

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

**SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

| TABLE OF CONTENTS | PAGE |
|---|-------------|
| Corporate information | 1 |
| Statement by the Board of Management | 2 |
| Independent auditor's report | 3 |
| Separate balance sheet (Form B 01 – DN) | 5 |
| Separate income statement (Form B 02 – DN) | 7 |
| Separate cash flow statement (Form B 03 – DN) | 8 |
| Notes to the separate financial statements (Form B 09 – DN) | 9 |

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 19 June 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 |
| Legal representative | Ms. Nguyen Thi Thanh Huong | General Director |
| 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 SEPARATE FINANCIAL STATEMENTS

The Board of Management of Seaprodex Refrigeration Industry Corporation (“the Company”) is responsible for preparing the separate financial statements of the Company which give a true and fair view of the separate financial position of the Company as at 31 December 2020, and of the separate results of its operations and its separate cash flows for the year then ended. In preparing these separate 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 separate financial statements on a going concern basis unless it is inappropriate to presume that the Company 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 separate financial position of the Company and which enable the separate financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the separate financial statements. The Board of Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud or errors.

APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

We hereby approve the accompanying separate financial statements as set out on pages 5 to 42 which give a true and fair view of the separate financial position of the Company as at 31 December 2020, and of the separate results of its operations and its separate 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 the separate financial statements.

Users of these separate financial statements of the Company should read them together with the consolidated financial statements of the Company and its subsidiaries (together, “the Group”) for the year ended 31 December 2020 in order to obtain full information of the consolidated financial position and of the consolidated results of operations and consolidated cash flows of the Group.

On behalf of the Board of Management



Nguyen Thi Thanh Huong
Chief Executive Officer

Ho Chi Minh City, Vietnam
23 March 2021



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

We have audited the accompanying separate financial statements of Seaprodex Refrigeration Industry Corporation ("the Company") which were prepared on 31 December 2020 and approved by the Board of Management on 23 March 2021. The separate financial statements comprise the separate balance sheet as at 31 December 2020, the separate income statement and the separate cash flow statement for the year then ended, and explanatory notes to the separate financial statements including significant accounting policies, as set out on pages 5 to 42.

Responsibility of the Board of Management

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements and responsible for such internal control which the Board of Management determines as necessary to enable the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or errors.

Auditor's Responsibility

Our responsibility is to express an opinion on the separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or errors. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and true and fair presentation of the separate 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 the Board of Management, as well as evaluating the overall presentation of the separate 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 separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, its separate financial performance and separate 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 separate 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: HCM10324
Ho Chi Minh City, 23 March 2021

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

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 01 – DN

SEPARATE BALANCE SHEET

| Code | ASSETS | Note | As at 31 December | |
|------------|---|----------|--------------------------|--------------------------|
| | | | 2020 VND | 2019 VND |
| 100 | CURRENT ASSETS | | 1,002,181,087,328 | 1,222,756,718,061 |
| 110 | Cash | 3 | 32,339,671,707 | 35,368,646,531 |
| 111 | Cash | | 32,339,671,707 | 35,368,646,531 |
| 120 | Short-term investment | | 120,000,000,000 | 151,703,107,647 |
| 123 | Investment held-to-maturity | 4(a) | 120,000,000,000 | 151,703,107,647 |
| 130 | Short-term receivables | | 806,519,911,832 | 789,259,566,760 |
| 131 | Short-term trade accounts receivable | 5 | 786,376,056,770 | 722,212,296,396 |
| 132 | Short-term prepayments to suppliers | 6 | 14,836,302,582 | 58,298,199,577 |
| 136 | Other short-term receivables | 7(a) | 50,158,604,885 | 39,434,109,368 |
| 137 | Provision for doubtful debts – short-term | 8 | (44,851,052,405) | (30,685,038,581) |
| 140 | Inventories | 9 | 30,897,828,276 | 245,747,751,605 |
| 141 | Inventories | | 30,916,985,319 | 247,264,475,558 |
| 149 | Provision for decline in value of inventories | | (19,157,043) | (1,516,723,953) |
| 150 | Other current assets | | 12,423,675,513 | 677,645,518 |
| 151 | Short-term prepaid expenses | 10(a) | 409,692,117 | 677,645,518 |
| 152 | Value added tax (“VAT”) to be reclaimed | 15(a) | 12,013,983,396 | - |
| 200 | LONG-TERM ASSETS | | 341,381,753,742 | 208,618,634,184 |
| 210 | Long-term receivable | | 1,530,901,840 | 1,530,901,840 |
| 216 | Other long-term receivables | 7(b) | 1,530,901,840 | 1,530,901,840 |
| 220 | Fixed assets | | 1,844,556,596 | 2,483,860,107 |
| 221 | Tangible fixed assets | 11(a) | 1,570,289,929 | 2,434,648,107 |
| 222 | Historical cost | | 11,409,832,977 | 15,774,957,651 |
| 223 | Accumulated depreciation | | (9,839,543,048) | (13,340,309,544) |
| 227 | Intangible fixed assets | 11(b) | 274,266,667 | 49,212,000 |
| 228 | Historical cost | | 2,011,626,260 | 1,712,426,260 |
| 229 | Accumulated amortisation | | (1,737,359,593) | (1,663,214,260) |
| 240 | Long-term asset in progress | | 29,803,503,417 | 3,022,128,345 |
| 242 | Construction in progress | 12 | 29,803,503,417 | 3,022,128,345 |
| 250 | Long-term investments | | 304,383,786,116 | 196,723,068,754 |
| 251 | Investments in subsidiaries | 4(b) | 248,534,188,754 | 137,234,188,754 |
| 252 | Investments in associates | 4(b) | 51,392,880,000 | 51,392,880,000 |
| 253 | Investments in other entities | 4(b) | 4,456,717,362 | 8,096,000,000 |
| 260 | Other long-term assets | | 3,819,005,773 | 4,858,675,138 |
| 261 | Long-term prepaid expenses | 10(b) | 1,354,813,323 | 2,995,425,155 |
| 262 | Deferred income tax assets | 22 | 2,464,192,450 | 1,863,249,983 |
| 270 | TOTAL ASSETS | | 1,343,562,841,070 | 1,431,375,352,245 |

The notes on pages 9 to 42 are an integral part of these separate financial statements.

