



**AAC AUDITING AND ACCOUNTING CO., LTD**  
A member of PrimeGlobal

**SONG DA 505**  
**JOINT STOCK COMPANY**  
**Financial statements**  
**For the year ended 31/12/2020**



**SONG DA 505**  
**JOINT STOCK COMPANY**  
**Financial statements**  
**For the year ended 31/12/2020**

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## REPORT OF MANAGEMENT

Management of Song Da 505 Joint Stock Company has pleasure in submitting this report together with the audited financial statements for the year ended 31/12/2020.

### Overview

Song Da 505 Joint Stock Company (“the Company”) was established on the basis of equitization of Song Da 505 Enterprise attached to Song Da 5 Company of Song Da Corporation under Decision No. 980/QD-BXD dated 22/6/2004 of the Construction Minister. The Company was granted Business Registration Certificate No. 3903000041 by Gia Lai Province Planning and Investment Department on 9/8/2004. Since the establishment date, the Business Registration Certificate (which is now the Enterprise Registration Certificate No. 5900320629) has been amended ten (10) times and the nearest amendment was made on 24/07/2018. The Company is an independent accounting entity, operating in conformity with the Enterprise Law, its Charter and relevant regulations.

The Company registered to list its common shares on the Hanoi Stock Exchange with code S55. The first trading date was 22/12/2006.

Charter capital: VND100,000,000,000.

Paid-in capital as at 31/12/2020: VND100,000,000,000.

### Head Office

- Address: Tang Village, IaO Commune, IaGrai District, Gia Lai Province
- Transaction office: Song Da Building - Pham Hung Street - Tu Liem District – Hanoi City
- Tel: (84) 059.3875243
- Fax: (84) 059.3897323
- Email: songda505@vnn.vn
- Website: www.songda505.com.vn

### *The Company has 2 subsidiaries and 1 associate, including:*

- Subsidiaries: Bac Na Electricity Joint Stock Company  
Ehula Joint Stock Company
- Associate: Song Ong Hydropower Joint Stock Company

### *Principal activities*

- Construction of industrial, public, civil, housing, hydropower, hydraulic, transportation works;
- Construction and operation of small and medium hydropower plants;
- Exploiting, producing and trading materials, construction materials, concrete, structural metal products, accessories and attachments for construction works;
- Executing construction works by hole blast drilling method, jet drilling method;
- Mining of iron ore;
- Exploiting of sand, stone and gravel;
- Real estate business;

## REPORT OF MANAGEMENT (cont'd)

- Testing of building materials, construction quality control, testing equipment calibration, measurement equipment and testing.

### Employees

The Company has 451 employees as at 31/12/2020, including 39 managing officers.

Members of the Board of Directors, Supervisory Board, Management and Chief Accountant during the year and up to the reporting date include:

### *Board of Directors*

- |                          |               |   |
|--------------------------|---------------|---|
| • Mr. Dang Tat Thanh     | Chairman      | Appointed on 01/04/2020                           |
| • Mr. Dang Quang Dat     | Chairman      | Appointed on 26/03/2015<br>Resigned on 01/04/2020 |
|                          | Vice Chairman | Appointed on 01/04/2020                           |
| • Mr. Dang Van Tuyen     | Member        | Re-appointed on 26/03/2020                        |
| • Mr. Vu Son Thuy        | Member        | Re-appointed on 26/03/2020                        |
| • Mr. Nguyen Dinh Phuong | Member        | Re-appointed on 26/03/2020                        |
| • Mr. Le Tuan Anh        | Member        | Appointed on 13/04/2018<br>Resigned on 26/03/2020 |

### *Supervisory Board*

- |                            |                  |   |
|----------------------------|------------------|---|
| • Ms. Trinh Thi My Hanh    | Chief Supervisor | Appointed on 01/04/2020                           |
| • Ms. Le Thi Hien          | Chief Supervisor | Appointed on 30/03/2019<br>Resigned on 26/03/2020 |
| • Ms. Dinh Thi Trang Nhung | Member           | Appointed on 26/03/2020                           |
| • Mr. Nguyen Duc My        | Member           | Appointed on 26/03/2020                           |
| • Ms. Dang Ngoc Nhung      | Member           | Appointed on 26/03/2015<br>Resigned on 26/03/2020 |
| • Mr. Nguyen The Hoan      | Member           | Appointed on 26/03/2015<br>Resigned on 26/03/2020 |

### *Management and Chief Accountant*

- |                          |               |                            |
|--------------------------|---------------|----------------------------|
| • Mr. Dang Quang Dat     | Director      | Re-appointed on 01/04/2020 |
| • Mr. Nguyen Dinh Phuong | Vice Director | Re-appointed on 01/04/2020 |
| • Mr. Tran Thai Binh     | Vice Director | Re-appointed on 01/04/2020 |
| • Mr. Le Van Khanh       | Vice Director | Appointed on 15/10/2020    |
| • Mr. Nguyen Van Tien    | Vice Director | Appointed on 15/10/2020    |

## REPORT OF MANAGEMENT (cont'd)

- Mr. Vu Son Thuy Chief Accountant Re-appointed on 01/04/2020

### Independent auditor

These financial statements have been audited by AAC Auditing and Accounting Co., Ltd. (Head office: Lot 78-80, 30 April Street, Hai Chau District, Da Nang City; Phone number: (84) 0236.3655886; Fax: (84) 0236.3655887; Website: www.aac.com.vn; Email: aac@dng.vnn.vn).

### Management's statement of responsibility in respect of the financial statements

The Company's Management is responsible for the preparation and fair presentation of these financial statements on the basis:

- Complying with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and other relevant regulations;
- Selecting suitable accounting policies and then applying them consist;
- Making judgments and estimates that are reasonable and prudent;
- Preparing the financial statements on the going concern;
- Responsibility for such internal control as Management determines is necessary to enable the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Members of the Management hereby confirm that the accompanying financial statements including the balance sheet, the income statement, the statement of cash flows and notes to the financial statements present fairly the financial position of the Company as at 31/12/2020 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and relevant statutory regulations on preparation and presentation of financial statements.

On behalf of the Management



Dang Quang Dat  
Director

Gia Lai Province, 8 March 2021



## **AAC AUDITING AND ACCOUNTING CO., LTD**

AN INDEPENDENT MEMBER OF PRIMEGLOBAL

AUDITING - ACCOUNTING - FINANCE SPECIALITY

Head Office: Lot 78 - 80, April 30th Street, Hai Chau District, Da Nang City

Tel: +84 (236) 3 655 886; Fax: +84 (236) 3 655 887; Email: aac@dng.vnn.vn; Website: <http://www.aac.com.vn>

No. 150/2021/BCKT-AAC

### **INDEPENDENT AUDITORS' REPORT**

**To: The Shareholders, Board of Directors and Management  
Song Da 505 Joint Stock Company**

We have audited the accompanying financial statements prepared on 05/03/2021 of Song Da 505 Joint Stock Company ("the Company") as set out on pages 6 to 30, which comprise the balance sheet as at 31/12/2020, the income statement, statement of cash flows, and notes to the financial statements for the year then ended.

#### **Management's Responsibility**

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these 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 financial statements are free from 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 auditors' judgment, 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 auditors consider internal control relevant to the Company'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's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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.

