

SEAREFICO CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

SEAREFICO CORPORATION

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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SEAREFICO CORPORATION

CORPORATE INFORMATION

Enterprise registration certificate joint stock company

No. 0301825452 dated 18 September 1999 was initially issued by the Department of Planning and Investment of Ho Chi Minh City on and the latest 20th amendment dated 2 November 2021.

Board of Directors

Mr. Le Tan Phuoc	Chairman
Mr. Nguyen Huu Thinh	Member
Mr. Ryota Fukuda	Member
Mr. Nishi Masayuki	Member
Mr. Le Quang Phuc	Member
Mr. Pham Kyle Tuan Anh	Member (from 25 February 2022)
Mr. Lee Men Leng	Member (until 25 February 2022)

Board of Supervision (until 20 April 2021)

Mr. Nguyen Chau Tran	Chief Supervisor
Ms. Duong Thi Kim Thoa	Member
Mr. Bui Van Quyet	Member

Audit Committee

Mr. Pham Kyle Tuan Anh	Chairman
Mr. Nguyen Huu Thinh	Member

Compensation and Organisation Development Committee

Mr. Le Quang Phuc	Chairman
Mr. Nguyen Huu Thinh	Member

Board of Internal Audit under Board of Directors (from 14 April 2021)

Mr. Nguyen Chau Tran	Acting Chief Supervisor
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SEAREFICO CORPORATION

CORPORATE INFORMATION (continued)

Board of Management	Ms. Nguyen Thi Thanh Huong	Chief Executive Officer
	Mr. Nguyen Quoc Cuong	Deputy General Director
	Mr. Tran Dinh Muoi	Deputy General Director
	Mr. Pham Ngoc Son	Deputy General Director
	Mr. Huynh Khoi Binh	Deputy General Director (from 26 March 2022)
	Mr. Phan Thanh Long	Chief Financial Officer
	Mr. Vuong Tran Quoc Thanh	Chief Accountant
Legal representative	Mr. Le Tan Phuoc	Chairman
	Ms. Nguyen Thi Thanh Huong	Chief Executive Officer
Registered office	14th Floor, Centec Tower 72-74 Nguyen Thi Minh Khai Street, Vo Thi Sau Ward, District 3, Ho Chi Minh City, Vietnam	
Auditor	PwC (Vietnam) Limited	

SEAREFICO CORPORATION

STATEMENT OF THE BOARD OF MANAGEMENT

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

The Board of Management of Searefico 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 2021, 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 6 to 53 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 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
28 March 2022



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS OF SEAREFICO CORPORATION

We have audited the accompanying consolidated financial statements of Searefico Corporation ("the Company") and its subsidiaries (together, "the Group") which were prepared on 31 December 2021 and approved by the Board of Management on 28 March 2022. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2021, 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 6 to 53.

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 2021, 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

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

Report reference number: HCM11910
Ho Chi Minh City, 28 March 2022

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2021 VND	2020 VND
100	CURRENT ASSETS		1,332,532,232,066	1,442,693,668,585
110	Cash and cash equivalents	3	60,499,313,356	63,100,216,101
111	Cash		59,714,313,356	48,600,216,101
112	Cash equivalents		785,000,000	14,500,000,000
120	Short-term investment		110,359,200,000	178,250,000,000
123	Investment held to maturity	4(a)	110,359,200,000	178,250,000,000
130	Short-term receivables		782,001,895,799	881,517,658,909
131	Short-term trade accounts receivable	5	726,004,583,852	868,149,262,839
132	Short-term prepayments to suppliers	6	49,671,980,022	31,438,431,267
136	Other short-term receivables	7(a)	37,664,977,608	37,948,303,119
137	Provision for doubtful debts – short-term	8	(31,339,645,683)	(56,018,338,316)
140	Inventories	9	333,318,564,993	282,877,169,953
141	Inventories		334,185,494,833	283,880,853,961
149	Provision for decline in value of inventories		(866,929,840)	(1,003,684,008)
150	Other current assets		46,353,257,918	36,948,623,622
151	Short-term prepaid expenses	10(a)	2,582,141,019	2,253,591,300
152	Value Added Tax (“VAT”) to be reclaimed	15(a)	42,787,280,422	34,695,032,322
153	Tax and other receivables from the State	15(a)	983,836,477	-