SEPARATE BALANCE SHEET
(continued)

| Code | RESOURCES | Note | As at 31 December | |
|------------|--|--------|--------------------------|--------------------------|
| | | | 2020 VND | 2019 VND |
| 300 | LIABILITIES | | 957,613,947,254 | 1,061,565,605,026 |
| 310 | Short-term liabilities | | 951,041,614,252 | 1,054,068,194,940 |
| 311 | Short-term trade accounts payable | 13 | 246,522,308,464 | 298,508,549,767 |
| 312 | Short-term advances from customers | 14 | 26,811,332,317 | 75,364,029,837 |
| 313 | Tax and other payables to the State | 15(b) | 9,335,544,203 | 12,209,466,199 |
| 314 | Payables to employees | 16 | 1,274,087,061 | 14,211,819,558 |
| 315 | Short-term accrued expenses | 17 | 173,210,581,887 | 68,206,559,711 |
| 319 | Other short-term payables | 18 | 10,309,054,087 | 33,408,403,410 |
| 320 | Short-term borrowings | 19 | 469,631,559,421 | 539,141,655,165 |
| 321 | Provision for short-term liabilities | 20(a) | 742,134,517 | 212,161,483 |
| 322 | Bonus and welfare funds | 21 | 13,205,012,295 | 12,805,549,810 |
| 330 | Long-term liability | | 6,572,333,002 | 7,497,410,086 |
| 342 | Provision for long-term liabilities | 20(b) | 6,572,333,002 | 7,497,410,086 |
| 400 | OWNERS' EQUITY | | 385,948,893,816 | 369,809,747,219 |
| 410 | Capital and reserves | | 385,948,893,816 | 369,809,747,219 |
| 411 | Owners' capital | 23, 24 | 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 | 24 | 284,019,059 | 284,019,059 |
| 415 | Treasury shares | 24 | (29,238,407,099) | (29,238,407,099) |
| 418 | Investment and development funds | 24 | 5,427,578,589 | 5,427,578,589 |
| 421 | Undistributed earnings | 24 | 84,521,733,267 | 68,382,586,670 |
| 421a | - Undistributed post-tax profits of previous years | | 33,670,689,228 | 41,599,651,037 |
| 421b | - Post-tax profits of current year | | 50,851,044,039 | 26,782,935,633 |
| 440 | TOTAL RESOURCES | | 1,343,562,841,070 | 1,431,375,352,245 |



Dong Thi Thu San
Preparer



Vuong Tran Quoc Thanh
Chief Accountant



Nguyen Thi Thanh Huong
Chief Executive Officer
23 March 2021

SEPARATE INCOME STATEMENT

| Code | Note | Year ended 31 December | |
|------|--|------------------------|---------------------|
| | | 2020 VND | 2019 VND |
| 01 | Revenue from sales of goods and rendering of services | 1,187,571,501,905 | 1,395,841,228,065 |
| 02 | Less deductions | (1,432,873,129) | - |
| 10 | Net revenue from sales of goods and rendering of services | 27 1,186,138,628,776 | 1,395,841,228,065 |
| 11 | Cost of goods sold and services rendered | 28 (1,116,455,726,796) | (1,295,875,692,092) |
| 20 | Gross profit from sales of goods and rendering of services | 69,682,901,980 | 99,965,535,973 |
| 21 | Financial income | 29 63,037,311,411 | 44,644,699,543 |
| 22 | Financial expenses | 30 (37,232,470,344) | (31,368,242,568) |
| 23 | - Including: Interest expense | 30 (33,020,044,488) | (31,270,061,258) |
| 26 | General and administration expenses | 31 (38,756,018,996) | (61,748,661,309) |
| 30 | Net operating profit | 56,731,724,051 | 51,493,331,639 |
| 31 | Other income | 32 2,635,085,014 | 1,970,072,591 |
| 32 | Other expenses | (262,546,630) | (556,170,044) |
| 40 | Net other income | 2,372,538,384 | 1,413,902,547 |
| 50 | Net accounting profit before tax | 59,104,262,435 | 52,907,234,186 |
| 51 | Business income tax ("BIT") - current | 33 (8,854,160,863) | (3,544,394,464) |
| 52 | BIT - deferred | 33 600,942,467 | (1,079,126,189) |
| 60 | Net profit after tax | 50,851,044,039 | 48,283,713,533 |



Dong Thi Thu San
Preparer



Vuong Tran Quoc Thanh
Chief Accountant



Nguyen Thi Thanh Huong
Chief Executive Officer
23 March 2021

The notes on pages 9 to 42 are an integral part of these separate financial statements.

SEPARATE CASH FLOW STATEMENT
(Indirect method)

| Code | Note | Year ended 31 December | |
|---|--------|---|-------------------------|
| | | 2020 VND | 2019 VND |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 01 | | 59,104,262,435 | 52,907,234,186 |
| | | Net accounting profit before tax | |
| | | Adjustments for: | |
| 02 | 11 | 797,931,298 | 1,098,384,452 |
| 03 | | 13,198,419,948 | 13,188,648,533 |
| 04 | 30, 29 | 1,152,931,216 | (75,319,470) |
| 05 | 29, 32 | (60,400,693,913) | (44,496,612,609) |
| 06 | 30 | 33,020,044,488 | 31,270,061,258 |
| 08 | | 46,872,895,472 | 53,892,396,350 |
| 09 | | (30,549,376,302) | (57,981,004,046) |
| 10 | | 216,347,490,239 | (16,116,351,397) |
| 11 | | (46,616,384,302) | 29,499,488,035 |
| 12 | | 1,896,992,173 | (1,578,510,066) |
| 14 | | (33,514,107,666) | (30,911,819,556) |
| 15 | 15(b) | (1,467,159,958) | (14,292,035,764) |
| 17 | | (10,665,194,441) | (16,781,913,710) |
| 20 | | 142,305,155,215 | (54,269,750,154) |
| | | Net cash inflows/(outflows) from operating activities | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 21 | 11 | (383,200,000) | (9,784,127,273) |
| 22 | | 590,909,091 | - |
| 23 | | - | (90,965,000,000) |
| 24 | | 31,703,107,647 | 102,965,000,000 |
| 25 | | (142,800,000,000) | (15,083,870,000) |
| 26 | | 35,139,282,638 | 11,800,000,000 |
| 27 | | 45,990,459,829 | 26,573,664,452 |
| 30 | | (29,759,440,795) | 25,505,667,179 |
| | | Net cash (outflows)/inflows from investing activities | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| 33 | 19 | 1,215,924,207,962 | 1,294,503,865,731 |
| 34 | 19 | (1,285,434,303,706) | (1,223,876,887,283) |
| 36 | 25 | (46,064,593,500) | (46,064,593,500) |
| 40 | | (115,574,689,244) | 24,562,384,948 |
| | | Net cash (outflows)/inflows from financing activities | |
| 50 | | (3,028,974,824) | (4,201,698,027) |
| | | Net decrease in cash | |
| 60 | 3 | 35,368,646,531 | 39,570,344,558 |
| 61 | | - | - |
| | | Effect of foreign exchange differences | |
| 70 | 3 | 32,339,671,707 | 35,368,646,531 |
| | | Cash at end of year | |


Dong Thi Thu San
Preparer

Vuong Tran Quoc Thanh
Chief Accountant

 Nguyen Thi Thanh Huong
 Chief Executive Officer
 23 March 2021

The notes on pages 9 to 42 are an integral part of these separate financial statements.

NOTES TO THE SEPARATE 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, and the ERCJSCs’ 18th most recent adjustment was on 15 May 2019.

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 is 12 months.