#### **Opinion**

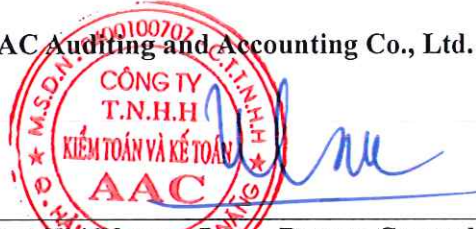
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31/12/2020, and its financial performance and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to the preparation and presentation of financial statements.

**Emphasis of Matter**

We would like to draw your attention to the issue presented in Note 3, the accompanying financial statements is the 2020 separate financial statements of the Company. These financial statements should be read in conjunction with the 2020 consolidated financial statements in order to obtain complete information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company.

Our audit opinion is not qualified in respect of this matter.

**AAC Auditing and Accounting Co., Ltd.**



**Tran Thi Phuong Lan – Deputy General Director**  
*Audit Practicing Registration Certificate*  
*No. 0396-2018-010-1*

*Da Nang City, 8 March 2021*

**Dinh Thi Ngoc Thuy – Auditor**  
*Audit Practicing Registration Certificate*  
*No. 1463-2018-010-1*

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**BALANCE SHEET**  
As at 31 December 2020

Form B 01 - DN  
Issued under Circular No. 200/2014/TT - BTC  
dated 22/12/2014 by the Ministry of Finance

ASSETS	Code	Note	31/12/2020 VND	01/01/2020 VND
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>304,283,839,034</b>	<b>308,604,016,192</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>		<b>5,763,116,650</b>	<b>22,598,434,135</b>
1. Cash	111	5	5,763,116,650	598,434,135
2. Cash equivalents	112		-	22,000,000,000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>117,554,566,400</b>	<b>110,077,616,000</b>
1. Trading security	121	6.a	193,296,552	193,296,552
2. Provision for decline in value of trading securities	122	6.a	(138,730,152)	(115,680,552)
3. Held-to-maturity investments	123	6.b	117,500,000,000	110,000,000,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>123,543,498,487</b>	<b>148,965,182,667</b>
1. Short-term trade receivables	131	7	186,144,467,448	213,753,049,078
2. Short-term prepayments to suppliers	132	8	8,249,458,941	10,594,600,422
5. Short-term loan receivables	135	9	4,316,000,000	-
3. Other short-term receivables	136	10	4,654,919,692	2,891,132,964
4. Provision for doubtful debts	137	11	(79,821,347,594)	(78,273,599,797)
<b>IV. Inventories</b>	<b>140</b>	<b>12</b>	<b>54,752,757,310</b>	<b>24,920,582,084</b>
1. Inventories	141		54,752,757,310	24,920,582,084
2. Provision for decline in value of inventories	149		-	-
<b>V. Other current assets</b>	<b>150</b>		<b>2,669,900,187</b>	<b>2,042,201,306</b>
1. Short-term prepaid expenses	151	13.a	585,806,038	1,053,109,062
2. Creditable VAT	152		2,084,056,857	989,054,952
3. Taxes and amounts receivable from the State	153	17	37,292	37,292
<b>B. LONG-TERM ASSETS</b>	<b>200</b>		<b>523,962,373,531</b>	<b>442,927,134,410</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>-</b>	<b>-</b>
<b>II. Fixed assets</b>	<b>220</b>		<b>3,451,617,457</b>	<b>10,268,645,480</b>
1. Tangible fixed assets	221	14	3,451,617,457	10,268,645,480
- Cost	222		47,541,750,417	72,808,786,517
- Accumulated depreciation	223		(44,090,132,960)	(62,540,141,037)
2. Intangible fixed assets	227		-	-
<b>III. Investment properties</b>	<b>230</b>		<b>-</b>	<b>-</b>
<b>IV. Long-term assets in progress</b>	<b>240</b>		<b>-</b>	<b>-</b>
<b>V. Long-term financial investments</b>	<b>250</b>		<b>513,199,520,000</b>	<b>425,035,360,000</b>
1. Investments in subsidiaries	251	7.c	451,729,360,000	363,529,360,000
2. Investments in associates, joint ventures	252	7.c	41,082,000,000	41,082,000,000
3. Investments in other entities	253	7.c	20,424,000,000	20,424,000,000
4. Provisions for long-term financial investments	254		(35,840,000)	-
<b>VI. Other long-term assets</b>	<b>260</b>		<b>7,311,236,074</b>	<b>7,623,128,930</b>
1. Long-term prepaid expenses	261	13.b	7,311,236,074	7,623,128,930
2. Deferred income tax assets	262		-	-
<b>TOTAL ASSETS</b>	<b>270</b>		<b>828,246,212,565</b>	<b>751,531,150,602</b>

**BALANCE SHEET (cont'd)**

As at 31 December 2020

RESOURCES	Code	Note	31/12/2020 VND	01/01/2020 VND
<b>C. LIABILITIES</b>	<b>300</b>		<b>317,036,926,025</b>	<b>304,024,186,960</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>317,036,926,025</b>	<b>304,024,186,960</b>
1. Short-term trade payables	311	15	67,596,968,744	42,334,308,497
2. Short-term advances from customers	312	16	88,113,231,567	112,574,641,858
3. Taxes and amounts payable to the State Budget	313	17	17,927,076,955	8,911,582,105
4. Payables to employees	314	18	18,700,592,888	22,141,736,109
5. Short-term accrued expenses	315	19	12,973,914,001	7,197,974,497
6. Other short-term payables	319	20	90,172,556,776	35,108,734,308
7. Short-term loan and finance lease obligations	320	21	19,748,599,806	73,923,214,298
8. Reward and welfare fund	322		1,803,985,288	1,831,995,288
<b>II. Long-term liabilities</b>	<b>330</b>		-	-
<b>D. OWNERS' EQUITY</b>	<b>400</b>		<b>511,209,286,540</b>	<b>447,506,963,642</b>
<b>I. Owners' equity</b>	<b>410</b>		<b>511,209,286,540</b>	<b>447,506,963,642</b>
1. Share capital	411	22	100,000,000,000	100,000,000,000
- Common shares with voting rights	411a		100,000,000,000	100,000,000,000
- Preferred shares	411b		-	-
2. Share premium	412	22	63,003,467,265	63,003,467,265
3. Development investment fund	418	22	266,217,638,868	221,524,899,419
4. Undistributed profit	421	22	81,988,180,407	62,978,596,958
- Undistributed profit up to the end of prior year	421a	22	13,285,857,509	11,168,354,715
- Undistributed profit of current year	421b	22	68,702,322,898	51,810,242,243
<b>II. Budget sources and other funds</b>	<b>430</b>		-	-
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>828,246,212,565</b>	<b>751,531,150,602</b>