The notes on pages 11 to 53 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET
 (continued)

Code	ASSETS (continued)	Note	As at 31 December	
			2021 VND	2020 VND
200	LONG-TERM ASSETS		520,729,143,686	513,662,283,969
210	Long-term receivables		1,836,601,000	1,720,901,840
216	Other long-term receivables	7(b)	1,836,601,000	1,720,901,840
220	Fixed assets		272,811,914,314	270,436,976,642
221	Tangible fixed assets	11(a)	269,843,368,020	268,712,710,154
222	Historical cost		385,602,156,131	372,541,060,227
223	Accumulated depreciation		(115,758,788,111)	(103,828,350,073)
227	Intangible fixed assets	11(b)	2,968,546,294	1,724,266,488
228	Historical cost		5,941,197,119	4,082,980,563
229	Accumulated amortisation		(2,972,650,825)	(2,358,714,075)
240	Long-term asset in progress		33,417,126,812	35,697,071,058
242	Construction in progress	12	33,417,126,812	35,697,071,058
250	Long-term investments		165,955,372,698	158,888,384,841
252	Investments in associate	4(b)	161,498,655,336	154,431,667,479
253	Investments in other entities	4(c)	4,456,717,362	4,456,717,362
260	Other long-term assets		46,708,128,862	46,918,949,588
261	Long-term prepaid expenses	10(b)	31,983,351,721	34,316,048,081
262	Deferred income tax assets	22	14,724,777,141	12,602,901,507
270	TOTAL ASSETS		1,853,261,375,752	1,956,355,952,554

The notes on pages 11 to 53 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET
 (continued)

Code	RESOURCES	Note	As at 31 December	
			2021 VND	2020 VND
300	LIABILITIES		1,279,580,524,672	1,419,608,518,042
310	Short-term liabilities		1,182,852,743,920	1,332,354,037,038
311	Short-term trade accounts payable	13	306,522,366,234	276,790,632,369
312	Short-term advances from customers	14	109,448,135,163	51,661,736,949
313	Tax and other payables to the State	15(b)	8,622,944,187	16,764,953,557
314	Payables to employees	16	14,636,229,315	12,276,594,991
315	Short-term accrued expenses	17	90,617,043,576	229,497,091,326
319	Other short-term payables	18(a)	31,005,707,596	16,645,015,341
320	Short-term borrowings	19(a)	607,247,979,184	710,891,757,538
321	Provision for short-term liabilities	20(a)	1,376,538,681	2,011,567,497
322	Bonus and welfare funds	21	13,375,799,984	15,814,687,470
330	Long-term liabilities		96,727,780,752	87,254,481,004
337	Other long-term payables	18(b)	3,625,454,585	3,959,331,252
338	Long-term borrowings	19(b)	90,578,404,417	80,682,148,002
342	Provision for long-term liabilities	20(b)	2,523,921,750	2,613,001,750
400	OWNERS' EQUITY		573,680,851,080	536,747,434,512
410	Capital and reserves		573,680,851,080	536,747,434,512
411	Owners' capital	23, 24	355,667,800,000	324,953,970,000
411a	- Ordinary shares with voting rights		355,667,800,000	324,953,970,000
412	Share premium	24	284,019,059	284,019,059
414	Owners' other capital	24	4,415,811,246	4,415,811,246
415	Treasury shares	24	(29,238,407,099)	(29,238,407,099)
418	Investment and development funds	24	8,308,963,938	8,308,963,938
421	Undistributed earnings	24	144,650,123,767	151,993,358,462
421a	- Undistributed post-tax profits of previous years		115,185,462,889	112,114,243,417
421b	- Post-tax profits of current year		29,464,660,878	39,879,115,045
429	Non-controlling interests	25	89,592,540,169	76,029,718,906
440	TOTAL RESOURCES		1,853,261,375,752	1,956,355,952,554