The Company has one branch, Danang Refrigeration Electrical Engineering – Seaprodex Refrigeration Industry Corporation (“the Branch”). The Branch is incorporated pursuant to the branch operation registration certificate No. 0301825452-001 initially issued by the DPI of Da Nang City on 17 January 2000, as amended. The Branch’s registered office is located at Street 10, Hoa Khanh Industry zone, Hoa Khanh Bac Ward, Lien Chieu District, Da Nang City, Vietnam.

As at 31 December 2020, the Company had 37 employees (as at 31 December 2019: 340 employees).

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

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 | | | | | | |
| Searefico Engineering and Construction Joint Stock Company ("Searefico 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 separate financial statements

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

The accompanying separate financial statements are not intended to present the financial position and results of separate operations and separate 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 separate financial statements in the Vietnamese language are the official statutory separate financial statements of the Company. The separate financial statements in the English language have been translated from the Vietnamese language version.

Separately, the Company has also prepared consolidated financial statements of the Company and its subsidiaries (together, "the Group"), in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. In the consolidated financial statements, subsidiary undertakings, which are those companies over which the Group has the power to govern the financial and operating policies, have been fully consolidated.

Users of these separate financial statements of the Company should read them together with the consolidated financial statements of the Group for the year ended 31 December 2020 in order to obtain full information of the consolidated financial position and consolidated results of operations and consolidated cash flows of the Group.

2.2 Fiscal year

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

2.3 Currency

The separate financial statements are measured and presented in Vietnamese Dong ("VND" or "Dong"). The Company determines its accounting currency based on the currency which is mainly used in sales of goods and rendering of services, which has a significant impact on selling prices of goods and services, which is normally used for listing selling prices and receiving payments; which is mainly used in purchases of goods or services, which has a significant impact on cost of labor, materials and other production or operating costs and normally used as payments of those costs.

In addition, the Company also uses this currency to raise financial resources (such as via issuance of shares or bonds) and/or regularly collects this currency from business operations and savings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 separate income statement.

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

2.5 Cash

Cash comprises cash on hand and cash in bank.

2.6 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 Management.

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

2.7 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. |

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.7 Inventories (continued)**

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 Company applies the perpetual method for inventories.

Provision is made when necessary, for obsolete, slow-moving and defective inventory items. 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 Company 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 accounting 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 separate balance sheet based on the remaining period from the separate balance sheet date to the maturity date.

(b) Investments in subsidiaries

Subsidiaries are all entities over which the Company 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 Company controls another entity.

Investments in subsidiaries are initially recorded at costs of acquisition including capital contribution value plus other expenditure directly attributable to the investments. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Investments (continued)****(c) Investment in associates**

Associate is the investment that the Company has significant influence but not control and would generally have from 20% to less than 50% of the voting rights of the investee.

Investments in associates are accounted for at cost of acquisition including capital contribution value plus other expenditure directly attributable to the investment. Subsequently, the Board of Management reviews the outstanding investment to determine the amount of provision to recognise at the year end.

(d) Investments in other entities

Investments in other entities are investments in equity instruments of other entities 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.

(e) Provision for investments in subsidiaries, associates and other entities

Provision for investments in subsidiaries, associate, and other entities is made when there is a diminution in value of the investments at the year end. Regarding investments in listed shares or those whose fair value can be determined reliably, the provision for diminution in value is made when cost is higher than market value. For other investments, provision for diminution in value is made when the investees make losses, except when the loss is anticipated by the Board of Management before the date of investment.

Changes in the provision balance during the accounting 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.

2.9 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 separate income statement when incurred.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.9 Fixed assets (continued)***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:

| | |
|-------------------------|--------------|
| Plant and buildings | 5 – 25 years |
| Machinery and equipment | 5 – 20 years |
| Motor vehicles | 6 – 10 years |
| Office equipment | 3 – 8 years |
| Computer software | 3 years |
| Others | 5 – 20 years |

Disposals

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

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 are comprised 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 Company's accounting policies. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

2.10 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 statement on a straight-line basis over the term of the lease.

2.11 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the separate 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.12 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 separate balance sheet based on the remaining period from the separate balance sheet date to the maturity date.

2.13 Borrowings

Borrowings include borrowings from banks and related parties.

Borrowings are classified into short-term and long-term borrowings on the separate balance sheet based on the remaining period from the separate 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 year 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 Company 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 Company's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised in the separate income statement when incurred.

2.14 Accrued expenses

Accrued expenses include liabilities for goods and services received in the year 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 year. Accrued expenses are recorded as expenses in the reporting year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.15 Provisions**

Provisions are recognised when the Company 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 accounting year are recorded as an increase or decrease in operating expenses.

2.16 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Company 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 Company 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 Company.

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's average salary for the six-month period prior to the separate balance sheet date.

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

2.17 Capital and reserves

Owners' capital is recorded according to the actual amounts contributed at the 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 record the Company's results (profits or losses) after BIT of the Company and the appropriation of profit at the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.18 Appropriation of profit**

The Company's dividends are recognised as a liability in the Company's separate 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 Company 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 Company's expansion or upgrading of its operation or in-depth investments.

(b) Bonus and welfare fund

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

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

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

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company 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 Company; 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. In cases where the Company gives promotional goods to customers associated with their purchases, the Company 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 separate income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 Revenue recognition (continued)****(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 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.

(c) Interest income

Interest income is recognised on an earned basis.

(d) Dividends income

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

**2.20 Cost of goods sold and services rendered**

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

2.21 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 basis. The Board of Management and Division Directors 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.

2.22 Financial expenses

Financial expenses are expenses incurred in the year for financial activities including interest expense and losses from foreign exchange differences.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.23 General and administration expenses**

General and administration expenses represent expenses that are incurred for administrative purposes of the Company.

2.24 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 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 interim separate 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 separate 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.

2.25 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 Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, key management personnel, including the Board of Directors, the Board of Management and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.26 Accounting estimates**

The preparation of separate 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.

The areas involving significant estimates and assumptions are as follows:

- Provision for doubtful debts (Note 8);
- Provision for decline in value of inventories (Note 9);
- Estimated useful life of fixed assets (Note 11); and
- Accrued expenses and provisions (Note 17, 20).

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 Company and that are believed to be reasonable under the circumstances.

3 CASH

| | 2020 VND | 2019 VND |
|--------------|-----------------------|-----------------------|
| Cash on hand | 114,079,148 | 290,399,254 |
| Cash in bank | 32,225,592,559 | 35,078,247,277 |
| Total | <u>32,339,671,707</u> | <u>35,368,646,531</u> |

4 INVESTMENTS**(a) Investment 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 | 120,000,000,000 | 120,000,000,000 | 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.

