

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

CORPORATE INFORMATION

Enterprise registration certificate joint stock company	No. 0301825452 was initially issued by the Department of Planning and Investment of Ho Chi Minh City on 18 September 1999 and the latest 18th amendment dated 15 May 2019.	
Board of Directors	Mr. Le Tan Phuoc Mr. Nguyen Huu Thinh Mr. Ryota Fukuda Mr. Koji Sakate Mr. Nishi Masayuki Mr. Lee Men Leng Mr. Le Quang Phuc	Chairman Member Member Member (from 25 April 2019 to 8 January 2020) Member Member Member (from 19 June 2020)
Board of Supervision	Mr. Nguyen Chau Tran Ms. Duong Thi Kim Hoa Mr. Bui Van Quyet	Chief Supervisor Member Member
Board of Management	Ms. Nguyen Thi Thanh Huong Mr. Nguyen Quoc Cuong	Chief Executive Officer Director of Searee Branch
Legal representative	Ms. Nguyen Thi Thanh Huong	Chief Executive Officer
Registered office	14th Floor, Centec Tower, 72-74 Nguyen Thi Minh Khai Street, Ward 6, District 3, Ho Chi Minh City, Vietnam	
Auditor	PwC (Vietnam) Limited	

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

STATEMENT OF RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF THE COMPANY IN RESPECT OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management of Seaprodex Refrigeration Industry Corporation ("the Company") is responsible for preparing the consolidated financial statements of the Company and its subsidiaries (together, "the Group") which give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of the consolidated results of its operations and its consolidated cash flows for the year then ended. In preparing these consolidated financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and which enable the consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated financial statements. The Board of Management is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements as set out on pages 5 to 46 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.

On behalf of the Board of Management



Nguyen Thi Thanh Huong
Chief Executive Officer

Ho Chi Minh City, SR Vietnam
26 March 2021



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

We have audited the accompanying consolidated financial statements of Seaprodex Refrigeration Industry Corporation ("the Company") and its subsidiaries (together, "the Group") which were prepared on 31 December 2020 and approved by the Board of Management on 26 March 2021. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement and the consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 5 to 46.

The Board of Management's Responsibility

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements and for such internal control which the Board of Management determines as necessary to enable the preparation and fair presentation 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 the 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 standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and true and fair presentation of the consolidated 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the consolidated financial statements.

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



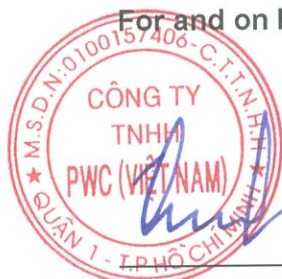
Auditor's Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, its consolidated financial performance and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.

Other Matters

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Quach Thanh Chau
Audit Practising Licence No:
0875-2018-006-1
Authorised signatory

Report reference number: HCM10499
Ho Chi Minh City, 26 March 2021

Tran Thi Cam Tu
Audit Practising Licence No:
2713-2018-006-1

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2020 VND	2019 VND
100	CURRENT ASSETS		1,442,693,668,585	1,490,020,034,672
110	Cash and cash equivalents	3	63,100,216,101	51,399,276,846
111	Cash		48,600,216,101	51,399,276,846
112	Cash equivalents		14,500,000,000	-
120	Short-term investment		178,250,000,000	151,703,107,647
123	Investment held-to-maturity	4(a)	178,250,000,000	151,703,107,647
130	Short-term receivables		881,517,658,909	954,831,832,420
131	Short-term trade accounts receivable	5	868,149,262,839	886,809,557,243
132	Short-term prepayments to suppliers	6	31,438,431,267	81,412,591,338
136	Other short-term receivables	7(a)	37,948,303,119	30,800,914,997
137	Provision for doubtful debts – short term	8	(56,018,338,316)	(44,191,231,158)
140	Inventories	9	282,877,169,953	316,932,706,468
141	Inventories		283,880,853,961	321,930,811,344
149	Provision for decline in value of inventories		(1,003,684,008)	(4,998,104,876)
150	Other current assets		36,948,623,622	15,153,111,291
151	Short-term prepaid expenses	10(a)	2,253,591,300	1,732,745,378
152	Value added tax ("VAT") to be reclaimed	15(a)	34,695,032,322	13,420,365,913
200	LONG-TERM ASSETS		513,662,283,969	419,692,116,091
210	Long-term receivable		1,720,901,840	1,775,901,840
216	Other long-term receivables	7(b)	1,720,901,840	1,775,901,840
220	Fixed assets		270,436,976,642	96,602,131,290
221	Tangible fixed assets	11(a)	268,712,710,154	96,240,709,360
222	Historical cost		372,541,060,227	191,504,152,884
223	Accumulated depreciation		(103,828,350,073)	(95,263,443,524)
227	Intangible fixed assets	11(b)	1,724,266,488	361,421,930
228	Historical cost		4,082,980,563	2,535,276,660
229	Accumulated amortisation		(2,358,714,075)	(2,173,854,730)
240	Long-term asset in progress		35,697,071,058	131,997,849,896
242	Construction in progress	12	35,697,071,058	131,997,849,896
250	Long-term investments		158,888,384,841	148,605,394,114
252	Investments in associates	4(b)	152,331,667,479	140,509,394,114
253	Investments in other entities	4(c)	6,556,717,362	8,096,000,000
260	Other long-term assets		46,918,949,588	40,710,838,951
261	Long-term prepaid expenses	10(b)	34,316,048,081	34,931,636,875
262	Deferred income tax assets	21	12,602,901,507	5,779,202,076
270	TOTAL ASSETS		1,956,355,952,554	1,909,712,150,763

The notes on pages 9 to 46 are an integral part of these consolidated financial statements.

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2020 VND	2019 VND
300	LIABILITIES		1,419,608,518,042	1,404,714,495,361
310	Short-term liabilities		1,332,354,037,038	1,309,076,194,822
311	Short-term trade accounts payable	13	276,790,632,369	319,054,831,374
312	Short-term advances from customers	14	51,661,736,949	111,830,494,979
313	Tax and other payables to the State	15(b)	16,764,953,557	21,931,424,989
314	Payables to employees		12,276,594,991	25,528,408,690
315	Short-term accrued expenses	16	229,497,091,326	141,789,497,859
319	Other short-term payables	17	16,645,015,341	40,786,059,960
320	Short-term borrowings	18(a)	710,891,757,538	632,323,530,020
321	Provision for short-term liabilities	19(a)	2,011,567,497	3,021,765,657
322	Bonus and welfare funds	20	15,814,687,470	12,810,181,294
330	Long-term liability		87,254,481,004	95,638,300,539
337	Other long-term payables		-	1,150,000,000
338	Long-term borrowings	18(b)	80,682,148,002	86,990,890,453
342	Provision for long-term liabilities	19(b)	6,572,333,002	7,497,410,086
400	OWNERS' EQUITY		536,747,434,512	504,997,655,402
410	Capital and reserves		536,747,434,512	504,997,655,402
411	Owners' capital	22, 23	324,953,970,000	324,953,970,000
411a	- Ordinary shares with voting rights		324,953,970,000	324,953,970,000
412	Share premium	23	284,019,059	284,019,059
414	Owners' other capital	23	4,415,811,246	4,415,811,246
415	Treasury shares	23	(29,238,407,099)	(29,238,407,099)
418	Investment and development funds	23	8,308,963,938	5,427,578,589
421	Undistributed earnings	23	151,993,358,462	153,721,140,856
421a	- Undistributed post-tax profits of previous years		112,114,243,417	109,465,409,756
421b	- Post-tax profits of current year		39,879,115,045	44,255,731,100
429	Non-controlling interests	24	76,029,718,906	45,433,542,751
440	TOTAL RESOURCES		1,956,355,952,554	1,909,712,150,763