**Dang Quang Dat**  
Director

Gia Lai Province, 5 March 2021

**Vu Son Thuy**  
Chief Accountant

**Tong Thi Thu Hien**  
Preparer

**INCOME STATEMENT**  
**For the year ended 31/12/2020**

Form B 02 - DN  
Issued under Circular No. 200/2014/TT - BTC  
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	Year 2020 VND	Year 2019 VND
1. Revenue from sales and service provision	01	23	685,678,591,194	514,798,690,203
2. Deductions	02	24	2,948,046,248	1,816,777,619
3. Net revenue from sales and service provision	10		682,730,544,946	512,981,912,584
4. Cost of goods sold	11	25	594,744,449,496	467,366,692,913
<b>5. Gross profit from sales and service provision</b>	<b>20</b>		<b>87,986,095,450</b>	<b>45,615,219,671</b>
6. Financial income	21	26	10,902,712,640	32,627,155,345
7. Financial expenses	22	27	8,386,457,640	4,954,487,747
<i>Including: Interest expense</i>	23		8,300,777,910	4,973,303,747
8. Selling expenses	25		-	-
9. Administrative expenses	26	28	9,542,221,674	14,416,666,454
<b>10. Operating profit</b>	<b>30</b>		<b>80,960,128,776</b>	<b>58,871,220,815</b>
11. Other income	31	29	5,115,229,075	1,141,714,276
12. Other expenses	32	30	57,884,223	523,834,546
<b>13. Other profit</b>	<b>40</b>		<b>5,057,344,852</b>	<b>617,879,730</b>
<b>14. Accounting profit before tax</b>	<b>50</b>		<b>86,017,473,628</b>	<b>59,489,100,545</b>
15. Current corporate income tax expense	51	31	17,315,150,730	7,678,858,302
16. Deferred corporate income tax expense	52		-	-
<b>17. Profit after tax</b>	<b>60</b>		<b>68,702,322,898</b>	<b>51,810,242,243</b>



**Dang Quang Dat**  
Director

Gia Lai Province, 5 March 2021

**Vu Son Thuy**  
Chief Accountant

**Tong Thi Thu Hien**  
Preparer

**STATEMENT OF CASH FLOWS**  
For the year ended 31/12/2020

Form B 03 - DN  
Issued under Circular No. 200/2014/TT - BTC  
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	Year 2020 VND	Year 2019 VND
<b>I. Cash flows from operating activities</b>				
1. Profit before tax	01		86,017,473,628	59,489,100,545
2. Adjustments for				
- Depreciation and amortization	02	14	3,431,057,927	5,333,840,821
- Provisions	03		1,606,637,397	3,809,947,714
- Exchange (gain)/loss upon revaluation of monetary items denominated in foreign currency	04		(354,641)	-
- (Profits)/losses from investing activities	05	26,29	(14,838,301,541)	(33,189,109,486)
- Interest expenses	06	27	8,300,777,910	4,973,303,747
3. Operating profit before changes in working capital	08		84,517,290,680	40,417,083,341
- Decrease/(increase) in receivables	09		28,298,635,051	(13,224,549,327)
- (Decrease)/increase in inventories	10		(29,832,175,226)	39,110,214,946
- (Decrease)/increase in payables (excluding interest and corporate income tax payable)	11		57,866,315,353	71,190,076,392
- Decrease/(increase) in prepaid expenses	12		779,195,880	(165,252,930)
- Loan interest paid	14	19, 20, 27	(8,610,446,815)	(5,096,330,821)
- Corporate income tax paid	15	17	(7,665,035,121)	(3,601,275,141)
- Other payments for operating activities	17		(28,010,000)	(635,070,000)
<b>Net cash provided by operating activities</b>	<b>20</b>		<b>125,325,769,802</b>	<b>127,994,896,460</b>
<b>II. Cash flows from investing activities</b>				
1. Purchases of fixed assets and other long-term assets	21	14	(148,340,908)	(3,723,509,091)
2. Proceeds from disposals of fixed assets and other assets	22		7,470,254,546	602,917,500
3. Cash paid for loans, acquisition of debt instruments	23	9	(30,416,000,000)	-
4. Recovery of loans, re-sales of debt instruments	24	6.b	18,600,000,000	14,000,000,000
5. Cash paid for capital contribution in other entities	25	6.c	(88,200,000,000)	(171,700,000,000)
6. Interest, dividends and profit received	27	10,26	9,698,657,426	35,006,296,528
<b>Net cash used in investing activities</b>	<b>30</b>		<b>(82,995,428,936)</b>	<b>(125,814,295,063)</b>

**STATEMENT OF CASH FLOWS (cont'd)**  
**For the year ended 31/12/2020**

ITEMS	Code	Note	Year 2020 VND	Year 2019 VND
<b>III. Cash flows from financing activities</b>				
1. Proceeds from loans	33	21	240,820,890,224	169,970,147,895
2. Repayment of loan principal	34	21	(294,995,504,716)	(157,497,704,262)
3. Dividends, profit paid to owners	36	20, 22.c	(4,991,398,500)	(5,000,000,000)
<b>Net cash used in/(provided by) financing activities</b>	<b>40</b>		<b>(59,166,012,992)</b>	<b>7,472,443,633</b>
<b>Net cash flows for the year</b>	<b>50</b>		<b>(16,835,672,126)</b>	<b>9,653,045,030</b>
Cash and cash equivalents at the beginning of the year	60	5	22,598,434,135	12,945,389,105
Impacts of exchange rate fluctuations	61		354,641	-
<b>Cash and cash equivalents at the end of the year</b>	<b>70</b>	<b>5</b>	<b>5,763,116,650</b>	<b>22,598,434,135</b>



**Dang Quang Dat**  
**Director**

*Gia Lai Province, 5 March 2021*

**Vu Son Thuy**  
**Chief Accountant**

**Tong Thi Thu Hien**  
**Preparer**

## NOTES TO THE FINANCIAL STATEMENTS

(These notes form part of and should be read  
in conjunction with the accompanying financial statements)

Form B 09 - DN  
Issued under Circular No. 200/2014/TT - BTC  
dated 22/12/2014 by the Ministry of Finance

### 1. Nature of operations

#### 1.1. Overview

Song Da 505 Joint Stock Company (“the Company”) was established on the basis of equitization of Song Da 505 Enterprise attached to Song Da 5 Company of Song Da Corporation under Decision No. 980/QD-BXD dated 22/6/2004 of the Construction Minister. The Company was granted Business Registration Certificate No. 3903000041 by Gia Lai Province Planning and Investment Department on 9/8/2004. Since the establishment date, the Business Registration Certificate (which is now the Enterprise Registration Certificate No. 5900320629) has been amended ten (10) times and the nearest amendment was made on 24/07/2018. The Company is an independent accounting entity, operating in conformity with the Enterprise Law, its Charter and relevant regulations.

#### 1.2. Principal scope of business: Construction.

#### 1.3. Operating activities

- Construction of industrial, public, civil, housing, hydropower, hydraulic, transportation works;
- Construction and operation of small and medium hydropower plants;
- Exploiting, producing and trading materials, construction materials, concrete, structural metal products, accessories and attachments for construction works;
- Executing construction works by hole blast drilling method, jet drilling method;
- Mining of iron ore;
- Exploiting of sand, stone and gravel;
- Real estate business;
- Testing of building materials, construction quality control, testing equipment calibration, measurement equipment and testing.

#### 1.4. Business structure

As at 31/12/2020, the Company has 2 subsidiaries and 1 associate as follows:

- Subsidiaries: Bac Na Electricity Joint Stock Company  
Ehula Joint Stock Company
- Associate: Song Ong Hydropower Joint Stock Company

### 2. Accounting period, currency used in accounting

The Company’s annual accounting period starts on 1 January and ends on 31 December.

Financial statements and accounting transactions are expressed in Vietnamese Dong (VND).

### 3. Applied accounting standards and system

The Company adopts the Vietnamese Corporate Accounting System, which was guided under Circular No. 200/2014/TT-BTC dated 22/12/2014 and Vietnamese Accounting Standards issued by the Ministry of Finance.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(These notes form part of and should be read in conjunction with the financial statements)*

As at 31/12/2020, the Company has subsidiaries. Accordingly, in 2020 the Company has prepared both the separate financial statements of the Company and the consolidated financial statements. The separate financial statements of the Company should be read together with the 2020 consolidated financial statements to obtain complete information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company.