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

4 INVESTMENTS (continued)

(b) Long-term investments

| | 2020 | | 2019 | |
|---|------------------------|-------------------|------------------------|-------------------|
| | Cost VND | % of ownership | Cost VND | % of ownership |
| (i) Investments in direct subsidiaries | | | | |
| Asia Refrigeration Industry Joint Stock Company | 79,584,188,754 | 84.00 | 79,584,188,754 | 84.00 |
| Searefco Engineering and Construction Joint Stock Company | 69,300,000,000 | 99.00 | - | - |
| Seareal Real Estate JSC | 63,000,000,000 | 98.40 | - | - |
| Searee Refrigeration Electrical Engineering Greenpan Joint Stock Company (*) | 36,650,000,000 | 73.30 | 36,650,000,000 | 73.30 |
| | - | - | 21,000,000,000 | 30.00 |
| | <u>248,534,188,754</u> | | <u>137,234,188,754</u> | |
| (ii) Investments in associates | | | | |
| Thua Thien Hue Construction Joint Stock Corporation (**) | 51,392,880,000 | 36.00 | 51,392,880,000 | 36.00 |
| (iii) Other long-term investments | | | | |
| International Investment and Water Technology Joint Stock Company (***) | 2,556,717,362 | 2.84 | 6,196,000,000 | 6.88 |
| Formtek Engineering Joint Stock Company | 1,900,000,000 | 19.00 | 1,900,000,000 | 19.00 |
| | <u>4,456,717,362</u> | | <u>8,096,000,000</u> | |

(*) According to the Share Transfer Contract No. 01/HDCN /SRF dated 25 December 2020, the Company transferred all shares owned by the Company in Greenpan to Seareal.

(**) 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).

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

For the investments in Searefco E&C, Seareal, Arico, Searee, Greenpan, Inwatek and Formtek, as at 31 December 2020 and 31 December 2019, the Company has not determined the fair value of these investments for disclose in the separate financial statements because they do not have listed prices.

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

| | 2020 VND | 2019 VND |
|--|------------------------|------------------------|
| Third parties | 708,546,601,758 | 718,782,363,602 |
| <i>Hai Dang Real Estate Investment Joint Stock Company</i> | 177,013,182,864 | - |
| <i>Industry Construction Corporation</i> | 100,936,433,957 | 59,529,826,009 |
| <i>Others</i> | 430,596,984,937 | 659,252,537,593 |
| Related parties (Note 34(b)) | 77,829,455,012 | 3,429,932,794 |
| Total | <u>786,376,056,770</u> | <u>722,212,296,396</u> |

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

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

| | 2020 VND | 2019 VND |
|--|-----------------------|-----------------------|
| Third parties | 14,635,302,920 | 57,433,702,587 |
| <i>Gia Hung Construction And Import Export Company Limited</i> | 2,343,178,838 | 2,479,400,000 |
| <i>Phuc Minh Electronics and Trading Joint Stock Company</i> | 1,811,597,759 | - |
| <i>EDH Energy Solutions Joint Stock Company</i> | 1,603,743,466 | - |
| <i>Others</i> | 8,876,782,857 | 54,954,302,587 |
| Related parties (Note 34(b)) | 200,999,662 | 864,496,990 |
| Total | <u>14,836,302,582</u> | <u>58,298,199,577</u> |

7 OTHER SHORT-TERM RECEIVABLES

(a) Short-term

| | 2020 VND | 2019 VND |
|--|-----------------------|-----------------------|
| Third parties | 12,296,382,624 | 20,531,630,505 |
| <i>Interest income receivable from banks</i> | 3,139,715,616 | 5,668,482,740 |
| <i>Advances to employees</i> | 2,243,839,836 | 6,970,274,109 |
| <i>Other receivables from employees</i> | 1,065,920,570 | 3,321,478,649 |
| <i>Deposits</i> | 858,099,844 | 1,865,252,438 |
| <i>Receivables from construction teams</i> | - | 1,208,846,215 |
| <i>Others</i> | 4,988,806,758 | 1,497,296,354 |
| Related parties (Note 34(b)) | 37,862,222,261 | 18,902,478,863 |
| Total | <u>50,158,604,885</u> | <u>39,434,109,368</u> |

7 OTHER SHORT-TERM RECEIVABLES (continued)**(b) Long-term**

The balance represents long-term deposits and guarantees.

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 | 59,447,686,528 | 44,851,052,405 | 41,991,532,684 | 30,685,038,581 |

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

| | 2020 VND | 2019 VND |
|---------------------|----------------|----------------|
| Beginning of year | 30,685,038,581 | 17,127,945,367 |
| Provision (Note 31) | 14,166,013,824 | 13,557,093,214 |
| End of year | 44,851,052,405 | 30,685,038,581 |

9 INVENTORIES

| | 2020 | | 2019 | |
|----------------------|----------------|------------------|-----------------|------------------|
| | Cost VND | Provision VND | Cost VND | Provision VND |
| Goods in transit | 440,414,536 | - | 1,210,923,000 | - |
| Raw materials | 2,055,389,780 | (19,157,043) | 24,533,633,511 | (1,516,723,953) |
| Work in progress (*) | 28,410,870,762 | - | 200,072,342,362 | - |
| Finished goods | 10,310,241 | - | 10,310,241 | - |
| Merchandises | - | - | 21,437,266,444 | - |
| Total | 30,916,985,319 | (19,157,043) | 247,264,475,558 | (1,516,723,953) |

9 INVENTORIES (continued)

(*) Details for working progress by project are as follows:

| | 2020 VND | 2019 VND |
|--|-----------------------|------------------------|
| Sun World Hon Thom Nature Park project | 13,603,300,964 | 11,594,713,710 |
| Kem Beach Resort Phu Quoc project | 7,154,180,732 | 4,993,642,268 |
| The Fairmont Hotel project | 1,797,599,651 | 4,920,565,449 |
| Ba Na Hills project | 1,507,333,331 | - |
| Liberty Quy Nhon project | 1,101,967,515 | 16,156,936,681 |
| Cu Lao Cham Marine Ecotourism Area project | 1,084,318,808 | 1,294,469,566 |
| Radison Blu Resort Cam Ranh project | 97,244,699 | 11,728,169,328 |
| Le Meridien Cam Ranh Bay Resort & Spa Resort project | 78,374,757 | 27,251,618,637 |
| Melia Cam Ranh Bay project | 52,830,000 | 12,629,946,479 |
| Regent Phu Quoc Resort project | 23,851,874 | 5,735,287,302 |
| Gateway Thao Dien project | 22,965,044 | 27,832,730,094 |
| Binh Chau Hot Spring Tourist Area Renovation project | - | 24,767,444,276 |
| The Riviera Point project | - | 15,907,739,696 |
| The Annam Mui Ne Resort project | - | 6,345,313,250 |
| VNG Software Research, Development and Production Center project | - | 6,044,170,322 |
| Van Loc Phat Wedding Convention Center project | - | 4,024,156,216 |
| Wilton Tower project | - | 3,922,812,132 |
| The Sebel Phuc Quoc Emerald Bay project | - | 1,925,658,875 |
| Other projects | 1,886,903,387 | 12,996,968,081 |
| Total | <u>28,410,870,762</u> | <u>200,072,342,362</u> |