Nguyen Thi
Preparer

Vuong Tran Quoc Thanh
Chief Accountant



Nguyen Thi Thanh Huong
Chief Executive Officer
26 March 2021

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 02 – DN/HN

CONSOLIDATED INCOME STATEMENT

Code		Note	Year ended 31 December	
			2020 VND	2019 VND
01	Revenue from sales of goods and rendering of services		1,486,296,551,053	1,706,087,144,816
02	Less deductions		-	(84,286,380)
10	Net revenue from sales of goods and rendering of services	28	1,486,296,551,053	1,706,002,858,436
11	Cost of goods sold and services rendered	29	(1,364,223,503,248)	(1,538,576,238,387)
20	Gross profit from sales of goods and rendering of services		122,073,047,805	167,426,620,049
21	Financial income	30	13,776,557,999	13,421,068,307
22	Financial expenses	31	(49,422,761,071)	(37,905,690,513)
23	- Including: Interest expenses	31	(44,762,801,785)	(37,590,046,025)
24	Profit sharing from associates		22,305,113,365	22,262,823,009
25	Selling expenses		(1,703,306,932)	(740,663,081)
26	General and administration expenses	32	(61,546,759,674)	(85,204,268,780)
30	Net operating profit		45,481,891,492	79,259,888,991
31	Other income	33	2,102,893,807	2,927,400,057
32	Other expenses		(607,709,922)	(597,383,493)
40	Net other income		1,495,183,885	2,330,016,564
50	Net accounting profit before tax		46,977,075,377	81,589,905,555
51	Business income tax ("BIT") - current	34	(10,877,135,022)	(8,542,214,353)
52	BIT - deferred	34	6,823,699,431	(582,099,372)
60	Net profit after tax		42,923,639,786	72,465,591,830
	Attributable to:			
61	Owners of the Company		39,879,115,045	65,756,509,000
62	Non-controlling interests		3,044,524,741	6,709,082,830
70	Basic earnings per share	26(a)	1,298	1,675
71	Diluted earnings per share	26(b)	1,298	1,675

Nguyen Thi
Preparer

Vuong Tran Quoc Thanh
Chief Accountant



Nguyen Thi Thanh Huong
Chief Executive Officer
26 March 2021

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 03 – DN/HN

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

		Year ended 31 December	
Code	Note	2020 VND	2019 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net accounting profit before tax	46,977,075,377	81,589,905,555
	Adjustments for:		
02	Depreciation and amortisation	12,448,511,269	9,577,541,677
03	Provisions	6,822,488,130	15,540,564,548
04	Unrealised foreign exchange losses	1,337,094,999	55,410,088
05	Profits from investing activities	(32,779,435,170)	(35,417,956,571)
06	Interest expense	44,762,801,785	37,590,046,025
08	Operating profit before changes in working capital	79,568,536,390	108,935,511,322
09	Decrease/(increase) in receivables	45,155,580,757	(143,358,378,651)
10	Decrease/(increase) in inventories	27,218,068,704	(38,605,275,399)
11	(Decrease)/increase in payables	(81,713,325,070)	123,223,325,663
12	Decrease in prepaid expenses	94,742,872	668,909,602
14	Interest paid	(45,224,001,647)	(37,358,975,819)
15	BIT paid	(5,679,817,145)	(16,443,034,879)
17	Other payments on operating activities	(13,039,404,985)	(17,886,913,712)
20	Net cash inflows/(outflows) from operating activities	6,380,379,876	(20,824,831,873)
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets	(42,542,573,038)	(136,991,266,806)
22	Proceeds from disposals of fixed assets	863,636,364	-
23	Term deposits at banks	(58,476,160,000)	(90,965,000,000)
24	Collection of term deposits at banks	31,929,267,647	102,965,000,000
25	Investments in other entities	(2,100,000,000)	(4,150,000,000)
26	Proceeds from divestment in other entities	3,639,282,638	11,800,000,000
27	Dividends and interest received	20,814,654,311	21,399,066,548
30	Net cash outflows from investing activities	(45,871,892,078)	(95,942,200,258)
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issue of shares	30,788,260,000	15,757,100,000
32	Payments for share repurchases	(377,300,000)	(450,400,000)
33	Proceeds from borrowings	1,693,162,597,310	1,678,674,225,611
34	Repayments of borrowings	(1,620,903,112,243)	(1,533,702,652,087)
36	Dividends paid	(51,506,656,250)	(47,053,196,500)
40	Net cash inflows from financing activities	51,163,788,817	113,225,077,024
50	Net decrease in cash and cash equivalents	11,672,276,615	(3,541,955,107)
60	Cash and cash equivalents at beginning of year	51,399,276,846	54,943,544,508
61	Effect of foreign exchange differences	28,662,640	(2,312,555)
70	Cash and cash equivalents at end of year	63,100,216,101	51,399,276,846



Nguyen Thi
Preparer



Vuong Tran Quoc Thanh
Chief Accountant



Nguyen Thi Thanh Huong
Chief Executive Officer
26 March 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 GENERAL INFORMATION

Seaprodex Refrigeration Industry Corporation (“the Company”) is a joint stock company established in SR Vietnam pursuant to enterprise registration certificate joint stock company (“ERCJSC”) No. 0301825452 initially issued by the Department of Planning and Investment (“DPI”) of Ho Chi Minh City on 18 September 1999, as amended.

The Company’s shares were listed on the Ho Chi Minh City Stock Exchange (“HOSE”) with the symbol “SRF” in accordance with License No. 117/QĐ-SGDHCM dated 29 September 2009, and the first trading date of the Company’s shares was on 21 October 2009.

The Company’s principal activities are to consult, survey, design, supply materials and equipment and provide installation services in relation to industrial refrigeration projects, air conditioning system, electricity system, fire prevention and fighting system, lift, water supply and drainage system, mechanics for industrial and household projects; produce and process, fabricate refrigeration machinery, equipment and materials; execute construction and interior, exterior decoration projects for civil works and industrial projects; provide maintenance and repair services of refrigeration equipment and transportation vehicles; trade materials and goods, machinery and equipment; execute construction of road and rail transportation infrastructures, public projects and houses.

The normal business cycle of the Company and its subsidiaries (together, “the Group”) is 12 months.

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN/HN

1 GENERAL INFORMATION (continued)

As at 31 December 2020, the Company had subsidiaries and associates as follows:

	Principal activities	Place of incorporation and operation	31.12.2020		31.12.2019	
			Ownership (%)	Voting rights (%)	Ownership (%)	Voting rights (%)
Direct subsidiaries						
Searefeco Engineering and Construction Joint Stock Company ("Searefeco E&C")	Installation of industrial refrigeration projects, air conditioning systems	District 3, Ho Chi Minh City, Vietnam	99.0	99.0	99.0	99.0
Seareal Real Estate Joint Stock Company ("Seareal")	Trading real estate	District 3, Ho Chi Minh City, Vietnam	98.4	98.4	98.4	98.4
Asia Refrigeration Industry Joint Stock Company ("Arico")	Execution of refrigeration electrical mechanical systems; producing insulated materials	Binh Tan District, Ho Chi Minh City, Vietnam	84.0	84.0	84.0	84.0
Searee Refrigeration Electrical Engineering Corporation ("Searee")	Execution of refrigeration electrical mechanical systems	Lien Chieu District, Da Nang City, Vietnam	73.3	73.3	73.3	73.3
Indirect subsidiaries						
Greenpan Joint Stock Company ("Greenpan")	Producing unburnt light materials, PIR fireproof panels (polyisocyanurate)	Binh Tan District, Ho Chi Minh City, Vietnam	48.6	52.5	72.8	81.0
Phoenix Energy & Automation Joint Stock Company ("Phoenix")	Producing, transmitting and distributing electricity; installation of electrical systems	Binh Tan District, Ho Chi Minh City, Vietnam	37.8	45.0	45.0	45.0
Associate						
Thua Thien Hue Construction Joint Stock Corporation ("HCC")	Construction of civil and industrial projects	Hue City, Thua Thien – Hue Province, Vietnam	36.0	36.0	36.0	36.0

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation of consolidated financial statements**

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. The consolidated financial statements have been prepared under the historical cost convention.