### 4. Summary of significant accounting policies

#### 4.1 Cash and cash equivalents

Cash includes cash on hand, cash in bank and cash in transit.

All short-term investments which are collectible or mature of 3 months or less as from purchasing date, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value at reporting date shall be recognized as cash equivalents.

#### 4.2 Financial investments

##### *Trading securities*

Trading securities are securities which are held for business purposes.

Trading securities are recorded at cost, comprising: buying prices plus (+) buying costs (if any) such as brokerage, transactions, information provision, taxes, bank's fees and charges. The dividends, profits received for the period before the investment date shall be recorded as a decrease in value of investment.

After initial recognition, trading securities are determined at cost less provision for decline in value of trading securities. At the end of the fiscal year, if the market prices of trading securities devalue against their cost, the provisions for devaluation shall be made.

##### *Held-to-maturity investments*

Held-to-maturity investments are term deposits.

Held-to-maturity investments are recorded at book value upon revaluation. Provision for loss shall be recorded as a decrease directly in the book value of the investments.

##### *Loans*

Loans receivable are recorded in the financial statements at cost less provision for doubtful debts.

Provision for doubtful debts represents the estimated loss amounts at the balance sheet date for given loans which have been overdue, the Company has claimed many times but still has not collected yet or which have not been overdue but the debtor has been in the state of insolvency, doing dissolution procedures, missing or running away.

##### *Investments in subsidiaries, associates and long-term investments in form of capital contribution in other companies*

Subsidiaries are entities controlled by the Company. The subsidiary-parent company relationship is represented through the fact that the Company holds (directly or indirectly) over 50% voting shares in the subsidiary and has the power to govern the financial and operating policies of the subsidiary.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associate but not control or joint control over those policies. An entity is considered as an associate if the Company holds (directly or indirectly) from 20% to under 50% voting shares of the entity.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(These notes form part of and should be read in conjunction with the financial statements)*

Long-term investments in form of capital contribution in other companies are investments over which the Company has no power to control or joint control, no significant influence over the investees.

Investments in subsidiaries; associates and long-term investments in other companies are recorded at cost less provision. Dividends and profits received in money or non-monetary asset for the period before the investment date shall be recorded as a decrease in value of investment.

### *Provision*

Provision for investments in subsidiaries is made if these investments are impaired or the investees suffer losses leading to the irrecoverability of the Company's investments. Provision for long-term investments in form of capital contribution in other companies is made as follows:

- If an investment in listed shares or the fair value of the investment is determined reliably, the provision shall be made according to the market value of the shares;
- If the market value of the shares is not identifiable, the provision shall be made based on the loss reported in the financial statements of the investee.

With regards to the investees who are required to prepare the consolidated financial statements, the provision is made based on the consolidated financial statements. For other cases, the provision is made based on the financial statements of the investees.

### **4.3 Receivables**

Receivables includes: trade receivables and other receivables.

- Trade receivables include commercial receivables generating from purchase-sale related transactions between the Company and buyers;
- Other receivables include non-commercial receivables, receivables not related to purchase-sale and intra-company transactions.

Receivables are recorded at cost less provision for doubtful debts. Provision for doubtful debts represents the estimated loss amounts at the balance sheet date for overdue receivables which the Company has claimed many times but still has not collected yet or which have not been overdue but the debtor has been in the state of insolvency, doing dissolution procedures, missing or running away.

### **4.4 Inventories**

Inventories are stated at the lower of cost and net realizable value.

Value of inventories is calculated using the weighted average method and accounted for using the perpetual method. Cost of inventories comprises: costs of purchase, costs of conversion and any directly attributable costs of bringing the inventories to their present location and condition;

Net realizable value is the estimated selling price less the estimated costs of completing the products and the estimated costs needed for their consumption.

Provision for decline in value of inventories is made for each kind of inventories when the net realizable value of that kind of inventories is less than cost.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the financial statements)

### 4.5 Tangible fixed assets

#### Cost

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of tangible assets comprises their purchase price and all the costs incurred by the Company to acquire those assets as of the time of putting such assets into the ready-for-use state. The costs incurred after the initial recognition of tangible fixed asset shall be recorded as increase in their historical cost if these costs are certain to augment future economic benefits obtained from the use of those assets. Those incurred costs which fail to meet this requirement must be recognized as production and business expenses in the period.

#### Depreciation

Depreciation of fixed assets is calculated in accordance with the straight-line method over their estimated useful lives. Depreciation period is in conformity with Circular No. 45/2013/TT-BTC dated 25/4/2013 by the Ministry of Finance. Certain fixed assets are rapidly depreciated. Details are as follows:

<u>Kind of assets</u>	<u>Depreciation period (years)</u>
Machinery, equipment	1.5 - 5
Motor vehicles	3
Office equipment	1.5

### 4.6 Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

### 4.7 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses. These are expenditures that have been incurred but related to the operations of many accounting periods. The Company's primary prepayments are as follows:

- Prepaid expenses are office rentals which are prepaid over the whole lease term and related expenses which are amortized on a straight-line basis over the rent term of contract.
- Cost of tools and instruments being put into use which are amortized in accordance with the straight-line method for a maximum period of 3 years.
- Other prepaid expenses: the Company selects appropriate method and criteria of allocation over the period in which economic benefits are expected to be received based on the nature and extent of the prepaid expenses.

### 4.8 Payables

Payables include: trade payables and other payables:

- Trade payables are trade-related amounts, arising from trading activities between the Company and its suppliers;

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the financial statements)

- Other payables are non-trade amounts, which are not related to trading activities, intra-company transactions.

Payables are recognized at cost and reported as short-term and long-term payables based on their remaining terms at the balance sheet date.

Payables are monitored according to their creditors, principal terms, remaining terms and original currencies.

### 4.9 Accrued expenses

Accruals are recognized for amount to be paid in the future for goods and services received, whether or not billed to the Company.

### 4.10 Loans and finance lease liabilities

Loans and finance lease liabilities are reflected at cost and classified into short-term liabilities and long-term liabilities based on their remaining terms at the balance sheet date.

The Company monitors loans and finance lease liabilities according to their creditors, loan agreements, principal terms, remaining terms and original currencies.

#### *Borrowing costs*

Borrowing costs comprise interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they qualify the conditions to be capitalized in accordance with Accounting Standard "Borrowing costs".

Borrowing costs associated with a particular borrowing for the purpose of obtaining a qualifying asset shall be capitalized as part of the cost of that asset. For general borrowing funds, the borrowing costs eligible for capitalization in the period shall be determined according to the capitalization rate, which is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period.

Capitalization of borrowing costs shall be suspended during extended periods in which it suspends active development of a qualifying asset, except to the extent that the suspension is necessary. Capitalization shall be ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

### 4.11 Owner's equity

#### *Share capital*

Share capital represents the amount of capital actually contributed by shareholders.

#### *Share premium*

Share premium represents the difference between issue price and the par value of the share issued, all costs directly attributable to the issuance of shares; the difference between the issue price and the difference between price of repurchasing of treasury stocks and the re-issue price of treasury stocks; capital component of convertible bonds at bond maturity.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the financial statements)

### *Distribution of profit*

Profit after is appropriated to funds and to shareholders as provided for in the Company's Charter or a resolution of its Annual Shareholder Meeting.

The dividend or profit amount to be paid to the shareholders shall not exceed the undistributed profit after tax and with consideration of non-monetary items in undistributed post-tax profits that may affect cash flow and ability to pay dividends.