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

| | 2020 VND | 2019 VND |
|---|-------------------|----------------------|
| Beginning of year | 1,516,723,953 | 994,792,949 |
| (Reversal of)/provision for decline in value of inventories (Note 28) | (1,497,566,910) | 521,931,004 |
| End of year | <u>19,157,043</u> | <u>1,516,723,953</u> |

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

10 PREPAID EXPENSES

a) Short-term

| | 2020 VND | 2019 VND |
|--------------------|--------------------|--------------------|
| Tools and supplies | 40,609,244 | 67,705,848 |
| Others | 369,082,873 | 609,939,670 |
| Total | <u>409,692,117</u> | <u>677,645,518</u> |

b) Long-term

| | 2020 VND | 2019 VND |
|--------------------|----------------------|----------------------|
| Tools and supplies | 149,247,705 | 756,922,347 |
| Others | 1,205,565,618 | 2,238,502,808 |
| Total | <u>1,354,813,323</u> | <u>2,995,425,155</u> |

Movements in prepaid expenses during the year were as follows:

| | 2020 VND | 2019 VND |
|-------------------|----------------------|----------------------|
| Beginning of year | 3,673,070,673 | 2,378,812,490 |
| Increase | 7,979,516,019 | 28,834,046,999 |
| Allocation | (8,796,506,642) | (27,539,788,816) |
| Others | (1,091,574,610) | - |
| End of year | <u>1,764,505,440</u> | <u>3,673,070,673</u> |

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

| 11 | FIXED ASSETS | Plant and buildings VND | Machinery and equipment VND | Motor vehicles VND | Office equipment VND | Others VND | Total VND |
|-----|---------------------------------|----------------------------|--------------------------------|-----------------------|-------------------------|---------------|-----------------|
| (a) | Tangible fixed assets | | | | | | |
| | Historical cost | | | | | | |
| | As at 1 January 2020 | 67,000,000 | 2,963,083,961 | 8,973,459,478 | 2,743,836,007 | 1,027,578,205 | 15,774,957,651 |
| | New purchases | - | 84,000,000 | - | - | - | 84,000,000 |
| | Disposals | - | (601,074,402) | (3,086,613,818) | (39,900,000) | (721,536,454) | (4,449,124,674) |
| | As at 31 December 2020 | 67,000,000 | 2,446,009,559 | 5,886,845,660 | 2,703,936,007 | 306,041,751 | 11,409,832,977 |
| | Accumulated depreciation | | | | | | |
| | As at 1 January 2020 | 67,000,000 | 2,619,363,521 | 7,462,628,525 | 2,210,322,618 | 980,994,880 | 13,340,309,544 |
| | Charge for the year | - | 98,627,227 | 378,703,707 | 199,871,706 | 46,583,325 | 723,785,965 |
| | Disposals | - | (376,502,189) | (3,086,613,818) | (39,900,000) | (721,536,454) | (4,224,552,461) |
| | As at 31 December 2020 | 67,000,000 | 2,341,488,559 | 4,754,718,414 | 2,370,294,324 | 306,041,751 | 9,839,543,048 |
| | Net book value | | | | | | |
| | As at 1 January 2020 | - | 343,720,440 | 1,510,830,953 | 533,513,389 | 46,583,325 | 2,434,648,107 |
| | As at 31 December 2020 | - | 104,521,000 | 1,132,127,246 | 333,641,683 | - | 1,570,289,929 |

Historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2020 was VND7,073,568,377 (as at 31 December 2019: VND9,947,836,831).



SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

11 FIXED ASSETS (continued)

(b) Intangible fixed assets

| | Computer software VND | Others VND | Total VND |
|---------------------------------|-----------------------------|--------------------|----------------------|
| Historical cost | | | |
| As at 1 January 2020 | 1,712,426,260 | - | 1,712,426,260 |
| New purchases | - | 299,200,000 | 299,200,000 |
| As at 31 December 2020 | <u>1,712,426,260</u> | <u>299,200,000</u> | <u>2,011,626,260</u> |
| Accumulated amortisation | | | |
| As at 1 January 2020 | 1,663,214,260 | - | 1,663,214,260 |
| Charge for the year | 49,212,000 | 24,933,333 | 74,145,333 |
| As at 31 December 2020 | <u>1,712,426,260</u> | <u>24,933,333</u> | <u>1,737,359,593</u> |
| Net book value | | | |
| As at 1 January 2020 | <u>49,212,000</u> | - | <u>49,212,000</u> |
| As at 31 December 2020 | <u>-</u> | <u>274,266,667</u> | <u>274,266,667</u> |

Historical cost of fully amortised intangible fixed assets but still in use as at 31 December 2020 was VND1,497,866,260 (as at 31 December 2019: VND1,422,266,260).

12 CONSTRUCTION IN PROGRESS

| | 2020 VND | 2019 VND |
|----------------------------|-----------------------|----------------------|
| Phu Quoc office | 13,704,464,512 | - |
| Da Nang apartment building | 13,065,337,500 | - |
| ERP system | 2,970,701,405 | 2,959,128,345 |
| Others | 63,000,000 | 63,000,000 |
| Total | <u>29,803,503,417</u> | <u>3,022,128,345</u> |

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

| | 2020 VND | 2019 VND |
|-------------------|-----------------------|----------------------|
| Beginning of year | 3,022,128,345 | 2,737,876,462 |
| Purchase | 26,781,375,072 | 284,251,883 |
| End of year | <u>29,803,503,417</u> | <u>3,022,128,345</u> |

13 SHORT-TERM TRADE ACCOUNTS PAYABLE

| | 2020 VND | 2019 VND |
|------------------------------|-------------------------------|-------------------------------|
| Third parties | 166,338,511,920 | 254,908,275,116 |
| Related parties (Note 34(b)) | 80,183,796,544 | 43,600,274,651 |
| | <u>246,522,308,464</u> | <u>298,508,549,767</u> |
| Total | <u>246,522,308,464</u> | <u>298,508,549,767</u> |

As at 31 December 2020 and 31 December 2019, there was no vendor who had the balance accounting for 10% or more of the total balance of short-term trade accounts payable.

As at 31 December 2020 and 31 December 2019, the Company was able to pay when these trade accounts payable are due and there was no balance of short-term trade payables that was past due.