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

The consolidated financial statements in Vietnamese language are the official statutory consolidated financial statements of the Company. The consolidated financial statements in English language have been translated from the Vietnamese language version.

2.2 Fiscal year

The Group's fiscal year is from 1 January to 31 December.

2.3 Currency

The consolidated financial statements are measured and presented in the Vietnamese Dong ("VND"). The Group determines its accounting currencies based on the currencies which are mainly used in sales of goods and rendering of services, which have a significant impact on selling prices of goods and services, which are normally used to list selling prices and receive payments; which are mainly used in purchases of goods or services, which have a significant impact on costs of labor, materials and other production or operating costs and normally used as payments for those costs.

In addition, the Company and its subsidiaries also use these currencies to raise financial resources (such as via issuance of shares or bonds) and/or regularly collect these currencies from business operations and savings.

2.4 Exchange rates

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the consolidated income statement.

Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are respectively translated at the buying and selling exchange rates at the consolidated balance sheet date of the commercial bank where the Group regularly trades. Foreign currencies deposited in banks at the consolidated balance sheet date are translated at the buying exchange rate of the commercial bank where the Group opens its foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 Basis of consolidation****(a) Subsidiaries**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies in order to gain future benefits from their activities generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

In a multi-phase acquisition, when determining goodwill or bargain purchase, the consideration is the sum of the total consideration on the date of acquiring control and previous considerations remeasured to fair value on the date of control acquisition.

Inter-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The financial statements of the Group's subsidiaries are prepared for the same accounting period. If there are differences in end dates, the gap must not exceed 3 months. Adjustments are made to reflect impacts of significant transactions and events occurring between the end dates of the subsidiaries' accounting period and that of the Group's. The length of the reporting period and differences in reporting date must be consistent between years.

Non-controlling transactions and interests

The Group applies a policy for transactions with non-controlling interests as transactions with external parties to the Group.

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

The divestment of the Group's interest in a subsidiary that does not result in a loss of control is accounted for as a transaction with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received from divestment of Group's interest in the subsidiary is recorded directly in the undistributed earnings under equity.

In a divestment of the Group's interest in a subsidiary that results in a loss of control, the difference between the Group's share in the net assets of the subsidiary and the net proceeds from divestment is recognised in the consolidated income statement. The retained interest in the entity will be accounted for as either an investment in an other entity or investment to be equity accounted for since the divestment date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 Basis of consolidation (continued)****(b) Associates**

Joint ventures are contractual arrangements whereby two or more parties undertake an economic activity which is subject to joint control. Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in joint ventures and associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in joint ventures and associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its joint ventures' and associates' post-acquisition profits or losses is recognised in the consolidated income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture or associate equals or exceeds its interest in the joint venture or associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture or associate.

Accounting policies of joint ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Unrealised gains and losses on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the joint ventures and associates.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

2.7 Receivables

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payment commitment (exclusive of the payment rescheduling between parties), or based on the estimated loss that may arise. Bad debts are written off after 100% provisioning and approval by the Board of Directors.

Receivables are classified into short-term and long-term receivables on the consolidated balance sheet based on the remaining period from the consolidated balance sheet date to the maturity date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Inventories**

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

Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost for each type of inventories is determined as follows:

Raw materials, tools and supplies	- Cost of purchase on a weighted average basis.
Finished goods and work in progress	- Cost of direct materials and labour plus manufacturing overheads directly attributable to specific projects.

Net realisable value represents the estimated selling price of the materials and constructions in the normal course of business less the estimated costs of completion and costs necessary to make the sale.

The Group applies the perpetual system for inventories.

An inventory provision is created for the estimated loss arising due to the impairment (through diminution, damage, obsolescence, etc.) of inventories owned by the Group, based on appropriate evidence of impairment available at the consolidated balance sheet date. The difference between the provision of this year and the provision of the previous year are recognised as an increase or decrease of cost of goods sold and services rendered in the year.

2.8 Investments**(a) Investments held-to-maturity**

Investments held-to-maturity are investments which the Group has positive intention and ability to hold until maturity.

Investments held-to-maturity include bank term deposits. Those investments are initially accounted for at cost less provision. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that the investments are uncollectible in whole or in part. Changes in the provision balance during the fiscal year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

Investments held to maturity are classified into short-term and long-term investments held to maturity on the consolidated balance sheet based on remaining period from the consolidated balance sheet date to the maturity date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(b) Investments in associates**

Investments in associates are accounted using the equity method when preparing the consolidated financial statements (Note 2.5).

(c) Investments in other entities

Investments in other entities are investments in equity instruments of other entity without controlling rights or co-controlling rights, or without significant influence over the investee. These investments are accounted for initially at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end.

Provision for investments in other entities is made when there is a diminution in value of the investments at the year end. Regarding investments in listed shares or the investments whose fair value can be determined reliably, the provision for diminution in value is made when the cost is higher than the market value. For other investments, provision for diminution in value is made when the entities make losses, except when the loss was anticipated by the Board of Management before date of investment. Changes in the provision balance during the accounting period year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

2.10 Fixed assets*Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets bringing them to suitable conditions for their intended use. Expenditure incurred subsequently which has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, such expenditure is charged to the consolidated income statement when incurred.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line method so as to write off the historical cost of the fixed assets over their estimated useful lives. The estimated useful lives of each asset class are as follows:

Plants and buildings	5 - 35 years
Machinery and equipment	5 - 20 years
Motor vehicles	6 - 10 years
Office equipment	3 - 8 years
Computer software	3 - 10 years
Others	2 - 20 years

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the consolidated income statement.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.10 Fixed assets (continued)***Construction in progress*

Construction in progress represents the cost of assets in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, which are recorded at cost and comprise of such necessary costs to newly construct, to repair and maintain, to upgrade, to renew or equip the projects with technologies as all necessary costs for new construction or repair, renovation, expansion or re-engineering of construction techniques such as construction costs; costs of tools and equipments; project management expenditures; and capitalised borrowing costs for qualifying assets in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

2.11 Operating leases

Leases where 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 separate income statement on a straight-line basis over the term of the lease.

2.12 Prepaid expenses

Prepaid expenses include short-term or long-term prepayments on the consolidated balance sheet. Prepaid expenses are recorded at historical cost and allocated using the straight-line method over estimated useful lives or the period which economic benefits are generated in relation to these expenses.

Additionally, prepayments for land rental contracts, which became effective after 2003, are also recorded as prepaid expenses in accordance with the guidance of Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance and, allocated using the straight-line method over the term in the land use rights certificate, which is from 2 January 2008 to 16 August 2050.

2.13 Payables

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchases of goods and services; and
- Other payables are non-trade payables and payables not relating to purchases of goods and services.

Payables are classified into short-term and long-term payables on the consolidated balance sheet based on remaining period from the consolidated balance sheet date to the maturity date.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Borrowings

Borrowings include borrowings from banks.

Borrowings are classified into short-term and long-term borrowings on the consolidated balance sheet based on the remaining period from the consolidated balance sheet date to the maturity date.

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period that is required to complete and prepare the asset for its intended use. In respect of general-purpose borrowings, a portion of which used for the purpose of construction or production of any qualifying assets, the Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on the assets. The capitalisation rate is the weighted average of the interest rates applicable to the Group's borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised in the consolidated income statement when incurred.

2.15 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoice or insufficient records and documents; other payables to employees; accrued interest expenses and project costs in the reporting period. Accrued expenses are recorded as expenses in the reporting period.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligations. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a financial expense. Changes in the provision balance during the fiscal year are recorded as an increase or decrease in operating expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.17 Provision for severance allowances**

In accordance with Vietnamese labour laws, employees of the Group who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Group less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Group.