 Nguyen Thi
 Preparer

 Vuong Tran Quoc Thanh
 Chief Accountant

 Nguyen Thi Thanh Huong
 Chief Executive Officer
 28 March 2022

The notes on pages 11 to 53 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

Code	Note	Year ended 31 December	
		2021 VND	2020 VND
01	Revenue from sales of goods and rendering of services	930,440,139,439	1,486,296,551,053
10	Net revenue from sales of goods and rendering of services	930,440,139,439	1,486,296,551,053
11	Cost of goods sold and services rendered	(843,891,078,275)	(1,364,223,503,248)
20	Gross profit from sales of goods and rendering of services	86,549,061,164	122,073,047,805
21	Financial income	12,668,515,570	13,776,557,999
22	Financial expenses	(36,730,691,545)	(49,422,761,071)
23	- Including: Interest expenses	(36,489,486,150)	(44,762,801,785)
24	Profit sharing from associates	17,358,037,857	22,305,113,365
25	Selling expenses	(3,574,053,547)	(1,703,306,932)
26	General and administration expenses	(43,736,291,813)	(61,546,759,674)
30	Net operating profit	32,534,577,686	45,481,891,492
31	Other income	6,577,174,740	2,102,893,807
32	Other expenses	(1,201,250,624)	(607,709,922)
40	Net other income	5,375,924,116	1,495,183,885
50	Net accounting profit before tax	37,910,501,802	46,977,075,377
51	Business income tax ("BIT") - current	(5,672,588,879)	(10,877,135,022)
52	BIT - deferred	2,121,875,634	6,823,699,431
60	Net profit after tax	34,359,788,557	42,923,639,786
	Attributable to:		
61	Owners of the Company	29,464,660,878	39,879,115,045
62	Non-controlling interests	4,895,127,679	3,044,524,741
70	Basic earnings per share	738	838
71	Diluted earnings per share	738	838

Nguyen Thi
Preparer

Vuong Tran Quoc Thanh
Chief Accountant



Nguyen Thi Thanh Huong
Chief Executive Officer
28 March 2022

The notes on pages 11 to 53 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code	Note	Year ended 31 December	
		2021 VND	2020 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		37,910,501,802	46,977,075,377
	Adjustments for:		
02	Depreciation and amortisation 11	16,866,016,999	12,448,511,269
03	(Reversal of provisions)/provisions	(8,874,750,919)	6,822,488,130
04	Unrealised foreign exchange (gains)/losses 31, 32	(3,087,573,219)	1,337,094,999
05	Profits from investing activities	(26,174,486,989)	(32,779,435,170)
06	Interest expense 32	36,489,486,150	44,762,801,785
08	Operating profit before changes in working capital	53,129,193,824	79,568,536,390
09	Decrease in receivables	97,137,497,748	45,155,580,757
10	(Increase)/decrease in inventories	(50,304,640,872)	27,218,068,704
11	Decrease in payables	(38,163,430,152)	(81,713,325,070)
12	Decrease in prepaid expenses	2,004,146,641	94,742,872
14	Interest paid	(36,234,562,456)	(45,224,001,647)
15	BIT paid 15(b)	(9,132,132,328)	(5,679,817,145)
17	Other payments on operating activities	(9,102,698,473)	(13,039,404,985)
20	Net cash inflows from operating activities	9,333,373,932	6,380,379,876
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(16,910,289,291)	(42,542,573,038)
22	Proceeds from disposals of fixed assets	1,184,541,334	863,636,364
23	Term deposits at banks	(10,359,200,000)	(58,476,160,000)
24	Collection of term deposits at banks	78,250,000,000	31,929,267,647
25	Investments in other entities	-	(2,100,000,000)
26	Proceeds from divestment in other entities	-	3,639,282,638
27	Dividends and interest received	19,388,249,325	20,814,654,311
30	Net cash inflows/(outflows) from investing activities	71,553,301,368	(45,871,892,078)
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issue of shares	10,769,040,000	30,788,260,000
32	Payments for share repurchases	-	(377,300,000)
33	Proceeds from borrowings 19	1,503,870,183,391	1,693,162,597,310
34	Repayments of borrowings 19	(1,597,617,705,330)	(1,620,903,112,243)
36	Dividends paid	(526,611,250)	(51,506,656,250)
40	Net cash (outflows)/inflows from financing activities	(83,505,093,189)	51,163,788,817
50	Net (decrease)/increase in cash and cash equivalents	(2,618,417,889)	11,672,276,615
60	Cash and cash equivalents at beginning of year 3	63,100,216,101	51,399,276,846
61	Effect of foreign exchange differences	17,515,144	28,662,640
70	Cash and cash equivalents at end of year 3	60,499,313,356	63,100,216,101