14 SHORT-TERM ADVANCES FROM CUSTOMERS

| | 2020 VND | 2019 VND |
|--|------------------------------|------------------------------|
| Third parties | 23,542,332,317 | 75,364,029,837 |
| <i>Kien A Khanh Hoa Investment Joint Stock Company</i> | 8,711,152,213 | 2,490,739,804 |
| <i>Vinamilk Vietnam Joint Stock Company</i> | 7,275,000,000 | - |
| <i>Saigon Cam Ranh Joint Stock Company</i> | 4,758,953,650 | 4,758,953,650 |
| <i>Others</i> | 2,797,226,454 | 68,114,336,383 |
| Related parties (Note 34(b)) | 3,269,000,000 | - |
| | <u>26,811,332,317</u> | <u>75,364,029,837</u> |
| Total | <u>26,811,332,317</u> | <u>75,364,029,837</u> |

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

15 TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE

Movements in taxes and other receivables from/payables to the State during the year are as follows:

| | 1.1.2020 VND | Receivable/payable during the period VND | Payment during the year VND | Net-off VND | 31.12.2020 VND |
|----------------------------|-----------------------|--|-----------------------------------|-------------------------|----------------------|
| (a) Tax receivables | | | | | |
| VAT input | - | 80,343,663,228 | - | (68,329,679,832) | 12,013,983,396 |
| (b) Tax payables | | | | | |
| Personal income tax | 1,034,475,803 | 6,919,818,629 | (7,808,377,110) | - | 145,917,322 |
| BIT | 1,128,534,843 | 8,854,160,863 | (1,467,159,958) | - | 8,515,535,748 |
| VAT on domestic sales | 10,046,455,553 | 99,016,226,156 | (40,058,910,744) | (68,329,679,832) | 674,091,133 |
| VAT on importation | - | 15,162,178,731 | (15,162,178,731) | - | - |
| Foreign contractor tax | - | 2,408,586,040 | (2,408,586,040) | - | - |
| Import, export tax | - | 5,602,814,976 | (5,602,814,976) | - | - |
| Business license tax | - | 4,000,000 | (4,000,000) | - | - |
| Total | 12,209,466,199 | 137,967,785,395 | (72,512,027,559) | (68,329,679,832) | 9,335,544,203 |

16 PAYABLES TO EMPLOYEES

Short-term payables represent the amount payable to employees in relation to the remuneration as at 31 December 2020 and at 31 December 2019.

17 ACCRUED EXPENSES

| | 2020 VND | 2019 VND |
|-----------------------|---------------------------|---------------------------|
| Accrued project costs | 172,192,418,538 | 65,421,942,151 |
| Interest expense | 431,763,349 | 1,051,670,972 |
| Others | 586,400,000 | 1,732,946,588 |
| Total | 173,210,581,887 | 68,206,559,711 |

18 OTHER SHORT-TERM PAYABLES

| | 2020 VND | 2019 VND |
|---|---------------------------|---------------------------|
| Third parties | 10,177,695,420 | 33,403,681,188 |
| <i>Payables to employees</i> | 153,712,980 | 8,151,439,422 |
| <i>Social, health and unemployment insurance and trade union fees</i> | 840,145,239 | 1,455,971,545 |
| <i>Dividends payable (Note 25)</i> | 596,400,800 | 22,088,676,700 |
| <i>Other payables to employees</i> | - | 659,124,871 |
| <i>Others</i> | 8,587,436,401 | 1,048,468,650 |
| Related parties (Note 34(b)) | 131,358,667 | 4,722,222 |
| Total | 10,309,054,087 | 33,408,403,410 |

19 SHORT-TERM BORROWINGS

| | 1.1.2020 VND | Increase VND | Decrease VND | 31.12.2020 VND |
|---|-------------------------------|-------------------------------|-------------------------------|---------------------------------|
| Bank loans (i) | 504,676,655,165 | 1,190,428,976,972 | (1,242,457,394,572) | 452,648,237,565 |
| Borrowings from related parties (Note 34(b)) (ii) | 34,465,000,000 | 25,495,230,990 | (42,976,909,134) | 16,983,321,856 |
| | 539,141,655,165 | 1,215,924,207,962 | (1,285,434,303,706) | 469,631,559,421 |

19 SHORT-TERM BORROWINGS (continued)

(i) Details of short-term borrowings are as follows:

| | 2020 VND | 2019 VND |
|--|------------------------|------------------------|
| Joint Stock Commercial Bank for Foreign Trade of Vietnam | 227,876,703,121 | 247,819,515,286 |
| Vietnam Joint Stock Commercial Bank for Industry and Trade | 187,001,874,109 | 206,303,451,787 |
| Military Commercial Joint Stock Bank | 18,402,664,890 | 2,479,400,000 |
| Bank for Investment and Development of Vietnam | 17,908,965,240 | 10,451,325,840 |
| Vietnam - Russia Joint Venture Bank | 1,458,030,205 | 15,063,695,646 |
| Standard Chartered (Vietnam) Bank Limited | - | 22,559,266,606 |
| | <u>452,648,237,565</u> | <u>504,676,655,165</u> |

(i) The borrowings are unsecured and bear the floating interest rates in accordance with each draw-down. The purpose of borrowings is to support the working capital of the Company.

(ii) Borrowings from related parties are unsecured and bear interest rates from 6.6% per annum to 7.2% per annum. The purpose of these borrowings is to support the working capital of the Company.

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

| | 2020 VND | 2019 VND |
|--------------------------|--------------------|--------------------|
| Beginning of year | 212,161,483 | 687,182,168 |
| Provision | 703,922,247 | 185,640,158 |
| Utilisation and reversal | (173,949,213) | (660,660,843) |
| End of year | <u>742,134,517</u> | <u>212,161,483</u> |

Provision for short-term liabilities represents warranty for projects that have been completed and handed over at the separate balance sheet date.

(b) Long-term

Provision for long-term liabilities represents provision for severance allowance as at 31 December 2020 and at 31 December 2019.

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

21 BONUS AND WELFARE FUND

| | 2020 VND | 2019 VND |
|------------------------------------|-----------------------|-----------------------|
| Beginning of year | 12,805,549,810 | 14,004,576,062 |
| Increase during the year (Note 24) | 10,139,579,842 | 15,582,887,458 |
| Utilisation during the year | (9,740,117,357) | (16,781,913,710) |
| End of year | <u>13,205,012,295</u> | <u>12,805,549,810</u> |

22 DEFERRED INCOME TAX ASSETS

| | 2020 VND | 2019 VND |
|--|----------------------|----------------------|
| Deferred tax assets to be recovered after more than 12 months | 1,556,244,192 | 1,499,382,017 |
| Deferred tax assets to be recovered within 12 months | 907,948,258 | 363,867,966 |
| Total | <u>2,464,192,450</u> | <u>1,863,249,983</u> |

Movements in the deferred income tax assets during the year are as follows:

| | 2020 VND | 2019 VND |
|-----------------------------------|----------------------|----------------------|
| Beginning of year | 1,863,249,983 | 2,942,376,172 |
| Income statement charge (Note 33) | 600,942,467 | (1,079,126,189) |
| End of year | <u>2,464,192,450</u> | <u>1,863,249,983</u> |

Deferred income tax assets mainly arise from deductible temporary differences in relation to accrued expenses and provisions.

The Company uses tax rate of 20% in the year (2019: 20%) for determining deferred tax assets.

23 OWNERS' CAPITAL**(a) Number of shares**

| | 2020 | 2019 |
|--|-------------|-------------|
| Number of shares registered | 32,495,397 | 32,495,397 |
| Number of shares issued | 32,495,397 | 32,495,397 |
| Number of shares repurchased | (1,780,000) | (1,780,000) |
| Number of existing shares in circulation | 30,715,397 | 30,715,397 |

(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 | 32,495,397 | 100 |

(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 dividends at any time the Company noticed. All the ordinary shares have the same priority with the remaining assets of the Company.