The severance allowance is accrued at the end of the reporting period on the basis that each employee is entitled half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee's contract average salary for the year prior to the consolidated balance sheet date.

This allowance will be paid as a lump sum when the employees terminate their labour contracts in according with current regulations.

2.18 Owners' capital

Owners' capital is recorded according to the actual amounts contributed and is recorded according to par value of the shares.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Treasury shares are shares issued by the Company and bought-back by itself, but these are not cancelled and may be re-issued subsequently in accordance with the Law on securities.

Undistributed earnings/(Accumulated losses) record the Group's results (profit or loss) after BIT and appropriation of profit at the reporting date.

2.19 Appropriation of profit

The Group's dividends are recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders at the General Meeting.

Profit after BIT could be distributed to shareholders after approval of the Company's shareholders at the General Meeting, and after appropriation to funds in accordance with the Company's charter and Vietnamese regulations.

The Group maintains the following reserves which are appropriated from the Company's profit after BIT as proposed by the Board of Directors and subject to approval by the Company's shareholders at the General Meeting:

(a) Investment and development fund

Investment and development fund is appropriated for use in the Group's expansion or upgrading of its operation or in-depth investments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 Appropriation of profit (continued)****(b) Bonus and welfare fund**

Bonus and welfare fund is presented as a liability on the consolidated balance sheet. This fund is appropriated for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of the employees' benefits.

2.20 Revenue recognition**(a) Revenue from sales of goods**

Revenue from sales of goods is recognised in the consolidated income statement when all five (5) following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised in accordance with the "substance over form" principle and allocated to each sales obligation. If/In cases where the Group gives promotional goods to customers associated with their purchases, the Group allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of goods sold in the consolidated income statement.

(b) Revenue from construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose of use.

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the amount of work completed and certified by customers. Claimable receivable and other receivable are included in revenue to the extent that they have been agreed with customers, verified by the customers.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that it is probable that contract costs incurred will be recoverable. Contract costs are only recognised when incurred during the year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.20 Revenue recognition (continued)****(c) Interest income**

Interest income is recognised on an earned basis.

(d) Dividend income

Income from dividends is recognised when the Group has established the receiving right from investees.

2.21 Sales deductions

Sales deductions include trade discounts and allowances. Sales deductions incurred in the same period of the related sales of products, goods and services are recorded as deduction of revenue of that period.

Sales deduction for products, goods or services which are sold in the year but are incurred after the consolidated balance sheet date but before the issuance of the consolidated financial statements are recorded as deduction from revenue of the period.

2.22 Cost of goods sold and services rendered

Cost of goods sold and services rendered are cost of finished goods, merchandises, materials sold and services provided during the year, and recorded on the basis of matching with revenue and on prudent basis.

2.23 Cost of construction contracts

Cost of construction contracts is recognised based on amount of work completed of construction projects and the estimated gross profit of the projects, and recorded on the basis of matching with revenue and on prudent concept. The Board of Management and Division Management have the responsibility to follow up, update and adjust the gross profit periodically.

Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense.

2.24 Financial expenses

Finance expenses are expenses incurred in the period for financial activities including interest expense, losses from foreign exchange differences and payment discount.

2.25 General and administration expenses

General and administration expenses represent expenses for administrative purposes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.26 Current and deferred BIT**

BIT include all BIT which is based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. BIT expense comprises current BIT expense and deferred BIT expense.

Current BIT is the amount of BIT payable or recoverable in respect of the current year taxable profits at the current year BIT rates. Current and deferred BIT should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Deferred BIT is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred BIT is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred BIT is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the consolidated balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.27 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including the Board of Management of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering the its relationship with each related party, the Group considers the substance of the relationship not merely the legal form.

2.28 Accounting estimates

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the separate financial statements and the reported amounts of revenues and expenses during the financial year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.28 Use of estimates (continued)**

The areas involving significant estimates and assumptions are as follows:

- Estimated useful life of fixed assets (Note 11);
- Provision for doubtful debts (Note 8);
- Provision for decline in value of inventories (Note 9);
- Accrued expenses and provision for liabilities (Note 16 and 19); and
- Deferred income tax assets (Note 21).

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

2.29 Segment reporting

A segment is a component which can be separated by the Group engaged in providing products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from those of other segments.

Segment information is prepared and presented in accordance with the accounting policy applicable to the preparation and presentation of the Group's consolidated financial statements for the purpose of helping users of the consolidated financial statements understand and comprehensively evaluated the performance of the Group.

3 CASH AND CASH EQUIVALENTS

	2020	2019
	VND	VND
Cash on hand	333,132,502	673,414,906
Cash at bank	48,267,083,599	50,725,861,940
Cash equivalents (*)	14,500,000,000	-
Total	<u>63,100,216,101</u>	<u>51,399,276,846</u>

(*) Cash equivalents include bank term deposits with original maturity of three month or less.

4 INVESTMENTS**(a) Investments held-to-maturity**

	2020		2019	
	Cost VND	Book value VND	Cost VND	Book value VND
Bank deposits with original maturities of more than 3 months and less than 12 months	178,250,000,000	178,250,000,000	151,703,107,647	151,703,107,647

Included in the balance as at 31 December 2020 and 31 December 2019 are VND110 billion and VND75 billion, respectively, at Bank for Investment and Development of Vietnam was pledged as security for the overdraft agreement granted from this bank.

(b) Investments in associates

	2020		2019	
	Cost VND	% of ownership	Cost VND	% of ownership
Thua Thien Hue Construction Joint Stock Corporation (*)	152,331,667,479	36.0	138,259,394,114	36.0
Phoenix Energy & Automation Joint Stock Company	-	-	2,250,000,000	45.0
	<u>152,331,667,479</u>		<u>140,509,394,114</u>	

As at 31 December 2020 and 31 December 2019, the percentage of voting right in these associates held by the Group is equivalent to the percentage of ownership.

(*) On 27 November 2020, HCC increased owners' capital from owners' equity to existing shareholders. Accordingly, the percentage of ownership remain unchange, however the number of ordinary shares that the Company holds in HCC increases as follows:

- + Before capital increased: 5,488,560 shares (percentage of ownership in HCC: 36%); and
- + After capital increased: 6,860,700 shares (percentage of ownership in HCC: 36%).

The fair value of the investment to HCC as at 31 December 2020 is VND147,505,050,000 (as at 31 December 2019: VND112,525,480,000).

Movements in investments in associates are presented as follows:

	HCC VND	Phoenix VND	Total VND
As at 1 January 2020	138,259,394,114	2,250,000,000	140,509,394,114
Profit sharing from associates	22,305,113,365	-	22,305,113,365
Dividend declared (Note 35(a))	(8,232,840,000)	-	(8,232,840,000)
Change ownership type	-	(2,250,000,000)	(2,250,000,000)
As at 31 December 2020	<u>152,331,667,479</u>	<u>-</u>	<u>152,331,667,479</u>

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4 INVESTMENTS (continued)

(c) Investments in other entities

	2020		2019	
	Cost VND	% of ownership	Cost VND	% of ownership
International Investment and Water Technology Joint Stock Company ("Inwatek") (*)	2,556,717,362	2.84	6,196,000,000	6.88
Formtek Engineering Joint Stock Company ("Formtek")	1,900,000,000	19.00	1,900,000,000	19.00
Quang Phu Investment and Solution JSC	1,200,000,000	11.34	-	0.00
SEA MH Solar Limited Company	900,000,000	11.34	-	0.00
	<u>6,556,717,362</u>		<u>8,096,000,000</u>	

(*) In 2020, the Company divested a partial of investment in this company.

