272,318,410	22,723,184	2,328,818,410	23,288,184

30. Dividends

On 11 April 2019, the shareholders of the Company resolved to distribute dividends by cash to existing shareholders at the rate of 10.5% (1 share received VND1,050) (for the year ended 31 December 2018: Nil).

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

31. Off balance sheet items

(a) Lease commitments

Commitment under operating leases where the Company and its subsidiaries are the lessor

The Company and its subsidiaries, as lessor, leased retail outlets under operating lease agreements. The minimum lease payments under these agreements as at the balance sheet dates are as follows:

	31/12/2019 VND million	1/1/2019 VND million
Within 1 year	3,867,465	3,393,298
Within 2 to 5 years	7,524,354	6,532,608
More than 5 years	5,169,275	5,405,308
	16,561,094	15,331,214

Commitment under operating leases where the Company and its subsidiaries are the lessee

The Company and its subsidiaries, as lessees, entered into certain operating lease agreements with the minimum lease payments under these agreements as at the balance sheet dates as follows:

	31/12/2019 VND million	1/1/2019 VND million
Within 1 year	134,399	142,904
Within 2 to 5 years	483,612	537,939
More than 5 years	3,057,240	3,298,909
	3,675,251	3,979,752

(b) Capital commitments

The Company and its subsidiaries have entered into construction contracts on the development of real estate projects. The estimated commitments amount of these contracts amount to VND1,620,787 million (1/1/2019: VND1,645,446 million).

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(c) Other commitments

Commitment for co-developing shopping malls

Under business cooperation contracts between the Company and its subsidiaries and Vingroup Joint Stock Company and some companies within Vingroup Joint Stock Company (hereby referred to as “the counterparties”), the Company and its subsidiaries are committed to acquire equity interests in target companies, which will be established to own and operate a number of shopping malls in the provinces and cities after certain conditions under the contracts are satisfied. The Company and its subsidiaries provide funds to the counterparties to construct the malls. In case the counterparties do not complete the necessary procedures to transfer the shopping centers to the target companies, the parties to the contract will cooperate to manage the operations of these shopping malls. The Company and its subsidiaries commit to take over the management and operations of these shopping malls and share a portion of profit to the counterparties.

Commitments under business cooperation contracts relating to shopping mall projects

As disclosed in Note 12, the Company and its subsidiaries signed agreements and business cooperation contracts with Vingroup Joint Stock Company and some companies within Vingroup Joint Stock Company (hereby named as “the counterparties”) for cooperation in the development and operation of the shopping mall components of a number of real estate projects. Under these contracts, the counterparties commit to transfer the shopping mall components of these projects to the Company and its subsidiaries; or to grant the Company and its subsidiaries with the right to purchase the shopping malls. Under these contracts, the Company and its subsidiaries are expected to make additional payments estimated at VND3,940,200 million (1/1/2019: VND4,678,450 million) to these counterparties.

Commitments under the contract to purchase certain commercial floor area

According to the purchase of commercial floor area contract dated 31 January 2016 between South Vincom Retail LLC and a corporate counterparty, South Vincom Retail LLC will purchase a part of the commercial floor area belonging to a real estate project located at Tan Binh District, Ho Chi Minh City. Total consideration is VND83,000 million. As at 31 December 2019, there was no outstanding amount committed to be paid to this counterparty (1/1/2019: VND37,000 million).

Commitments to transfer a part of Towers A&B of Vincom Centre Ba Trieu

On 31 July 2006, Vingroup Joint Stock Company signed an agreement to transfer a portion of Vincom City Towers to a corporate counterparty. According to this agreement and its subsequent obligation transferring agreements, North Vincom Retail LLC, a subsidiary of the Company, is committed to transfer the following investment properties to this corporate counterparty on 20 July 2052:

- A half of commercial area (from 1st floor to 6th floor of Towers A&B Vincom City except for the reception and elevator waiting area of 160m² on the 1st floor); and
- A half of the basements of the towers.

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

Commitments related to program of management services and apartment rental

South Vincom Retail LLC has signed contracts to provide management and leasing services to customers who bought apartments at Vinpearl Riverfront Condotel Da Nang. Accordingly, for the five years from the date of apartments being handed over, customers are guaranteed by the investors to receive a higher amount between specific percentage on the selling price and 85% on the annual net leasing income from the sublease of the apartment to third parties.