### **4.12 Revenue and other income recognition**

- Revenue from construction contract are recognized as follows:
  - ✓ In the case where it is stipulated in the contract that contractors make payments upon the work's progress, revenue and expenses are recorded for completed portion when the contract outcome is estimated reliably;
  - ✓ In the case where the contract stipulates that contractors make payment upon the work volume, revenue and expenses are recognized for the completed portion confirmed by the customer when the contract outcome is measured reliably.
- Revenue from sales and service provision is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:
  - ✓ Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and there are no significant uncertainties regarding recovery of the consideration due or the likely return of goods;
  - ✓ Revenue from service provision is recognized when the services have been rendered. In case that the services are to be provided in many accounting periods, the determination of revenue in each period is done on the basis of the service completion rate as of the balance sheet date.
- Revenue from financing activities is recognized when revenue is determined with relative certainty and it is possible to obtain economic benefits from the transactions.
  - ✓ Interests are recognized on the basis of the actual term and interest rates;
  - ✓ Dividends and profits shared are recognized when the Company has the rights to receive dividends or profit from the capital contribution. Stock dividends are not recognized as financial revenue. Dividends received in the period before investment date shall be recorded as a decrease in value of investment.
- Other income is the income derived out of Company's scope of business and recognized when it can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

### **4.13 Revenue deductions**

Revenue deductions include trade discounts, sales rebates and sales returns.

In case where revenue is recognized in during the year but the corresponding revenue deductions arise after the balance sheet date, revenue shall be decreased in accordance with the following principles:

- If the corresponding deductions arise before the date of releasing the financial statements, they shall be charged against revenue of the reporting year.
- If the corresponding revenue deductions arise after the date of releasing the financial statements, they shall be charged against revenue of the next reporting year.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the financial statements)

### 4.14 Cost of goods sold

Cost of products, goods sold and services rendered and corresponding revenue shall be recognized in the right period and in accordance with the matching principle and conservatism principle.

Costs which are incurred in excess of the ordinary level of goods sold and services rendered shall be charged out to cost of goods sold in the period, not to the production cost.

### 4.15 Financial expenses

Financial expenses reflect expenses or losses related to financial investment activities: interest expense, expenses and loss on liquidating, transferring investments; provision for diminution in value of trading securities, provision for loss from investment in other entities and expenses of other investing activities.

### 4.16 Administrative expenses

Administrative expenses recognized are expenses actually incurred related to the overall administration of enterprises.

### 4.17 Current corporate income tax expense, deferred corporate income tax expense

Corporate income tax expenses include current income tax and deferred income tax.

Current income tax is the tax amount computed based on the taxable income during the period at the tax rates applied as of the balance sheet date. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures as well as those of non-taxable or non-deductible income and expenses.

Deferred income tax is determined for temporary differences at the balance sheet date between the tax base of assets and liability and their carrying amount for financial reporting purpose.

### 4.18 Financial instruments

#### Initial recognition

##### *Financial assets*

A financial asset is recognized initially at cost plus transaction costs directly attributable to the acquisition of the asset. The Company's financial assets include cash on hand, short-term deposits, trade receivables, other receivables and financial investments.

##### *Financial liabilities*

A financial liability is recognized initially at cost plus transaction costs directly attributable to the issuance of such liability. The Company's financial liabilities include loans, trade payables, accrued expenses and other payables.

#### Subsequent measurement

Currently, there has been no requirement for subsequent measurement of financial instruments.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the financial statements)

### 4.19 Tax policies and charges payable to the State applied by the Company

- Value added tax (VAT): VAT rate of 10% is applicable to construction activities.
- Corporate income tax (CIT): Applicable CIT rate is 20%.
- Other taxes, fees and charges are paid in accordance with relevant regulations.

### 4.20 Related parties

Parties are considered to be related if one party has the ability to (directly or indirectly) control the other party or exercise significant influence over the other party in making financial or operational decisions.

Currency: VND

### 5. Cash

	31/12/2020	01/01/2020
Cash on hand	409,704,336	376,589,450
Cash in bank	5,353,412,314	221,844,685
<b>Total</b>	<b><u>5,763,116,650</u></b>	<b><u>598,434,135</u></b>

### 6. Financial investments

#### a. Trading securities

	31/12/2020			01/01/2020		
	Cost	Fair value	Provision	Cost	Fair value	Provision
SDC shares	193,296,552	54,566,400	138,730,152	193,296,552	77,616,000	115,680,552
<b>Total</b>	<b><u>193,296,552</u></b>	<b><u>54,566,400</u></b>	<b><u>138,730,152</u></b>	<b><u>193,296,552</u></b>	<b><u>77,616,000</u></b>	<b><u>115,680,552</u></b>

Trading securities are revaluated at the lower of cost and market prices. Accordingly, for SDC shares listed at Hanoi Stock Exchange, the fair value is the closing price at the last trading session of the accounting year.

#### b. Held-to-maturity investments

	31/12/2020		01/01/2020	
	Cost	Book value	Cost	Book value
Term deposits over 3 months and not exceeding 12 months	117,500,000,000	117,500,000,000	110,000,000,000	110,000,000,000
<b>Total</b>	<b><u>117,500,000,000</u></b>	<b><u>117,500,000,000</u></b>	<b><u>110,000,000,000</u></b>	<b><u>110,000,000,000</u></b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)**

(These notes form part of and should be read in conjunction with the accompanying financial statements)

**c. Long-term financial investments**

	Operation status	% holding	Number of shares	31/12/2020		01/01/2020	
				Cost	Provision	Cost	Provision
Investments in subsidiaries				451,729,360,000	-	363,529,360,000	-
- Bac Na Electricity Joint Stock Company (*)	Operating	51.18%	7,932,936	79,329,360,000	-	79,329,360,000	-
- Ehula Joint Stock Company (*)	Operating	98.0%	37,240,000	372,400,000,000	-	284,200,000,000	-
Investment in associates, joint ventures				41,082,000,000	-	41,082,000,000	-
- Song Ong Hydropower Joint Stock Company (*)	Operating	33.76%	2,498,000	41,082,000,000	-	41,082,000,000	-
Investments in other entities				20,424,000,000	35,840,000	20,424,000,000	-
- Anzen Investment Joint Stock Company (*)	Operating	19.0%	2,000,000	20,000,000,000	-	20,000,000,000	-
- North-West Electric Investment and Development JSC	Operating	0.1%	22,400	224,000,000	35,840,000	224,000,000	-
- EDABA Joint Stock Company	Under investment process			200,000,000	-	200,000,000	-
<b>Total</b>				<b>513,235,360,000</b>	<b>35,840,000</b>	<b>425,035,360,000</b>	<b>-</b>

(\*) The financial statements of these companies show profit and investment capital is well maintained. As a result, the Company recognized these investments at cost and no provisions are made for them.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the financial statements)

### 7. Short-term trade receivables

	31/12/2020	01/01/2020
Xekaman 3 Hydropower Project Management Unit	64,197,770,402	64,197,770,402
Song Da 5 Joint Stock Company	19,599,715,924	19,599,715,924
Others	102,346,981,122	129,955,562,752
<b>Total</b>	<b>186,144,467,448</b>	<b>213,753,049,078</b>

### 8. Short-term prepayments to suppliers

	31/12/2020	01/01/2020
Song Da 10.9 Joint Stock Company	400,000,000	3,000,000,000
Duc Toan Minh Co., Ltd	4,127,500,000	-
Hydraulic - Hydropower Project Construction and Consulting JSC	1,063,676,087	4,185,729,963
Others	2,658,282,854	3,408,870,459
<b>Total</b>	<b>8,249,458,941</b>	<b>10,594,600,422</b>

### 9. Short-term loan receivables

	31/12/2020	01/01/2020
Anzen Investment Joint Stock Company (*)	4,316,000,000	-
<b>Total</b>	<b>4,316,000,000</b>	<b>-</b>

(\*) Loan given under the contract dated 06/08/2020 at an interest rate of 8.9% per annum, loan term: from the date of money transfer to 05/01/2021. Anzen Investment Joint Stock Company has repaid the debt in accordance with the loan term of the contract.