As at 31 December 2020 and 31 December 2019, the Group has not determined the fair value of this investment as this entity has not listed on the stock market yet.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2020 VND	2019 VND
Third parties	868,149,262,839	886,675,462,782
<i>Hai Dang Real Estate Investment Joint Stock Company</i>	177,013,182,864	-
<i>Industrial Construction Joint Stock Company</i>	100,936,433,957	59,529,826,009
<i>Saigon Binh Chau Corporation</i>	65,786,192,101	60,608,021,354
<i>Others</i>	524,413,453,917	766,537,615,419
Related parties (Note 35(b))	-	134,094,461
Total	<u>868,149,262,839</u>	<u>886,809,557,243</u>

As at 31 December 2020 and 31 December 2019, the past due balances of short-term trade accounts receivable were presented in Note 8.

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2020 VND	2019 VND
Third parties	31,237,431,605	80,627,373,812
<i>System Logistics Spa</i>	-	17,147,340,000
<i>Bach Dang Hotel Complex Trading - Service</i>		
<i>Joint Stock Company</i>	-	13,761,880,766
<i>Bim Kien Giang</i>	-	9,595,600,000
<i>Mayekawa Vietnam One Member</i>		
<i>Company Limited</i>	-	12,561,525,020
<i>Others</i>	31,237,431,605	27,561,028,026
Related parties (Note 35(b))	200,999,662	785,217,526
Total	<u>31,438,431,267</u>	<u>81,412,591,338</u>

7 OTHER RECEIVABLES**(a) Short-term**

	2020 VND	2019 VND
Third parties	37,289,659,831	29,997,760,357
<i>Advances to employees</i>	12,776,750,369	9,670,473,532
<i>Receivable from the State for borrowing</i>		
<i>interest incentive</i>	-	6,173,657,495
<i>Interest income receivable from banks</i>	3,139,715,616	5,668,482,740
<i>Other receivables from employees</i>	2,078,042,555	3,526,265,971
<i>Deposits</i>	6,603,937,460	1,907,252,438
<i>Receivables from construction teams</i>	23,392,659	1,252,305,026
<i>Interest receivables due to investment incentives</i>	7,017,796,137	-
<i>Others</i>	5,650,025,035	1,799,323,155
Related parties (Note 35(b))	658,643,288	803,154,640
Total	<u>37,948,303,119</u>	<u>30,800,914,997</u>

(b) Long-term

The balances represent the long-term deposits.

As at 31 December 2020 and 31 December 2019, there was no balance of other receivables that was past due or not past due but doubtful.

8 PROVISION FOR SHORT-TERM DOUBTFUL DEBTS

	2020		2019	
	Cost VND	Provision VND	Cost VND	Provision VND
Receivables that were past due	<u>59,480,037,173</u>	<u>56,018,338,316</u>	<u>55,678,272,551</u>	<u>44,191,231,158</u>

Movements in provision for short-term doubtful debt during the year are as follows:

	2020 VND	2019 VND
Beginning of year	44,191,231,158	30,699,956,619
Increase	14,314,209,539	14,181,012,902
Reversal	(2,487,102,381)	(689,738,363)
End of year	<u>56,018,338,316</u>	<u>44,191,231,158</u>

9 INVENTORIES

	2020		2019	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	3,773,425,482	-	12,956,386,076	-
Raw materials	74,434,755,079	(995,347,046)	52,658,236,866	(2,637,444,531)
Tools and supplies	556,861,314	-	381,630,460	-
Work in progress	196,139,059,612	-	230,225,711,278	(2,357,246,828)
Finished goods	7,716,566,375	(8,336,962)	3,234,252,433	(3,413,517)
Merchandises	222,858,312	-	21,437,266,444	-
Goods on consignment	1,037,327,787	-	1,037,327,787	-
	<u>283,880,853,961</u>	<u>(1,003,684,008)</u>	<u>321,930,811,344</u>	<u>(4,998,104,876)</u>

Movements in the provision for decline in value of inventories during the year are as follows:

	2020 VND	2019 VND
Beginning of year	4,998,104,876	4,052,760,456
Increase	321,427,813	1,120,901,110
Written off	(2,357,246,828)	-
Decrease	(1,958,601,853)	(175,556,690)
End of year	<u>1,003,684,008</u>	<u>4,998,104,876</u>

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10 PREPAID EXPENSES

(a) Short-term

	2020 VND	2019 VND
Tools and supplies	725,255,938	117,486,815
Others	1,528,335,362	1,615,258,563
Total	<u>2,253,591,300</u>	<u>1,732,745,378</u>

(b) Long-term

	2020 VND	2019 VND
Land rental	29,226,903,721	29,504,021,130
Tools and supplies	3,245,046,727	2,169,301,507
Others	1,844,097,633	3,258,314,238
Total	<u>34,316,048,081</u>	<u>34,931,636,875</u>

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11 FIXED ASSETS

(a) Tangible fixed assets

	Plant and buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Historical cost						
As at 1 January 2020	73,454,122,916	97,773,291,925	13,336,909,963	4,900,704,221	2,039,123,859	191,504,152,884
New purchases	-	471,910,207	3,606,297,401	182,284,553	213,640,000	4,474,132,161
Transfers from construction in progress (Note 12)						
Disposals	25,950,298,472	119,817,177,149	10,913,414,018	-	23,805,203,131	180,486,092,770
	-	536,864,241	(3,698,745,375)	(39,900,000)	(721,536,454)	(3,923,317,588)
As at 31 December 2020	99,404,421,388	218,599,243,522	24,157,876,007	5,043,088,774	25,336,430,536	372,541,060,227
Accumulated depreciation						
As at 1 January 2020	33,797,198,075	43,807,441,361	11,703,839,416	3,962,424,138	1,992,540,534	95,263,443,524
Charge for the year	2,160,442,629	7,410,834,911	826,545,866	265,984,599	1,599,843,919	12,263,651,924
Disposals	-	761,436,454	(3,698,745,375)	(39,900,000)	(721,536,454)	(3,698,745,375)
As at 31 December 2020	35,957,640,704	51,979,712,726	8,831,639,907	4,188,508,737	2,870,847,999	103,828,350,073
Net book value						
As at 1 January 2020	39,656,924,841	53,965,850,564	1,633,070,547	938,280,083	46,583,325	96,240,709,360
As at 31 December 2020	63,446,780,684	166,619,530,796	15,326,236,100	854,580,037	22,465,582,537	268,712,710,154

Historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2020 was VND21,250,026,365 (as at 31 December 2019: VND23,238,374,951).

11 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Computer software VND	Others VND	Total VND
Historical cost			
As at 1 January 2020	2,535,276,660	-	2,535,276,660
New purchases	82,215,291	1,465,488,612	1,547,703,903
As at 31 December 2020	<u>2,617,491,951</u>	<u>1,465,488,612</u>	<u>4,082,980,563</u>
Accumulated amortisation			
As at 1 January 2020	2,173,854,730	-	2,173,854,730
Charge for the year	145,199,484	39,659,861	184,859,345
As at 31 December 2020	<u>2,319,054,214</u>	<u>39,659,861</u>	<u>2,358,714,075</u>
Net book value			
As at 1 January 2020	<u>361,421,930</u>	<u>-</u>	<u>361,421,930</u>
As at 31 December 2020	<u><u>298,437,737</u></u>	<u><u>1,425,828,751</u></u>	<u><u>1,724,266,488</u></u>

Historical cost of fully amortised intangible fixed assets but still in use as at 31 December 2020 was VND2,055,216,260 (as at 31 December 2019: VND1,422,266,260).