Nguyen Thi
Preparer



Vuong Tran Quoc Thanh
Chief Accountant




Nguyen Thi Thanh Huong
Chief Executive Officer
28 March 2022

The notes on pages 11 to 53 are an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****1 GENERAL INFORMATION**

Searefico 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 the latest amended on 2 November 2021.

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.

As at 31 December 2021, the Group had 571 employees (31 December 2020: 594 employees).

1 GENERAL INFORMATION (continued)

As at 31 December 2021, the Company had subsidiaries and associates as follows:

	Principal activities	Place of incorporation and operation	31.12.2021		31.12.2020	
			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	99.31	99.31	99.00	99.00
Seareal Real Estate Joint Stock Company ("Seareal")	Trading real estate	District 3, Ho Chi Minh City, Vietnam	98.40	98.40	98.40	98.40
Asia Refrigeration Industry Joint Stock Company ("Arico")	Execution of refrigeration electrical mechanical systems; producing insulated materials	Binh Tan District, Ho Chi Minh City, Vietnam	84.00	84.00	84.00	84.00
Indirect subsidiaries						
Searee Refrigeration Electrical Engineering Corporation ("Searee") (*)	Execution of refrigeration electrical mechanical systems	Lien Chieu District, Da Nang City, Vietnam	73.19	73.70	73.30	73.30
Phoenix Energy & Automation Joint Stock Company ("Phoenix")	Producing, transmitting and distributing electricity; installation of electrical systems	District 3, Ho Chi Minh City, Vietnam	37.80	75.00	37.80	75.00
Greenpan Joint Stock Company ("Greenpan")	Producing unburnt light materials, PIR fireproof panels (polyisocyanurate)	Binh Tan District, Ho Chi Minh City, Vietnam	48.64	52.50	48.64	52.50
Associates						
Thua Thien Hue Construction Joint Stock Corporation ("HCC")	Construction of civil and industrial projects	Hue City, Thua Thien – Hue Province, Vietnam	36.00	36.00	36.00	36.00
Quang Phu Investment and Solution Joint Stock Company ("Quang Phu")	Electricity production	Hue City, Thua Thien – Hue Province, Vietnam	11.34	30.00	11.34	30.00
SEA MH Solar Limited Company ("Solar")	Power production	Bac Lieu City, Bac Lieu Province, Vietnam	11.34	30.00	11.34	30.00

(*) According to the resolution of the Board of Management No. 005A/NQ/HĐQT/21 dated 15 April 2021, the Company has transferred all the shares that the Company owns in Searee subsidiary to another subsidiary which is the Searefico E&C. This transfer was completed as at 23 June 2021.

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 Company'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 prevailing 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 with which 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**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 subsidiaries are prepared for the same accounting period of the Group for consolidation purpose. 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.

A 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 the Group's interest in the subsidiary is recorded directly in the undistributed earnings under equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 Basis of consolidation (continued)****(a) Subsidiaries (continued)****Non-controlling transactions and interests (continued)**

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 an investment to be accounted for as equity since the divestment date.