### 10. Other short-term receivables

	31/12/2020		01/01/2020	
	Value	Provision	Value	Provision
Accrued interest	3,441,119,780	-	2,237,419,207	-
Advances	130,384,480	-	445,264,828	-
Receivables from employees	231,175,432	-	74,344,711	-
Deposits, collateral	405,000,000	-	-	-
Other receivables	447,240,000	-	134,104,218	-
<b>Total</b>	<b>4,654,919,692</b>	<b>-</b>	<b>2,891,132,964</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the financial statements)

### 11. Provision for short-term doubtful debts

	31/12/2020	01/01/2020
Provision for overdue debts :	79,821,347,594	78,273,599,797
- 100% provision/overdue balance	75,142,597,900	70,820,594,640
- 70% provision/overdue balance	91,497,067	180,282,803
- 50% provision/overdue balance	4,587,252,627	4,832,818,902
- 30% provision/overdue balance	-	2,439,903,452
<b>Total</b>	<b><u>79,821,347,594</u></b>	<b><u>78,273,599,797</u></b>

### 12. Inventories

	31/12/2020		01/01/2020	
	Cost	Provision	Cost	Provision
Tools, instruments	2,043,640,133		-	
Work in process	52,709,117,177	-	24,920,582,084	-
<b>Total</b>	<b><u>54,752,757,310</u></b>	<b><u>-</u></b>	<b><u>24,920,582,084</u></b>	<b><u>-</u></b>

- There are no inventories which are stagnant, in poor quality or slow-moving as at 31/12/2020.
- No inventories are mortgaged and secured for debts as at 31/12/2020.

### 13. Prepaid expenses

#### a. Short-term

	31/12/2020	01/01/2020
Tools, instruments pending amortisation	352,316,169	817,546,292
Vehicle insurance	226,289,869	228,974,675
Other short-term prepaid expenses	7,200,000	6,588,095
<b>Total</b>	<b><u>585,806,038</u></b>	<b><u>1,053,109,062</u></b>

#### b. Long-term

	31/12/2020	01/01/2020
Rental of offices at HH4 Song Da Twin (*)	7,272,736,074	7,518,628,930
Office rent	38,500,000	104,500,000
<b>Total</b>	<b><u>7,311,236,074</u></b>	<b><u>7,623,128,930</u></b>

(\*) This reflects the lease of Floor 12, Block B of HH4 Song Da Twin Tower Building in Pham Hung Street, Tu Liem District, Hanoi under Leasing Contract No. 17/2009/HDTN/TCT-SD505 dated 30/08/2009 signed with Song Da Corporation. The total rent of VND10,327,500,000 is paid in a lump sum. The lease

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the financial statements)

term is up to June 2053.

### 14. Tangible fixed assets

	Machinery equipment	Motor vehicles	Office equipment	Total
<b>Cost</b>				
Opening balance	53,362,432,721	19,393,281,069	53,072,727	72,808,786,517
Restated	927,557,273	(927,557,273)	-	-
Newly-purchased	148,340,908	-	-	148,340,908
Sold, disposed	18,258,605,116	7,156,771,892	-	25,415,377,008
<b>Closing balance</b>	<b>36,179,725,786</b>	<b>11,308,951,904</b>	<b>53,072,727</b>	<b>47,541,750,417</b>
<b>Depreciation</b>				
Opening balance	43,093,787,241	19,393,281,069	53,072,727	62,540,141,037
Restated	44,021,344,514	18,465,723,796	-	62,487,068,310
Charge for the year	3,431,057,927	-	-	3,431,057,927
Sold, disposed	14,724,294,112	7,156,771,892	-	21,881,066,004
<b>Closing balance</b>	<b>32,728,108,329</b>	<b>11,308,951,904</b>	<b>53,072,727</b>	<b>44,090,132,960</b>
<b>Net book value</b>				
Opening balance	10,268,645,480	-	-	10,268,645,480
<b>Closing balance</b>	<b>3,451,617,457</b>	<b>-</b>	<b>-</b>	<b>3,451,617,457</b>

- No tangible fixed assets are mortgaged for loans as at 31/12/2020.
- Cost of tangible fixed assets fully depreciated but still in active use as at 31/12/2020 is VND35,915,034,964.

### 15. Short-term trade payables

	31/12/2020	01/01/2020
Ha Do 1 Joint Stock Company	5,224,121,661	11,169,010,083
Vo Nghe Mine Tunnel Development And Construction		
Trading JSC	9,510,028,502	-
Hai Dang Construction and Trading Co., Ltd	11,613,942,465	493,869,735
Bao Minh Electrical Construction Co., Ltd	8,239,024,254	-
SVS Road Contruction Co., Ltd	3,033,312,418	3,033,312,418
Others	29,976,539,444	27,638,116,261
<b>Total</b>	<b>67,596,968,744</b>	<b>42,334,308,497</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the financial statements)

### 16. Short-term advances from customers

	31/12/2020	01/01/2020
Vientiane Automation and Solution Engineering Co., Ltd	3,522,476,967	2,363,854,429
Bac Na Electricity Joint Stock Company	471,810,900	-
EHULA Joint Stock Company	63,852,864,489	110,200,787,429
Ani Power Joint Stock Company	20,000,000,000	-
Song Da Engineering and Construction JSC	266,079,211	-
Song Da 10.1 One Member Limited Company	-	10,000,000
<b>Total</b>	<b>88,113,231,567</b>	<b>112,574,641,858</b>

### 17. Taxes and amounts payable to State budget

	Opening balance		Amount to be paid	Actual amount paid	Closing balance	
	Receivable	Payable			Receivable	Payable
Value added tax	-	1,186,743,191	15,907,448,144	16,548,548,699	-	545,642,636
Corporate income tax	-	7,665,035,121	17,315,150,730	7,665,035,121	-	17,315,150,730
Personal income tax	-	59,803,793	985,681,791	979,201,995	-	66,283,589
Fees and charges	37,292	-	3,470,534	3,470,534	37,292	-
<b>Total</b>	<b>37,292</b>	<b>8,911,582,105</b>	<b>34,211,751,199</b>	<b>25,196,256,349</b>	<b>37,292</b>	<b>17,927,076,955</b>

The Company's tax returns are subject to inspection of tax authorities. The tax amounts presented in the financial statements may be changed under decision of tax authorities.

### 18. Payables to employees

	31/12/2020	01/01/2020
Payables to employees (*)	18,700,592,888	22,141,736,109
<b>Total</b>	<b>18,700,592,888</b>	<b>22,141,736,109</b>

(\*) Of which, the reserve salary fund at the rate of 17% of 2020 is VND11,643,867,302.