12 CONSTRUCTION IN PROGRESS

	2020 VND	2019 VND
Phu Quoc Apartments	13,704,464,512	-
Da Nang Apartments	13,065,337,500	-
Machinery upgrading	3,328,085,956	1,352,137,929
ERP system	2,970,701,405	2,959,128,345
Purchases of machinery	1,294,632,659	1,294,632,659
Factory construction at Greenpan	-	126,328,950,963
Others	1,333,849,026	63,000,000
Total	<u><u>35,697,071,058</u></u>	<u><u>131,997,849,896</u></u>

12 CONSTRUCTION IN PROGRESS (continued)

Movements in the construction in progress during the year are as follows:

	2020 VND	2019 VND
Beginning of year	131,997,849,896	7,769,207,504
Purchase	84,185,313,932	124,228,642,392
Transfers to fixed assets (Note 11(a))	(180,486,092,770)	-
End of year	<u>35,697,071,058</u>	<u>131,997,849,896</u>

13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2020		2019	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Third parties	269,211,370,524	269,211,370,524	312,195,059,773	312,195,059,773
<i>Daifuku</i>				
<i>(Thailand) Limited</i>	-	-	14,474,193,600	14,474,193,600
<i>Others</i>	269,211,370,524	269,211,370,524	297,720,866,173	297,720,866,173
Related parties (Note 35(b))	7,579,261,845	7,579,261,845	6,859,771,601	6,859,771,601
Total	<u>276,790,632,369</u>	<u>276,790,632,369</u>	<u>319,054,831,374</u>	<u>319,054,831,374</u>

As at 31 December 2020 and 31 December 2019, there was no balance of short-term trade accounts payable that was past due.

14 SHORT-TERM ADVANCES FROM CUSTOMERS

	2020 VND	2019 VND
Third parties	51,661,736,949	111,830,494,979
<i>Kien A Khanh Hoa Investment</i>		
<i>Joint Stock Company</i>	8,711,152,213	-
<i>Vietnam Dairy Products Joint Stock</i>		
<i>Company – Tien Son Dairy Factory</i>	7,275,000,000	47,250,000,000
<i>Vinh Loc Ben Luc Industrial Zone</i>		
<i>Construction and Investment</i>	5,807,670,000	-
<i>Soc Trang Seafood Joint Stock Company</i>	-	21,372,127,325
<i>Dai Quang Minh Real Estate Investment</i>		
<i>Corporation</i>	-	11,300,817,974
<i>Others</i>	29,867,914,736	31,907,549,680
Related parties (Note 35(b))	-	-
Total	<u>51,661,736,949</u>	<u>111,830,494,979</u>

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15 TAX AND OTHER PAYABLES TO THE STATE BUDGET

Movements in tax and other payables to the State Budget during the year are as follows:

	1.1.2020 VND	Receivable/payable during the year VND	Payment during the year VND	Net off VND	31.12.2020 VND
(a) Tax receivables					
VAT input	13,420,365,913	171,005,706,877	(34,402,110,009)	(115,328,930,459)	34,695,032,322
(b) Tax payables					
CIT	4,373,470,817	10,722,773,516	(5,679,817,145)	-	9,416,427,188
VAT on domestic sales	15,540,325,564	148,364,258,296	(45,741,339,590)	(111,762,980,173)	6,400,264,097
Personal income tax	2,017,628,608	10,875,185,806	(11,944,552,142)	-	948,262,272
VAT on importation	-	24,406,881,991	(24,406,881,991)	-	-
Import, export tax	-	6,490,717,196	(6,490,717,196)	-	-
Foreign contractor tax	-	2,503,531,144	(2,503,531,144)	-	-
Business license tax	-	17,500,000	(17,500,000)	-	-
Other taxes	-	11,342,885	(11,342,885)	-	-
Total	21,931,424,989	203,392,190,834	(96,795,682,093)	(111,762,980,173)	16,764,953,557

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16 SHORT-TERM ACCRUED EXPENSES

	2020 VND	2019 VND
Accrued project costs	226,552,509,483	137,621,854,938
Interest expense	731,425,823	1,192,625,685
Others	2,213,156,020	2,975,017,236
Total	<u>229,497,091,326</u>	<u>141,789,497,859</u>

17 OTHER SHOR-TERM PAYABLES

	2020 VND	2019 VND
Third parties	16,645,015,341	40,786,059,960
<i>Payables to employees</i>	-	8,774,098,061
<i>Social, health and unemployment insurance</i>		
<i>and trade union fees</i>	2,777,040,694	2,026,673,977
<i>Other payables to employees</i>	1,093,738,467	-
<i>Dividends payable (Note 25)</i>	596,400,800	22,088,676,700
<i>Others</i>	12,177,835,380	7,896,611,222
Related parties	-	-
Total	<u>16,645,015,341</u>	<u>40,786,059,960</u>

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18 BORROWINGS

(a) Short-term

	1.1.2020 VND	Increase VND	Decrease VND	Current portion of long-term borrowings VND	31.12.2020 VND
Bank loans (*)	632,323,530,020	1,688,525,764,881	(1,620,903,112,243)	10,945,574,880	710,891,757,538
Details of bank borrowings are as follows:					
				2020 VND	2019 VND
Vietnam Joint Stock Commercial Bank for Industry and Trade				320,305,745,253	327,356,226,802
Joint Stock Commercial Bank for Foreign Trade of Vietnam				270,279,637,656	254,413,615,126
Maritime Commercial Joint Stock Bank				52,424,606,935	-
Military Commercial Joint Stock Bank				47,480,494,491	2,479,400,000
Joint Stock Commercial Bank for Investment and Development of Vietnam				18,943,242,998	10,451,325,840
Vietnam - Russia Joint Venture Bank				1,458,030,205	15,063,695,646
Standard Chartered Bank Vietnam Limited				-	22,559,266,606
Total				710,891,757,538	632,323,530,020

(*) These loans are unsecured and bear the floating interest rates in accordance with each draw-down. The purpose of these loans is to support the working capital of the Group.

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18 BORROWINGS

(b) Long-term

	1.1.2020 VND	Increase VND	Decrease VND	Current portion of long-term borrowings VND	31.12.2020 VND
Bank loans (**)	86,990,890,453	4,636,832,429	-	(10,945,574,880)	80,682,148,002

Details of bank borrowings are as follows:

	2020 VND	2019 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam	80,682,148,002	86,990,890,453

(**) These borrowings have the term of 60, are secured by the assets forming from the borrowings. The borrowings bear the incentive interest rate in accordance with the investment stimulus program under the Decision No. 5592/QĐ-UBND dated 25 October 2016 and Decision No. 5940/QĐ-UBND dated 25 December 2018 of the People's Committee of Ho Chi Minh City. The purpose of these borrowings is for investment in machinery upgrading and production technology transformation in Arico and construction of factory of producing unburnt light materials in Greenpan.

19 PROVISION FOR LIABILITIES**(a) Short-term**

	2020 VND	2019 VND
Beginning of year	3,021,765,657	1,502,465,068
Provision	2,353,558,780	3,322,678,485
Utilisation and reversal	(3,363,756,940)	(1,803,377,896)
End of year	<u>2,011,567,497</u>	<u>3,021,765,657</u>

Provision for short-term liabilities represent warranty for projects that have been completed and handed over.

(b) Long-term

Provision for long-term liabilities represents provision for severance allowances.

20 BONUS AND WELFARE FUND

	2020 VND	2019 VND
Beginning of year	12,810,181,294	14,113,496,971
Increase during the year	15,118,834,077	16,583,598,035
Utilisation during the year	(12,114,327,901)	(17,886,913,712)
End of year	<u>15,814,687,470</u>	<u>12,810,181,294</u>

21 DEFERRED INCOME TAX ASSETS

	2020 VND	2019 VND
Deferred tax assets to be recovered after more than 12 months	11,492,475,657	4,848,957,617
Deferred tax assets to be recovered within 12 months	1,110,425,850	930,244,459
	<u>12,602,901,507</u>	<u>5,779,202,076</u>

21 DEFERRED INCOME TAX ASSETS (Continued)

Movements in the deferred income tax assets are as follows:

	2020 VND	2019 VND
Beginning of year	5,779,202,076	6,361,301,448
Income statement (charge) (Note 34)	6,823,699,431	(582,099,372)
End of year	<u>12,602,901,507</u>	<u>5,779,202,076</u>

Details for deferred income tax assets:

	2020 VND	2019 VND
Income from capital contribution by fixed assets	3,342,794,496	3,384,250,438
Income from divestment in a subsidiary	6,300,000,000	-
Deductible temporary differences in relation to accrued expenses and provisions	2,382,184,603	2,394,951,638
Interest expenses excess of 30% EBITDA	577,922,408	-
Total	<u>12,602,901,507</u>	<u>5,779,202,076</u>

Tax rates used for determining deferred tax assets in the years 2020 and 2019 of the Company and Arico are 20% and 7.5%, respectively.