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

24 MOVEMENTS IN OWNERS' EQUITY

| | Owners' capital VND | Share premium 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 | (29,238,407,099) | 5,427,578,589 | 103,255,633,995 | 404,682,794,544 |
| Profit for the year | - | - | - | - | 48,283,713,533 | 48,283,713,533 |
| Appropriation to fund | - | - | - | - | (15,582,887,458) | (15,582,887,458) |
| Dividends declared | - | - | - | - | (67,573,873,400) | (67,573,873,400) |
| As at 31 December 2019 | 324,953,970,000 | 284,019,059 | (29,238,407,099) | 5,427,578,589 | 68,382,586,670 | 369,809,747,219 |
| As at 1 January 2020 | 324,953,970,000 | 284,019,059 | (29,238,407,099) | 5,427,578,589 | 68,382,586,670 | 369,809,747,219 |
| Profit for the year | - | - | - | - | 50,851,044,039 | 50,851,044,039 |
| Appropriation to fund (*) | - | - | - | - | (10,139,579,842) | (10,139,579,842) |
| Dividends declared (*) (Note 25) | - | - | - | - | (24,572,317,600) | (24,572,317,600) |
| As at 31 December 2020 | 324,953,970,000 | 284,019,059 | (29,238,407,099) | 5,427,578,589 | 84,521,733,267 | 385,948,893,816 |

(*) As per the Shareholder's General Meeting Resolution No. 01/ĐHCEĐ/NQ/20 dated 19 June 2020, the Shareholder's General has approved the appropriation of profit to Bonus and welfare fund.

As per the Board of Directors' Resolution No. 005/NQ/HĐQT/20 dated 28 April 2020 of the Company, the Board of Directors has approved the declaration of the second cash dividend payment for the year 2019.

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

25 DIVIDENDS

| | 2020 VND | 2019 VND |
|--|--------------------|-----------------------|
| Beginning of year | 22,088,676,700 | 579,396,800 |
| Dividends payable during the year (Note 24) | 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 18) | <u>596,400,800</u> | <u>22,088,676,700</u> |

26 OFF BALANCE SHEET ITEMS

| | 2020 | 2019 |
|-----------------------------|----------------|----------------|
| Bad debts written off (VND) | 27,592,321,012 | 27,592,321,012 |
| Foreign currencies | | |
| United States Dollar (USD) | 1,998.61 | 2,012.71 |
| Great British Pound (GBP) | 7.16 | 7.16 |
| Australian Dollar (AUD) | 0.67 | 0.67 |

27 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

| | 2020 VND | 2019 VND |
|---|--------------------------|--------------------------|
| Revenue | | |
| Revenue from construction contracts | 1,133,998,225,552 | 1,392,980,849,904 |
| Revenue from sales of goods | 46,710,926,020 | 1,176,235,877 |
| Revenue from other service | 6,862,350,333 | - |
| Net revenue from leasing activity | - | 1,684,142,284 |
| Total | <u>1,187,571,501,905</u> | <u>1,395,841,228,065</u> |
| Sales deductions | | |
| Sales allowances | (1,432,873,129) | - |
| Net revenue | | |
| Net revenue from construction contracts | 1,132,565,352,423 | 1,392,980,849,904 |
| Net revenue from sales of goods | 46,710,926,020 | 1,176,235,877 |
| Net revenue from other service | 6,862,350,333 | - |
| Net revenue from leasing activity | - | 1,684,142,284 |
| Total | <u>1,186,138,628,776</u> | <u>1,395,841,228,065</u> |

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

28 COST OF GOODS SOLD AND SERVICES RENDERED

| | 2020 VND | 2019 VND |
|--|---------------------------------|---------------------------------|
| Cost of construction contracts | 1,077,098,404,697 | 1,292,618,381,605 |
| Cost of goods sold | 40,854,889,009 | 1,173,995,010 |
| Cost of leasing activity | - | 1,561,384,473 |
| (Reversal of)/ provision for decline in value of inventories (Note 9) | (1,497,566,910) | 521,931,004 |
| Total | <u>1,116,455,726,796</u> | <u>1,295,875,692,092</u> |

29 FINANCIAL INCOME

| | 2020 VND | 2019 VND |
|---|------------------------------|------------------------------|
| Income from divestment | 31,500,000,000 | - |
| Interest income from deposits and loans | 9,160,848,139 | 12,701,272,609 |
| Profit received from the subsidiary (Note 34(a)) | 10,080,000,000 | 23,562,500,000 |
| Dividends | 8,232,840,000 | 8,232,840,000 |
| Realised foreign exchange gains | 3,002,954,376 | 72,767,464 |
| Interest income from lending to internal party | 1,060,668,896 | - |
| Net gain from foreign currency translation at year-end | - | 75,319,470 |
| Total | <u>63,037,311,411</u> | <u>44,644,699,543</u> |

30 FINANCIAL EXPENSES

| | 2020 VND | 2019 VND |
|---|------------------------------|------------------------------|
| Interest expense | 33,020,044,488 | 31,270,061,258 |
| Realised foreign exchange losses | 3,059,494,640 | 98,181,310 |
| Net loss from foreign currency translation at year-end | 1,152,931,216 | - |
| Total | <u>37,232,470,344</u> | <u>31,368,242,568</u> |

31 GENERAL AND ADMINISTRATION EXPENSES

| | 2020 VND | 2019 VND |
|---------------------------------------|------------------------------|------------------------------|
| Staff costs | 14,907,511,085 | 32,943,516,332 |
| Provision for doubtful debts (Note 8) | 14,166,013,824 | 13,557,093,214 |
| Outside service expenses | 9,628,704,531 | 13,883,645,724 |
| Depreciation and amortisation | 792,486,025 | 1,218,744,212 |
| Reversal of accrued staff costs | (1,731,579,885) | (2,608,726,520) |
| Others | 992,883,416 | 2,754,388,347 |
| Total | <u>38,756,018,996</u> | <u>61,748,661,309</u> |

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

Form B 09 – DN

32 NET OTHER INCOME

| | 2020 VND | 2019 VND |
|----------------------------------|----------------------|----------------------|
| Gains on disposal of fixed asset | 366,336,878 | - |
| Fines | 1,101,158,873 | 591,704,656 |
| Others | 1,167,589,263 | 1,378,367,935 |
| | <u>2,635,085,014</u> | <u>1,970,072,591</u> |

33 BIT

The BIT on the Company'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 | 59,104,262,435 | 52,907,234,186 |
| Tax calculated at a rate of 20% | 11,820,852,487 | 10,581,446,838 |
| Effect of: | | |
| Income not subject to tax | (3,662,568,000) | (6,359,068,000) |
| Expenses not deductible for tax purposes | 464,901,984 | 855,901,767 |
| Tax deduction (*) | (493,703,904) | - |
| Adjustment for previous years | 123,735,829 | (454,759,952) |
| Temporary differences | 600,942,467 | (1,079,126,189) |
| | <u>8,854,160,863</u> | <u>3,544,394,464</u> |
| BIT charge - current (**) | | |
| Charged/(credited) to income statement: | | |
| BIT – current (**) | 8,854,160,863 | 3,544,394,464 |
| BIT – deferred (Note 22) | (600,942,467) | 1,079,126,189 |
| | <u>8,253,218,396</u> | <u>4,623,520,653</u> |

(*) Pursuant to Decree 114/2020/NĐ-CP dated 25 September 2020, the Branch is entitled to tax exemption 30% of the current BIT in 2020, as a result of the Company meets the condition of total revenue from rendering of services not exceeding 200 billion Dong.