### 19. Short-term accrued expenses

	31/12/2020	01/01/2020
Accrued loan interest, entrusted contribution interest	363,037,593	33,545,104
Materials, construction expenses without financial invoices	12,610,876,408	7,164,429,393
<b>Total</b>	<b>12,973,914,001</b>	<b>7,197,974,497</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the financial statements)

### 20. Other payables

	31/12/2020	01/01/2020
Trade union fees	382,733,237	484,042,095
Profit, dividends payable	60,361,500	51,760,000
Other payables	89,729,462,039	34,572,932,213
- Received investment trust	87,400,000,000	31,564,000,000
- Trade union membership fees	431,756,431	359,536,234
- PIT of employees working in Laos	985,570,770	985,570,770
- Personal loan interest payable	1,271,646	640,433,040
- Others	910,863,192	1,023,392,169
<b>Total</b>	<b>90,172,556,776</b>	<b>35,108,734,308</b>

### 21. Short-term loans and finance lease liabilities

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Short-term loans	73,923,214,298	240,820,890,224	294,995,504,716	19,748,599,806
- BIDV - Gia Lai Branch	29,323,214,298	156,338,890,224	169,120,504,716	16,541,599,806
- Borrowings from employees	44,600,000,000	84,482,000,000	125,875,000,000	3,207,000,000
Current portion of long-term loans	-	-	-	-
<b>Total</b>	<b>73,923,214,298</b>	<b>240,820,890,224</b>	<b>294,995,504,716</b>	<b>19,748,599,806</b>

### 22. Owners' equity

#### a. Statement of changes in owners' equity

	Share capital	Share premium	Development investment fund	Undistributed profit
As at 01/01/2019	100,000,000,000	63,003,467,265	171,296,352,066	66,396,902,068
Increase in the year	-	-	50,228,547,353	51,810,242,243
Decrease in the year	-	-	-	55,228,547,353
<b>As at 31/12/2019</b>	<b>100,000,000,000</b>	<b>63,003,467,265</b>	<b>221,524,899,419</b>	<b>62,978,596,958</b>
As at 01/01/2020	100,000,000,000	63,003,467,265	221,524,899,419	62,978,596,958
Increase in the year	-	-	44,692,739,449	68,702,322,898
Decrease in the year	-	-	-	49,692,739,449
<b>As at 31/12/2020</b>	<b>100,000,000,000</b>	<b>63,003,467,265</b>	<b>266,217,638,868</b>	<b>81,988,180,407</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the financial statements)

### b. Shares

	31/12/2020	01/01/2020
	Shares	Shares
Shares authorized to be issued	10,000,000	10,000,000
Numbers of shares sold to the public	10,000,000	10,000,000
- Common shares	10,000,000	10,000,000
- Preferred shares	-	-
Outstanding shares	10,000,000	10,000,000
- Common shares	10,000,000	10,000,000
- Preferred shares	-	-
Share face value: VND10,000 each		

### c. Undistributed profit

	Year 2020	Year 2019
Profit brought forward	62,978,596,958	66,396,902,068
Profit after tax - current year	68,702,322,898	51,810,242,243
Distribution of profit	49,692,739,449	55,228,547,353
- Distribution of prior-year profit (*)	49,692,739,449	55,228,547,353
+ Development investment fund	44,692,739,449	50,228,547,353
+ Dividends	5,000,000,000	5,000,000,000
- Temporary distribution of current year profit	-	-
<b>Undistributed profit after tax</b>	<b>81,988,180,407</b>	<b>62,978,596,958</b>

(\*) The 2019 profit after tax is distributed in accordance with the Resolution of General Meeting of Shareholders No. 100/NQ-S55-DH20 dated 26/03/2020.

### d. Dividends

The 2019 Annual General Meeting of Shareholders dated 26/03/2020 approved the plan for paying the 2019 dividends in cash at the rate of 5% of the new charter capital (equivalent to VND5,000,000,000). These cash dividends were paid to shareholders in 2020 by the Company.

### 23. Revenue from sales and service provision

	Year 2020	Year 2019
Revenue from construction	658,711,319,085	502,719,733,885
Other revenue	26,967,272,109	12,078,956,318
<b>Total</b>	<b>685,678,591,194</b>	<b>514,798,690,203</b>

### 24. Revenue deductions

	Year 2020	Year 2019
Sales rebates	2,948,046,248	1,816,777,619
<b>Total</b>	<b>2,948,046,248</b>	<b>1,816,777,619</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the financial statements)

### 25. Cost of goods sold

	Year 2020	Year 2019
Cost of construction	568,186,353,648	456,701,195,490
Other cost of goods sold	26,558,095,848	10,665,497,423
<b>Total</b>	<b><u>594,744,449,496</u></b>	<b><u>467,366,692,913</u></b>

### 26. Financial income

	Year 2020	Year 2019
Interest income	9,651,005,999	6,858,502,124
Dividends, profit received	1,251,352,000	25,762,523,200
Realized foreign exchange gain	354,641	6,130,021
<b>Total</b>	<b><u>10,902,712,640</u></b>	<b><u>32,627,155,345</u></b>

### 27. Financial expenses

	Year 2020	Year 2019
Interest expenses	8,300,777,910	4,973,303,747
Foreign exchange loss	26,790,130	-
Appropriation/(Reversal) of provision for diminution in value trading securities and impairment of investment	58,889,600	(18,816,000)
<b>Total</b>	<b><u>8,386,457,640</u></b>	<b><u>4,954,487,747</u></b>

### 28. Administrative expenses

	Year 2020	Year 2019
Material and tool expenses	216,506,607	460,837,716
Staff costs	5,108,323,807	5,437,635,583
Outsourced services	1,374,517,269	1,636,988,936
Other expenses	1,295,126,194	3,052,440,505
Appropriation/(Reversal) of provision for doubtful debts	1,547,747,797	3,828,763,714
<b>Total</b>	<b><u>9,542,221,674</u></b>	<b><u>14,416,666,454</u></b>

### 29. Other income

	Year 2020	Year 2019
Proceeds from sales, disposal of fixed assets	3,935,943,542	568,084,162
Receipt of fines on employees, material compensation	38,861,650	38,860,133
Receipt of insurance compensation	617,999,842	482,064,467
Other income	522,424,041	52,705,514
<b>Total</b>	<b><u>5,115,229,075</u></b>	<b><u>1,141,714,276</u></b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the financial statements)

### 30. Other expenses

	Year 2020	Year 2019
Fines, penalties and arrears	470,534	132,456,206
Other expenses	57,413,689	391,378,340
<b>Total</b>	<b>57,884,223</b>	<b>523,834,546</b>

### 31. Current corporate income tax expense

	Year 2020	Year 2019
Accounting profit before tax	86,017,473,628	59,489,100,545
Adjustments to arrive to taxable income	558,280,020	(21,163,924,940)
- Increasing	1,809,632,020	4,598,598,260
+ Tax penalties, tax arrears	470,534	132,456,206
+ Compensation for non-executive directors	204,000,000	246,000,000
+ Other unqualified expenses	1,605,161,486	4,220,142,054
- Decreasing	1,251,352,000	25,762,523,200
+ Received dividends, profit	1,251,352,000	25,762,523,200
Total taxable income	86,575,753,648	38,325,175,605
<b>Current corporate income tax expense</b>	<b>17,315,150,730</b>	<b>7,678,858,302</b>
<i>Of which:</i>		
- Current-year income tax expense	17,315,150,730	7,665,035,121
- Adjustment to current CIT expense of prior year to current CIT expense of current year	-	13,823,181

### 32. Operating expenses by element

	Year 2020	Year 2019
Materials expenses	278,274,461,600	150,308,340,327
Labor costs	72,001,148,312	79,773,800,530
Depreciation and amortisation	3,431,057,927	5,333,840,821
Outsourced services	275,525,664,433	200,721,971,573
Other cash expenses	1,295,126,194	4,105,721,493
<b>Total</b>	<b>630,527,458,466</b>	<b>440,243,674,744</b>

### 33. Risk management

#### a. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

#### b. Financial risk management

Financial risks include market risk (including interest rate risk, exchange rate risk and material price risk), credit risk and liquidity risk.