22 OWNERS' CAPITAL**(a) Number of ordinary shares**

	2020	2019
Number of shares registered	<u>32,495,397</u>	<u>32,495,397</u>
Number of shares issued	32,495,397	32,495,397
Number of shares repurchased	<u>(1,780,000)</u>	<u>(1,780,000)</u>
Number of existing shares in circulation	<u>30,715,397</u>	<u>30,715,397</u>

23 OWNERS' CAPITAL (continued)**(b) Details of owners' shareholding**

	2020		2019	
	Ordinary shares	%	Ordinary shares	%
Taisei Oncho Co., Ltd	8,099,506	24.93	8,099,506	24.93
Sanyo Engineering & Construction Vietnam Co., Ltd.	6,500,000	20.00	6,500,000	20.00
Vietnam Seaproducts Joint Stock Corporation	4,152,000	12.78	4,152,000	12.78
Mr. Nguyen Thanh Son	-	-	1,336,300	4.12
Other shareholders	11,963,891	36.81	10,627,591	32.69
Treasury shares	1,780,000	5.48	1,780,000	5.48
Number of shares	32,495,397	100.00	32,495,397	100.00

(c) Movement of owners' capital

	Ordinary shares	
	Shares	VND
As at 1 January 2019	32,495,397	324,953,970,000
As at 31 December 2019	32,495,397	324,953,970,000
As at 31 December 2020	32,495,397	324,953,970,000

Par value per share: VND10,000. Each ordinary share represents the voting right at the Company's shareholders' General Meeting. The shareholders receive dividend at any time the Company noticed. All the ordinary shares have the same priority with the remaining assets of the Company.

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23 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Owners' other capital VND	Treasury shares VND	Investment and development funds VND	Post-tax undistributed earnings VND	Total VND
As at 1 January 2019	324,953,970,000	284,019,059	4,415,811,246	(29,238,407,099)	5,427,578,589	171,961,989,599	477,804,961,394
Profit for the year	-	-	-	-	-	65,756,509,000	65,756,509,000
Appropriation to funds	-	-	-	-	-	(16,423,484,343)	(16,423,484,343)
Dividends declared	-	-	-	-	-	(67,573,873,400)	(67,573,873,400)
As at 31 December 2019	324,953,970,000	284,019,059	4,415,811,246	(29,238,407,099)	5,427,578,589	153,721,140,856	459,564,112,651
As at 1 January 2020	324,953,970,000	284,019,059	4,415,811,246	(29,238,407,099)	5,427,578,589	153,721,140,856	459,564,112,651
Profit for the year	-	-	-	-	-	39,879,115,045	39,879,115,045
Appropriation to Bonus and welfare funds	-	-	-	-	-	(14,153,194,490)	(14,153,194,490)
Appropriation to Investment and development funds	-	-	-	-	2,881,385,349	(2,881,385,349)	-
Dividends declared (*) (Note 25)	-	-	-	-	-	(24,572,317,600)	(24,572,317,600)
As at 31 December 2020	324,953,970,000	284,019,059	4,415,811,246	(29,238,407,099)	8,308,963,938	151,993,358,462	460,717,715,606

(*) As per the Board of Directors' Resolution No. 005/NQ/HQQT/20 dated 28 April 2020 of the Company, the Board of Directors has approved the declaration of the second cash dividend payment for year 2019 equivalent to VND24,572,317,600.

24 NON-CONTROLLING INTERESTS

Details of non-controlling interests are as follows:

	2020 VND	2019 VND
Share capital	73,263,260,000	42,450,000,000
Undistributed earnings	2,766,458,906	2,983,542,751
	<u>76,029,718,906</u>	<u>45,433,542,751</u>

Movements in non-controlling interests during the year are as follows:

	2020 VND	2019 VND
Beginning of year	45,433,542,751	28,862,574,613
Capital increase during the year	30,788,260,000	13,810,000,000
Net profit for the year	3,044,524,741	6,709,082,830
Repurchase of shares	(377,300,000)	(450,400,000)
Reissuance of treasury shares	-	1,947,100,000
Appropriation to bonus and welfare fund	(965,639,587)	(160,113,692)
Dividends declared	(1,893,668,999)	(5,284,701,000)
Ending of year	<u>76,029,718,906</u>	<u>45,433,542,751</u>

25 DIVIDENDS

	2020 VND	2019 VND
Beginning of year	22,088,676,700	579,396,800
Dividends payable during the year (Note 23)	24,572,317,600	67,573,873,400
<i>Second dividend for year 2019: VND800 per share</i>	24,572,317,600	-
<i>First dividend for year 2019: VND700 per share</i>	-	21,500,777,900
<i>Second dividend for year 2018: VND800 per share</i>	-	24,572,317,600
<i>First dividend for year 2018: VND700 per share</i>	-	21,500,777,900
Dividends paid in cash	(46,064,593,500)	(46,064,593,500)
End of year (Note 17)	<u>596,400,800</u>	<u>22,088,676,700</u>

26 EARNINGS PER SHARE**(a) Basic earnings per share**

	2020	2019
Net profit attributable to shareholders (VND)	39,879,115,045	65,756,509,000
Less amount allocated to bonus and welfare funds (VND)	-	(14,315,348,458)
	<u>39,879,115,045</u>	<u>51,441,160,542</u>
Weighted average number of ordinary shares in issue (shares)	<u>30,715,397</u>	<u>30,715,397</u>
Basic earnings per share (VND)	<u>1,298</u>	<u>1,675</u>

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare fund by the weighted average number of ordinary shares outstanding during the period, excluding ordinary shares repurchased by the Company and held as treasury shares.

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders, which already subtracted the bonus and welfare fund, by the weighted average number of ordinary shares outstanding during the year and the ordinary shares expected to be issued.

The Company had no potential ordinary shares which can dilute earnings per share.

27 OFF BALANCE SHEET ITEMS

	2020	2019
Bad debts written off (VND)	31,519,409,849	27,592,321,012
Foreign currencies		
United States Dollar (USD)	21,460.76	2,012.71
Euro (EUR)	530.64	-
Great British Pound (GBP)	6.43	7.16
Australian Dollar (AUD)	0.62	0.67

28 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	Year ended 31 December	
	2020 VND	2019 VND
Revenue		
Revenue from construction contracts	1,338,929,965,652	1,668,076,264,322
Revenue from sales of goods	146,407,582,643	35,543,737,527
Revenue from other services	743,791,393	-
Revenue from leasing activity	-	1,737,392,284
Revenue from sales of scrap	215,211,365	729,750,683
Total	1,486,296,551,053	1,706,087,144,816
Sales deductions		
Trade discounts	-	(84,286,380)
Sales allowances	-	-
Sales returns	-	-
Total	-	(84,286,380)
Net revenue from sales of goods and rendering of services		
Net revenue from construction contracts	1,338,929,965,652	1,668,076,264,322
Net revenue from sales of goods	146,407,582,643	35,459,451,147
Net revenue from other services	743,791,393	-
Net revenue from leasing activity	-	1,737,392,284
Net revenue from sales of scrap	215,211,365	729,750,683
Total	1,486,296,551,053	1,706,002,858,436

29 COST OF GOODS SOLD AND SERVICES RENDERED

	2020 VND	2019 VND
Cost of construction contracts	1,223,145,321,949	1,508,611,005,937
Cost of goods sold	142,715,355,339	27,385,527,557
Cost of leasing activity	-	1,561,384,473
Cost of scrap sold	-	72,976,000
(Reversal)/Make provision for decline in value of inventories (Note 9)	(1,637,174,040)	945,344,420
Total	1,364,223,503,248	1,538,576,238,387