(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 the post-acquisition profits or losses of its joint ventures and those of its associates 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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.

2.8 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.9 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 remaining maturity date.

(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. It is calculated based on market value if market value can be determined reliably. If market value can not be determined reliably, the provision for investments in other entities is calculated based on the loss of investees. 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 which is incurred subsequently and 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

Fixed assets of PIR project and the solar rooftop project are depreciated using product quantity output method, based on the economic and technical of fixed assets, the Group determines the total products quantity produced as the designed capacity of those fixed assets, thereby calculate the average depreciation amount of a produced unit.

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.

Construction in progress

Construction in progress represents the cost of assets in the course of installation or 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 construct, repair and maintain, upgrade, 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 equipment; 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 consolidated 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.

Prepayments for land rental contracts which are not recorded as intangible assets as described in 2.10 are recorded as prepaid expenses, and allocated using the straight-line basis over the prepaid lease term.

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.

2.14 Borrowings

Borrowings include borrowings from banks and related party.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 year. Accrued expenses are recorded as expenses in the reporting year.

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 level of 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.

2.17 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 brought before the effective date of the Securities Law (i.e. 1 January 2021) 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.

Treasury shares brought after 1 January 2021 will be cancelled and adjusted to reduce equity.

Undistributed earnings/(accumulated losses) record the Group's results 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.

(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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 of the 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 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) Revenue from rendering of services**

Revenue from rendering of services is recognised in the consolidated income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Revenue from the sale of services is only recognised when all four (4) of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(d) Interest income

Interest income is recognised on an earned basis.

(e) 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 year.

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 year.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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.

2.26 Current and deferred BIT

BIT include all BIT which is based on taxable profits. 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 are recognised as an income or an expense and included in the profit or loss of the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 Directors, 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 its relationship with each related party, the Group considers the substance of the relationship not merely the legal form.

2.28 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. A reportable segment is the Group's business segment or the Group's geographical segment.

2.29 Critical 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.

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 17 and 20); and
- Deferred income tax (Note 22).

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 assessed by the Board of Management to be reasonable under the circumstances.



3 CASH AND CASH EQUIVALENTS

	2021 VND	2020 VND
Cash on hand	361,986,356	333,132,502
Cash at bank	59,352,327,000	48,267,083,599
Cash equivalents (*)	785,000,000	14,500,000,000
Total	<u>60,499,313,356</u>	<u>63,100,216,101</u>

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

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

	2021		2020	
	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	<u>110,359,200,000</u>	<u>110,359,200,000</u>	<u>178,250,000,000</u>	<u>178,250,000,000</u>

Included in the balance as at 31 December 2021 and 31 December 2020 are VND110 billion and VND120 billion, respectively, at Bank for Investment and Development of Vietnam was pledged as security for the overdraft agreement granted from this bank.

4 INVESTMENTS (continued)

(b) Investments in associates

	2021		2020	
	Cost VND	% of ownership	Cost VND	% of ownership
Thua Thien Hue Construction Joint Stock Corporation (*)	159,398,655,336	36.00	152,331,667,479	36.00
Quang Phu Investment and Solution Joint Stock Company (**)	1,200,000,000	11.34	1,200,000,000	11.34
SEA MH Solar Limited Company (**)	900,000,000	11.34	900,000,000	11.34
	<u>161,498,655,336</u>		<u>154,431,667,479</u>	

As at 31 December 2021 and 31 December 2020, the percentage of voting rights in HCC held by the Group is equivalent to the percentage of ownership, the percentage of voting rights in Quang Phu Solution and Investment Joint Stock Company and SEA MH Solar Limited Company is 30% through Phoenix's ownership percentage in these associates.

(*) The fair value of the investment to HCC as at 31 December 2021 is VND235,322,010,000 (as at 31 December 2020: VND147,505,050,000).