32. Revenue from sale of goods and provision of services

Total revenue represents the gross value of goods sold and services rendered exclusive of value added tax.

Net revenue comprised of:

	2019 VND million	2018 VND million
Total revenue		
▪ Revenue from sale of inventory properties	2,027,165	3,432,575
▪ Revenue from leasing activities and rendering of related services	7,017,202	5,505,977
▪ Other revenue	214,890	185,400
	<hr/>	<hr/>
Net revenue	9,259,257	9,123,952
	<hr/>	<hr/>

33. Cost of sales

	2019 VND million	2018 VND million
Total cost of sales		
▪ Cost from sale of inventory properties	1,291,837	2,626,081
▪ Cost from leasing activities and rendering of related services	3,264,936	2,624,415
▪ Cost from other services	298,864	232,159
	<hr/>	<hr/>
	4,855,637	5,482,655
	<hr/>	<hr/>

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

34. Financial income

	2019 VND million	2018 VND million
Interest income from bank deposits, loans and other deposits	265,075	519,945
Other financial income	8	(721)
	<hr/> 265,083	<hr/> 519,224

35. Financial expenses

	2019 VND million	2018 VND million
Interests on bonds and finance lease	296,528	370,400
Amortisation of bond issuing costs	2,479	4,871
Other financial expenses	3,493	42,129
	<hr/> 302,500	<hr/> 417,400

36. Selling expenses

	2019 VND million	2018 VND million
Staff costs	70,877	34,386
Marketing expenses	197,795	193,337
Depreciation and amortisation	8,819	7,356
Consultancy, commission and brokerage fee	82,461	162,483
Outside service expenses	3,873	4,657
Others	8,135	6,456
	<hr/> 371,960	<hr/> 408,675

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

37. General and administration expenses

	2019 VND million	2018 VND million
Staff costs	160,082	87,532
Management fee	150,470	111,536
Depreciation and amortisation	78,657	78,521
Provisions	5,674	16,217
Outside service expenses	24,299	20,020
Others	29,476	28,289
	<hr/> 448,658	<hr/> 342,115 <hr/>

38. Other income

	2019 VND million	2018 VND million
Penalties received	47,629	65,395
Others	23,100	12,656
	<hr/> 70,729	<hr/> 78,051 <hr/>

39. Other expenses

	2019 VND million	2018 VND million
Contract compensation paid	9,373	9,292
Loss from disposals of fixed assets	8,724	2,084
Loss on written-off of fixed assets	14,849	-
Others	7,426	6,221
	<hr/> 40,372	<hr/> 17,597 <hr/>

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

40. Production and business costs by element

	2019 VND million	2018 VND million
Cost of construction and development of real estate properties	1,365,194	1,726,315
Staff costs	660,327	483,400
Depreciation and amortisation	1,447,324	1,156,999
Outside services expenses	1,982,495	1,690,204
Other expenses	293,818	276,760

41. Corporate income tax

(a) Recognised in the consolidated statement of income

	2019 VND million	2018 VND million
Current tax expense		
Current year	723,525	592,706
Adjustment of corporate income taxes in prior years	1,078	23,980
	<hr/> 724,603	<hr/> 616,686
Deferred tax expense		
Origination and reversal of temporary differences	(594)	22,872
	<hr/> 724,009	<hr/> 639,558

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(b) Reconciliation of effective tax rate

	2019 VND million	2018 VND million
Accounting profit before tax	3,575,942	3,052,785
Tax at the Company's tax rate	715,188	610,557
Amortisation of goodwill	14,517	14,517
Change in tax base of subsidiary's net assets due to revaluation at merger date	(15,145)	(26,046)
Difference in cost between the consolidated financial statements and the separate financial statements	11,606	8,133
Non-deductible expenses	2,015	2,909
Other adjustments	(5,250)	5,508
Adjustment of corporate income taxes in prior years	1,078	23,980
	724,009	639,558

(c) Applicable tax rates

The Company and its subsidiaries have an obligation to pay corporate income tax to the government at corporate income tax rate of 20% (2018: 20%).

42. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2019 was based on the profit attributable to ordinary shareholders after deducting amount appropriated to bonus and welfare funds for the annual accounting period, of VND2,851,480 million (2018: VND2,404,386 million) and a weighted average number of ordinary shares outstanding of 2,325,877,314 (2018: 2,328,818,410 shares), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	2019 VND million	2018 VND million
Net profit attributable to ordinary shareholders after bonus and welfare fund accruals	2,851,480	2,404,386

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(ii) Weighted average number of ordinary shares

	2019	2018
Issued ordinary shares at the beginning of the period – currently in circulation	2,328,818,410	1,901,078,733
Effect of shares issued	-	427,739,677
Effect of treasury shares held	(2,941,096)	-
Weighted average number of ordinary shares during the period – currently in circulation	2,325,877,314	2,328,818,410

In November 2018, the Company issued 427,739,677 ordinary shares as bonus shares to its existing shareholders.

(iii) Earnings per share

	2019 VND	2018 VND
Earnings per share	1,226	1,032

(b) Diluted earnings per share

The Company did not have dilutive potential ordinary shares as at 31 December 2019. Therefore, the presentation of diluted earnings per share is not applicable.

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

43. Significant transactions with related parties

Terms and conditions of transactions with related parties:

During the year, the Company and its subsidiaries sold goods and services to and purchased goods and services from related parties based on contractual agreement.

Accounts receivable from or payable to related parties are under normal course of business and are receivable or payable based on contractual agreements.

In addition to related party balances disclosed in other notes to the consolidated financial statements, the Company and its subsidiaries had the following significant transactions with related parties during the year:

	Transaction value	
	2019	2018
	VND million	VND million
<i>Shareholders</i>		
Ha Noi Southern City Development and Trading Limited Liability Company		
Dividends payable	201,798	-
Sai Dong Urban Development and Investment Joint Stock Company		
Dividends payable	788,582	-
<i>Parent company</i>		
Vingroup Joint Stock Company		
Purchase of goods and services	209,501	293,171
Revenue from the provision of management services, rental and related services receivable	11,642	18,176
Interest income from loans and other deposits	7,200	169,080
Collection of deposits for investments	796,000	585,000
Dividends payable	449,101	-
Acquisition of assets	-	2,513,757
Collection of loans	-	2,613,600
<i>Other related companies</i>		
Vincommerce General Commerce Services Joint Stock Company		
Sales of goods and services	767,851	629,316
Purchase of goods and services	83,631	106,468

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Transaction value	
	2019	2018
	VND million	VND million
Vinhomes Joint Stock Company		
Sales of goods and services	281,258	330,467
Purchase of goods and services	261,861	302,830
Interest income from deposits	-	84,791
Acquisition of assets	-	2,081,046
Vinpearl Joint Stock Company		
Sales of goods and services	91,516	56,772
Purchase of goods and services	33,933	119,673
Acquisition of assets	-	388,414
Deposit received under business cooperation contracts	180,000	-
Vinfast Trading and Production LLC		
Sales of goods and services	25,742	4,483
Vinpro Business and Trading Services Joint Stock Company		
Sales of goods and services	211,771	99,738
Ecology Development and Investment Joint Stock Company		
Rental expense	33,714	37,085
Vinschool One Member LLC		
Sales of goods and services	70,113	73,836
Thoi Dai Commercial Trading and Development Co., Ltd		
Sales of goods and services	2,078	14,588
Millenium Trading Investment and Development Company Limited		
Sales of goods and services	30,645	15,868
Vietnam Investment and Consulting Investment JSC		
Acquisition of assets	-	489,763
Thai Son Investment Construction Corporation		
Sales of goods and services	100,249	-
Deposits for investment	81,000	-
Interest income from deposits	7,812	-

Vincom Retail Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Transaction value	
	2019	2018
	VND million	VND million
Gia Lam Urban Co., Ltd		
Sales of goods and services	158,075	-
Deposits for investment	98,000	-
Interest income from deposits	9,451	-
Central Park Development LLC		
Acquisition of assets	239,581	-
Green City Development JSC		
Deposits for investment	1,020,000	-
Collection of deposits for investments	800,000	-
Interest income from deposits	90,989	8,403
Members of the Board of Directors and Board of Management		
Salary and bonus	28,064	25,581

44. Corresponding figures

Corresponding figures as at 1 January 2019 were derived from the balances and amounts reported in the Company and its subsidiaries's consolidated financial statements as at and for the year ended 31 December 2018.

25 March 2020

Prepared by:



Phung Thi Thanh

Approved by:



Nguyen Thi Xuan Nghia
Chief Accountant



Tran Mai Hoa
General Director