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30 FINANCIAL INCOME

	2020 VND	2019 VND
Interest income from deposits and loans	9,835,257,654	13,155,133,562
Realised foreign exchange gains	3,782,989,724	265,934,745
Net gain from foreign currency translation at year-end	(2,187)	-
Others	158,312,808	-
Total	<u>13,776,557,999</u>	<u>13,421,068,307</u>

31 FINANCIAL EXPENSES

	2020 VND	2019 VND
Interest expense	44,762,801,785	37,590,046,025
Realised foreign exchange losses	3,322,866,474	260,234,400
Net loss from foreign currency translation at period-end	1,337,092,812	55,410,088
Total	<u>49,422,761,071</u>	<u>37,905,690,513</u>

32 GENERAL AND ADMINISTRATION EXPENSES

	2020 VND	2019 VND
Staff costs	29,779,419,286	48,827,504,630
Outside service expenses	14,578,004,238	22,080,866,080
Provision for doubtful debts	14,314,209,539	14,181,012,902
Depreciation and amortisation	2,020,570,587	-
Tools and equipment	193,277,114	-
Reversal of accrued staff costs	(2,191,773,677)	(2,608,726,520)
Others	2,853,052,587	2,723,611,688
Total	<u>61,546,759,674</u>	<u>85,204,268,780</u>

33 OTHER INCOME

	2020 VND	2019 VND
Other income		
Gains on disposal of fixed assets	890,191,786	-
Payables written off	823,780,546	-
Free goods received	-	633,172,608
Others	388,921,475	2,294,227,449
Total	<u>2,102,893,807</u>	<u>2,927,400,057</u>

34 BIT*Arico*

Pursuant to the Investment certificate No. 41221000103 issued by the DPI of Ho Chi Minh City on 2 April 2008, tax inspection minutes dated 23 September 2013 for the period from 2010 to 2012 and other current regulations, the Board of Directors assessed that Arico is entitled to BIT incentives at tax rate of 15% for 12 years from the first year of arising revenue from BIT incentive activities (2010), BIT exemption for 3 years from the first year of arising taxable income (2010 – 2012) and a 50% BIT reduction for 7 years thereafter (2013 – 2019). In 3 consecutive years (2020 – 2022), Arico is entitled to BIT incentives at tax rate of 15%, and from 2022 onwards, Arico has the obligation to pay business income tax at common tax rate.

Greenpan

Pursuant to Investment registration certificate No. 6748616720 dated 24 October 2018 issued by the People's Committee of Ho Chi Minh City and current tax regulations, the Director assessed that the Company obliged to pay BIT on the income from the investment project at incentive tax rate of 10% for 15 years from the first year of having taxable revenue from the project, BIT exemption for 4 years from the first year of having taxable income from the project and a 50% BIT reduction for 9 years thereafter.

No provision for BIT has been made for the year/period as the Company has no accessible income.

The Company and other subsidiaries

Pursuant to Circular No. 96/2015/TT-BTC dated 22 June 2015 issued by the Ministry of Finance, the Company has the obligation to pay BIT at the rate of 20% of taxable profit.

34 BIT (continued)

The BIT on the Group's profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2020 VND	2019 VND
Net accounting profit before tax	46,977,075,377	81,589,905,555
Tax calculated at a rate of 20%	9,395,415,075	16,317,981,111
Effect of:		
Income not subject to tax	(4,461,022,673)	(4,452,564,602)
Tax incentive	(1,502,300,078)	(3,547,871,997)
Expenses not deductible for tax purposes	701,163,099	985,757,113
Adjustment for previous year	114,048,808	(454,759,952)
Utilisation of previously unrecognised tax losses	(244,009,995)	
Temporary differences for which deferred income tax was recognised	-	(582,099,372)
Tax losses in subsidiaries for which no deferred income tax asset was recognised	50,141,355	275,772,052
Temporary differences	6,823,699,431	
BIT charge - current	<u>10,877,135,022</u>	<u>8,542,214,353</u>
Charged to consolidated income statement:		
BIT – current	10,877,135,022	8,542,214,353
BIT– deferred (Note 21)	<u>(6,823,699,431)</u>	<u>582,099,372</u>
	<u>4,053,435,591</u>	<u>9,124,313,725</u>

35 RELATED PARTY DISCLOSURES**(a) Related party transactions**

During the year, the following transactions were carried out with related parties:

Related party	Relationship	Nature of transaction	2020 VND	2019 VND
i) Purchases of goods and services				
HCC	Associate	Construction services	24,449,902,803	13,879,231,101
Formtek	Related party	Construction services	4,888,352,355	10,830,666,691
		Goods	111,095,020	998,823,126
		Total	<u>29,449,350,178</u>	<u>25,708,720,918</u>

35 RELATED PARTY DISCLOSURES (continued)**(a) Related party transactions (continued)**

Related party	Relationship	Nature of transaction	2020 VND	2019 VND
ii) Compensation of key management				
		Salaries and benefits of the Board of Management	6,201,387,998	5,026,013,428
		Allowance for the Boards of Directors and Supervision	1,545,600,000	1,932,000,000
		Total	<u>7,746,987,998</u>	<u>6,958,013,428</u>
iii) Financing activities				
HCC	Associate	Dividend declared	<u>8,232,840,000</u>	<u>8,232,840,000</u>
Inwatek	Related party	Capital withdrawal	3,639,282,638	-
		Interest income	<u>-</u>	<u>658,643,288</u>

(b) Year end balances with related parties

Related party	Relationship	Nature of transaction	2020 VND	2019 VND
Short-term prepayments to suppliers (Note 6)				
Formtek	Related party	Construction services	<u>200,999,662</u>	<u>785,217,526</u>
Other short-term receivables (Note 7(a))				
Inwatek	Related party	Interest income	<u>658,643,288</u>	<u>803,154,640</u>
Short-term trade accounts payable (Note 13)				
HCC	Associate	Construction services	<u>7,579,261,845</u>	<u>6,859,771,601</u>

36 OPERATING LEASE COMMITMENTS

The future minimum lease payments under non-cancellable operating leases are as follows:

	2020 VND	2019 VND
Within one year	4,364,760,661	4,736,814,161
Between one and five years	7,744,142,644	11,100,606,644
Over five years	22,199,594,275	23,167,668,113
Total minimum payments	<u>34,308,497,580</u>	<u>39,005,088,918</u>

37 SEGMENT REPORT

Segment information is presented in respect of business activity or geography. The Group is not operating in more than one segment of business activity nor geographic area other than mainly operating in the only activity to consult, supply and provide installation services in relation to industrial refrigeration projects, and in Vietnam only. Therefore, the Group does not present segmental information.

38 IMPACT OF COVID-19 OUTBREAK

The outbreak of the Covid-19 since the beginning of 2020 is a fluid and challenging situation facing all industries, specifically in relation to the Group's principal activities. The Group has performed a preliminary assessment of the overall impact of the situation on the Group's operations, including the recoverability of the carrying amount of assets, measurements of its assets and liabilities, hypothetical assessments of sales and corresponding costs to control the cash flow balance, serious and careful considerations on investment projects to protect the cash flow in the short and medium term, finding solutions to minimize operating costs, including negotiation with the landlords and restructuring, rearranging employees appropriately in the new normal of economic. At the approval date of these consolidated financial statements of the Group, there is not enough information to enable the Board of Management's reliable estimation, in all respect to the financial impact on the Group's results for the next period. The Group will continue to monitor the situation, take appropriate timely actions to minimise the impact.

The consolidated financial statements were approved by the Board of Management on 26 March 2021.

Nguyen Thi
Preparer

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Nguyen Thi Thanh Huong
Chief Executive Officer