(**) As at 31 December 2021 and 31 December 2020, the Group had not determined the fair value of these investments to disclose on the consolidated financial statements because they do not have listed prices and Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements do not provide detailed guidance on the methods to determine fair value. The fair value of such investments may be different from their book value.

Movements in investments in associates are presented as follows:

	Total VND
As at 1 January 2021	154,431,667,479
Profit sharing from associates	17,358,037,857
Dividend declared (Note 37(a))	(10,291,050,000)
As at 31 December 2021	<u>161,498,655,336</u>

4 INVESTMENTS (continued)

(c) Investments in other entities

	2021		2020	
	Cost VND	% of ownership	Cost VND	% of ownership
International Investment and Water Technology Joint Stock Company ("Inwatek")	2,556,717,362	2.84	2,556,717,362	2.84
Formtek Engineering Joint Stock Company ("Formtek")	1,900,000,000	19.00	1,900,000,000	19.00
	<u>4,456,717,362</u>		<u>4,456,717,362</u>	

As at 31 December 2021 and 31 December 2020, the Group has not determined the fair value of this investment as this entity has not been listed on the stock market.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2021 VND	2020 VND
Third parties	726,004,583,852	868,149,262,839
<i>Industrial Construction Joint Stock Company</i>	84,360,709,259	100,936,433,957
<i>Saigon Binh Chau Corporation</i>	61,437,508,486	65,786,192,101
<i>Hai Dang Real Estate Investment Joint Stock Company</i>	18,853,173,147	177,013,182,864
<i>Others</i>	561,353,192,960	524,413,453,917
Total	<u>726,004,583,852</u>	<u>868,149,262,839</u>

As at 31 December 2021 and 31 December 2020, the past due balances of short-term trade accounts receivable were presented in Note 8.

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2021 VND	2020 VND
Third parties	49,470,980,360	31,237,431,605
Related parties (Note 37(b))	200,999,662	200,999,662
Total	<u>49,671,980,022</u>	<u>31,438,431,267</u>

As at 31 December 2021 and 31 December 2020, the Group did not have any short-term prepayments to third parties balance that exceed 10% the total amount.

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7 OTHER RECEIVABLES

(a) Short-term

	2021 VND	2020 VND
Third parties	37,006,334,320	37,289,659,831
<i>Advances to employees</i>	17,643,977,279	12,776,750,369
<i>Interest expense incentive receivable from the State</i>	6,553,989,388	7,017,796,137
<i>Other receivables from employees</i>	5,947,819,014	2,078,042,555
<i>Interest income receivable from banks</i>	2,691,587,949	3,139,715,616
<i>Deposits</i>	2,515,176,829	6,603,937,460
<i>Others</i>	1,653,783,861	5,673,417,694
Related parties (Note 37(b))	658,643,288	658,643,288
Total	<u>37,664,977,608</u>	<u>37,948,303,119</u>

(b) Long-term

The balances represent the long-term deposits.

As at 31 December 2021 and 31 December 2020, there was no balance of other receivables that was past due or not past due but doubtful.

8 DOUBTFUL DEBTS

	2021		2020	
	Cost VND	Provision VND	Cost VND	Provision VND
Receivables that were past due	<u>139,743,502,129</u>	<u>(31,339,645,683)</u>	<u>114,395,796,255</u>	<u>(56,018,338,316)</u>

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

	2021 VND	2020 VND
Beginning of year	56,018,338,316	44,191,231,158
Increase (Note 33)	2,407,933,133	14,314,209,539
Reversal (Note 33)	(10,510,901,068)	-
Write-off	(16,575,724,698)	(2,487,102,381)
End of year	<u>31,339,645,683</u>	<u>56,018,338,316</u>

9 INVENTORIES

	2021		2020	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	7,575,330,718	-	3,773,425,482	-
Raw materials	72,615,376,534	(858,592,878)	74,434,755,079	(995,347,046)
Tools and supplies	1,890,627,188	-	556,861,314	-
Work in progress	241,319,785,509	-	196,139,059,612	-
Finished goods	9,747,047,097	(8,336,962)	7,716,566,375	(8,336,962)
Merchandises	-	-	222,858,312	-
Goods on consignment	1,037,327,787	-	1,037,327,787	-
	<u>334,185,494,833</u>	<u>(866,929,840)</u>	<u>283,880,853,961</u>	<u>(1,003,684,008)</u>