**Market risk management:** The Company's activities expose it primarily to the financial risks of changes in interest rates and material prices.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the financial statements)

### Interest rate risk management

The Company's interest rate risks mainly derive from interest bearing loans which are arranged. To minimize these risks, the Company has estimated the impact of interest expenses to its periodic business results as well as making analysis and projection to select appropriate time to repay the loans. The Management acknowledges that uncontrollable risks arising from fluctuations of interest rates are at a low level.

### Material price risk management

The Company is engaged in capital construction activities, thus has exposure to risks of changes in construction material prices. The Company manages these risks through searching suppliers offering the lowest possible prices, placing large order to obtain price incentives from the suppliers and projecting market changes to ensure sufficient materials resources at most reasonable prices.

### Credit risk management

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to the credit risks from some receivables. The Company's main clients are entities of large corporations and project management units. They are traditional customers with whom the Company has regular transactions and the Company also takes many measures to minimize credit risks through regularly monitoring and classifying aging accounts receivable, urging debt collection and making provisions for overdue debts.

### Liquidity risk management

To ensure the availability of funds to meet present and future financial obligations, the Company manages liquidity risk by regularly monitoring and maintaining sufficient cash reserve, optimizing cash flows, its payments and making use of credit from customers and counterparties, controlling maturing liabilities in relative to maturing assets and the amount of funds which can be generated within that period,...

The Company's aggregate financial liabilities are categorized in accordance with their maturity as follows:

31/12/2020	Within 1 year	Over 1 year	Total
Trade payables	67,596,968,744	-	67,596,968,744
Accrued expenses	12,973,914,001	-	12,973,914,001
Loans and finance lease liabilities	19,748,599,806	-	19,748,599,806
Other payables	89,358,067,108	-	89,358,067,108
<b>Total</b>	<b>189,677,549,659</b>	<b>-</b>	<b>189,677,549,659</b>
01/01/2020	Within 1 year	Over 1 year	Total
Trade payables	42,334,308,497	-	42,334,308,497
Accrued expenses	7,197,974,497	-	7,197,974,497
Loans and finance lease liabilities	73,923,214,298	-	73,923,214,298
Other payables	34,265,155,979	-	34,265,155,979
<b>Total</b>	<b>157,720,653,271</b>	<b>-</b>	<b>157,720,653,271</b>

The Management assessed the Company has almost no exposure to liquidity risks and believes that the Company is able to generate sufficient fund to meet financial obligations when they fall due.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the financial statements)

The Company's available financial assets are drawn up on a net assets basis as follows:

31/12/2020	Within 1 year	Over 1 year	Total
Cash and cash equivalents	5,763,116,650		5,763,116,650
Financial investments	117,554,566,400	20,388,160,000	137,942,726,400
Trade receivables	106,323,119,854	-	106,323,119,854
Loan receivables	4,316,000,000	-	4,316,000,000
Other receivables	4,524,535,212		4,524,535,212
<b>Total</b>	<b>238,481,338,116</b>	<b>20,388,160,000</b>	<b>258,869,498,116</b>
01/01/2020	Within 1 year	Over 1 year	Total
Cash and cash equivalents	22,598,434,135		22,598,434,135
Financial investments	110,077,616,000	20,424,000,000	130,501,616,000
Trade receivables	135,479,449,281	-	135,479,449,281
Loan receivables	-	-	-
Other receivables	2,445,868,136		2,445,868,136
<b>Total</b>	<b>270,601,367,552</b>	<b>20,424,000,000</b>	<b>291,025,367,552</b>

### 34. Related party information

#### a. Related parties

	Relationship
Bac Na Power Joint Stock Company	Subsidiary
Ehula Joint Stock Company	Subsidiary
Song Ong Hydropower Joint Stock Company	Associate
Anzen Investment Joint Stock Company	Related party of the Director
Mr. Dang Quang Dat	Director
Mr. Vu Son Thuy	Member of the BOD and Chief
Mr. Nguyen Dinh Phuong	Member of the BOD and Vice Director
Mr. Tran Thai Binh	Vice Director

#### b. Significant related party transactions during the year

	Transactions	Year 2020	Year 2019
Bac Na Power Joint Stock Company	Revenue from construction	8,365,177,068	62,451,368,528
	Revenue from sale of assets	99,579,000	-
	Giving loans	2,600,000,000	-
	Collecting loans	2,600,000,000	
	Receiving dividends	-	9,519,523,200
Ehula Joint Stock Company	Contributing capital	88,200,000,000	171,500,000,000

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the financial statements)

	Transactions	Year 2020	Year 2019
	Revenue from construction	322,937,855,538	103,174,078,844
	Revenue from sale of assets	198,500,000	-
	Revenue from lease of assets	53,137,830	-
	Giving loans	16,000,000,000	-
	Collecting loans	16,000,000,000	-
	Collecting loan interest	35,112,329	-
Song Ong Hydropower JSC	Received dividends	1,249,000,000	8,743,000,000
Anzen Investment Joint Stock Company	Giving loans	4,316,000,000	-
Mr. Dang Quang Dat	Receiving investment trust	37,750,000,000	16,100,000,000
	Receiving loans	65,762,000,000	65,916,900,000
	Repaying loans	107,212,000,000	25,666,900,000
Mr. Vu Son Thuy	Receiving investment trust	8,300,000,000	4,000,000,000
Mr. Nguyen Dinh Phuong	Receiving investment trust	1,070,000,000	-
Mr. Tran Thai Binh	Receiving investment trust	4,050,000,000	450,000,000

### c. Year-end balances with related parties

	Items	31/12/2020	01/01/2020
Bac Na Power Joint Stock Company	Advances from customers	471,810,900	-
	Trade receivables	-	2,485,404,177
Ehula Joint Stock Company	Advances from customers	63,852,864,489	110,200,787,429
Anzen Investment Joint Stock Company	Loan receivables	4,316,000,000	-
Mr. Dang Quang Dat	Other payables	57,500,000,000	21,750,000,000
Mr. Vu Son Thuy	Other payables	12,300,000,000	4,000,000,000
Mr. Nguyen Dinh Phuong	Other payables	2,000,000,000	930,000,000
Mr. Tran Thai Binh	Other payables	4,500,000,000	450,000,000

### d. Income of key management members

Related parties	Particulars	Year 2020	Year 2019
Board of Directors	Remuneration	522,000,000	504,000,000
Management	Income	1,316,585,018	2,556,175,200

### 35. Significant events after balance sheet date

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the interim financial statements.

### 36. Corresponding figures

Corresponding figures were taken from the financial statements for the year ended 31/12/2019 which had been audited by AAC.



**Dang Quang Dat**  
Director

Gia Lai Province, 5 March 2021

**Vu Son Thuy**  
Chief Accountant

**Tong Thi Thu Hien**  
Preparer