(**) The current BIT charge for the period is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

34 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) Sales of goods and services | | | | |
| Searefico E&C | Subsidiary | Sales of goods | 193,489,242,725 | - |
| Phoenix | Related party | Sales of goods | 22,688,758,771 | 68,654,055 |
| Searee | Subsidiary | Construction services | 3,168,340,950 | 124,997,828,918 |
| | | Other services | 2,158,844,597 | 5,150,141,028 |
| | | Sales of goods | - | 147,228,055 |
| | | Other services | 3,803,903,710 | - |
| Arico | Subsidiary | Other services | 3,803,903,710 | - |
| Greenpan | Subsidiary | Construction services | - | 49,466,666 |
| Total | | | 225,309,090,753 | 130,413,318,722 |
| ii) Purchases of goods and services | | | | |
| Searefico E&C | Subsidiary | Construction services | 102,548,772,437 | - |
| Searee | Subsidiary | Construction services | 58,197,722,741 | 195,534,157,283 |
| | | Other services | 1,846,349,616 | 4,228,306,760 |
| | | Construction services | 23,150,062,311 | 6,655,332,107 |
| HCC | Associate | Construction services | 23,150,062,311 | 6,655,332,107 |
| Formtek | Related party | Construction services | 4,888,352,355 | 10,830,666,691 |
| | | Purchases of goods | 111,095,020 | 998,823,126 |
| Greenpan | Subsidiary | Purchases of goods | 2,877,279,193 | - |
| Arico | Subsidiary | Purchases of goods | 144,144,480 | 2,166,443,141 |
| Total | | | 193,763,778,153 | 220,413,729,108 |
| iii) Compensation of key management | | | | |
| Salaries and benefits of the Board of Management | | | 3,512,555,676 | 5,026,013,428 |
| Allowance for the Board of Directors and Supervision | | | 1,545,600,000 | 1,932,000,000 |
| Total | | | 5,058,155,676 | 6,958,013,428 |

34 RELATED PARTY DISCLOSURES (continued)

(b) Year end balances with related parties

| Related party | Relationship | Nature of transaction | 31.12.2020 VND | 31.12.2019 VND |
|---|---------------|-----------------------|-----------------------|-----------------------|
| i) Short-term trade accounts receivable (Note 5) | | | | |
| Searefico E&C | Subsidiary | Construction services | 45,887,460,097 | - |
| Phoenix | Related party | Construction services | 21,834,312,982 | 75,519,461 |
| Searee | Subsidiary | Construction services | 5,674,729,056 | 3,300,000,000 |
| Arico | Subsidiary | Construction services | 4,184,294,082 | - |
| Greenpan | Subsidiary | Construction services | 248,658,795 | 54,413,333 |
| | | Total | <u>77,829,455,012</u> | <u>3,429,932,794</u> |
| ii) Prepayments to suppliers (Note 6) | | | | |
| Formtek | Related party | Construction services | 200,999,662 | 785,217,526 |
| Arico | Subsidiary | Construction services | - | 79,279,464 |
| | | Total | <u>200,999,662</u> | <u>864,496,990</u> |
| iii) Other short-term receivables (Note 7(a)) | | | | |
| Searefico E&C | Subsidiary | Other services | 8,392,947,811 | 4,609,000 |
| | | Lendings | 18,700,000,000 | - |
| Arico | Subsidiary | Lendings | 7,500,000,000 | 12,600,000,000 |
| | | Other services | 2,367,331,629 | - |
| Searee | Subsidiary | Dividend received | - | 5,082,500,000 |
| Inwatek | Related party | Interest income | 658,643,288 | 658,643,288 |
| Greenpan | Subsidiary | Other services | - | 412,215,223 |
| Phoenix | Related party | Other services | 226,918,533 | 139,902,352 |
| Seareal | Subsidiary | Other services | 16,381,000 | 4,609,000 |
| | | Total | <u>37,862,222,261</u> | <u>18,902,478,863</u> |
| iv) Short-term trade accounts payable (Note 13) | | | | |
| Searee | Subsidiary | Construction services | 74,850,020,845 | 38,040,077,552 |
| HCC | Associate | Construction services | 5,214,506,597 | 4,269,202,084 |
| Searefico E&C | Subsidiary | Construction services | 119,269,102 | - |
| Arico | Subsidiary | Construction services | - | 1,290,995,015 |
| | | Total | <u>80,183,796,544</u> | <u>43,600,274,651</u> |
| v) Advances from customers (Note 14) | | | | |
| Searefico E&C | Subsidiary | Construction services | 3,269,000,000 | - |
| vi) Other short-term payables (Note 18) | | | | |
| Arico | Subsidiary | Interest expenses | 131,358,667 | 4,722,222 |
| vii) Short-term Borrowing (Note 14) | | | | |
| Searee | Subsidiary | Borrowing | 16,483,321,856 | 19,465,000,000 |
| Arico | Subsidiary | Borrowing | 500,000,000 | 15,000,000,000 |
| | | Total | <u>16,983,321,856</u> | <u>34,465,000,000</u> |

35 COMMITMENTS UNDER OPERATING LEASES

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

| | 2020 VND | 2019 VND |
|----------------------------|----------------------|-----------------------|
| Within one year | 3,362,850,000 | 3,736,500,000 |
| Between one and five years | 3,736,500,000 | 7,099,350,000 |
| Total minimum payments | <u>7,099,350,000</u> | <u>10,835,850,000</u> |

36 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 Company's principal activities. The Company has performed a preliminary assessment of the overall impact of the situation on the Company'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 the separate financial statements of the Company, there is not enough information to enable the Board of Management's reliable estimation, in all respect to the financial impact on the Company's results for the next period. The Company will continue to monitor the situation, take appropriate timely actions to minimise the impact.

The separate financial statements were approved by the Board of Management on 23 March 2021.



Dong Thi Thu San
Preparer



Vuong Tran Quoc Thanh
Chief Accountant



The seal contains the following text: M.S.D.N. 0301825452-C.T.C.P., CÔNG TY CỔ PHẦN KỸ NGHỆ LẠNH (SEAREFICO), QUẬN 3 - TP. HỒ CHÍ MINH.

Nguyen Thi Thanh Huong
Chief Executive Officer