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

	2021 VND	2020 VND
Beginning of year	1,003,684,008	4,998,104,876
Increase (Note 30)	-	321,427,813
Reversal (Note 30)	(136,754,168)	(1,958,601,853)
Write-off	-	(2,357,246,828)
End of year	<u>866,929,840</u>	<u>1,003,684,008</u>

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10 PREPAID EXPENSES

(a) Short-term

	2021 VND	2020 VND
Tools and supplies	774,670,372	725,255,938
Others	1,807,470,647	1,528,335,362
Total	<u>2,582,141,019</u>	<u>2,253,591,300</u>

(b) Long-term

	2021 VND	2020 VND
Rental fee	27,615,179,422	29,226,903,721
Tools and supplies	2,129,479,911	3,245,046,727
Others	2,238,692,388	1,844,097,633
Total	<u>31,983,351,721</u>	<u>34,316,048,081</u>

Movements in prepaid expenses during the year are as follows:

	2021 VND	2020 VND
Beginning of year	36,569,639,381	37,533,819,293
Increase	14,496,648,972	16,479,882,868
Allocation	(16,500,795,613)	(16,212,364,305)
Disposal	-	(1,231,698,475)
End of year	<u>34,565,492,740</u>	<u>36,569,639,381</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 2021	99,404,421,388	242,404,446,653	24,157,876,007	5,043,088,774	1,531,227,405	372,541,060,227
New purchases	969,692	239,605,272	2,956,454,546	212,718,182	-	3,409,747,692
Transfers from construction in progress (Note 12)	1,681,004,893	12,485,342,641	-	-	-	14,166,347,534
Disposals	(67,000,000)	(1,540,446,389)	(2,907,552,933)	-	-	(4,514,999,322)
As at 31 December 2021	101,019,395,973	253,588,948,177	24,206,777,620	5,255,806,956	1,531,227,405	385,602,156,131
Accumulated depreciation						
As at 1 January 2021	35,957,640,704	53,531,192,987	8,831,639,907	4,188,508,737	1,319,367,738	103,828,350,073
Charge for the year	2,774,171,344	12,017,048,530	1,124,561,257	314,935,122	21,363,996	16,252,080,249
Disposals	(67,000,000)	(1,497,589,265)	(2,757,052,946)	-	-	(4,321,642,211)
As at 31 December 2021	38,664,812,048	64,050,652,252	7,199,148,218	4,503,443,859	1,340,731,734	115,758,788,111
Net book value						
As at 1 January 2021	63,446,780,684	188,873,253,666	15,326,236,100	854,580,037	211,859,667	268,712,710,154
As at 31 December 2021	62,354,583,925	189,538,295,925	17,007,629,402	752,363,097	190,495,671	269,843,368,020

Historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2021 was VND21,416,345,593 (as at 31 December 2020: VND21,250,026,365).

11 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Computer software VND	Others VND	Total VND
Historical cost			
As at 1 January 2021	2,916,691,951	1,166,288,612	4,082,980,563
New purchases	-	102,952,000	102,952,000
Transfers from construction in progress (Note 12)	-	1,755,264,556	1,755,264,556
As at 31 December 2021	<u>2,916,691,951</u>	<u>3,024,505,168</u>	<u>5,941,197,119</u>
Accumulated amortisation			
As at 1 January 2021	2,343,987,547	14,726,528	2,358,714,075
Charge for the year	328,721,767	285,214,983	613,936,750
As at 31 December 2021	<u>2,672,709,314</u>	<u>299,941,511</u>	<u>2,972,650,825</u>
Net book value			
As at 1 January 2021	<u>572,704,404</u>	<u>1,151,562,084</u>	<u>1,724,266,488</u>
As at 31 December 2021	<u>243,982,637</u>	<u>2,724,563,657</u>	<u>2,968,546,294</u>

Historical cost of fully amortised intangible fixed assets but still in use as at 31 December 2021 was VND2,563,976,660 (as at 31 December 2020: VND2,055,216,260).



12 CONSTRUCTION IN PROGRESS

	2021 VND	2020 VND
Major projects		
Phu Quoc Apartments	13,704,464,512	13,704,464,512
Da Nang Apartments	13,065,337,500	13,065,337,500
ERP system	2,970,701,405	2,970,701,405
Machinery upgrading	1,861,880,697	3,328,085,956
Website design	1,270,849,026	1,270,849,026
Purchases of machinery	309,770,633	1,294,632,659
Factory construction	171,123,039	-
Others	63,000,000	63,000,000
	<u>33,417,126,812</u>	<u>35,697,071,058</u>
Total	<u>33,417,126,812</u>	<u>35,697,071,058</u>

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

	2021 VND	2020 VND
Beginning of year	35,697,071,058	131,997,849,896
Purchase	16,059,644,546	84,185,313,932
Construction	91,126,323	-
Transfers to fixed assets (Note 11(a))	(14,166,347,534)	(180,486,092,770)
Transfers to intangible fixed assets (Note 11(b))	(1,755,264,556)	-
Transfers to inventory	(1,234,955,425)	-
Others	(1,274,147,600)	-
	<u>33,417,126,812</u>	<u>35,697,071,058</u>
End of year	<u>33,417,126,812</u>	<u>35,697,071,058</u>

13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2021		2020	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Third parties	296.714.656.159	296.714.656.159	269.211.370.524	269.211.370.524
<i>Company Building and Construction Electrical The Minh System Logistics Spa JA Solar International Limited</i>				
<i>Others</i>	17.827.619.781	17.827.619.781	9.282.447.128	9.282.447.128
Related parties (Note 37(b))	17.575.969.372	17.575.969.372	-	-
	-	-	48.947.974.595	48.947.974.595
	261.311.067.006	261.311.067.006	210.980.948.801	210.980.948.801
	9.807.710.075	9.807.710.075	7.579.261.845	7.579.261.845
Total	<u>306.522.366.234</u>	<u>306.522.366.234</u>	<u>276.790.632.369</u>	<u>276.790.632.369</u>

As at 31 December 2021 and 31 December 2020, there was no balance of short-term trade accounts payable that was past due.

14 SHORT-TERM ADVANCES FROM CUSTOMERS

	2021 VND	2020 VND
Third parties	109,448,135,163	51,661,736,949
<i>ARC Binh Duong Joint Stock Company</i>	19,225,734,628	-
<i>Kien A Khanh Hoa Investment Joint Stock Company</i>	17,319,262,094	8,711,152,213
<i>Vietnam Dairy Products Joint Stock Company – Tien Son Dairy Factory</i>	-	7,275,000,000
<i>Vinh Loc Ben Luc Industrial Zone Construction and Investment</i>	-	5,807,670,000
<i>Others</i>	72,903,138,441	29,867,914,736
Total	<u>109,448,135,163</u>	<u>51,661,736,949</u>

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15 TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

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

	As at 1.1.2021 VND	Receivable/payable during the year VND	Payment during the year VND	Net-off during the year VND	Reclassification during the year VND	As at 31.12.2021 VND
(a) Tax receivables						
VAT input	34,695,032,322	98,461,793,159	(34,154,317)	(90,335,390,742)	-	42,787,280,422
PIT overpaid	-	-	-	-	983,836,477	983,836,477
(b) Tax payables						
BIT	9,416,427,188	5,672,588,879	(9,132,132,328)	-	-	5,956,883,739
VAT on domestic sales	6,400,264,097	117,139,589,439	(30,941,863,513)	(90,334,500,819)	-	2,263,489,204
Personal income tax	948,262,272	5,797,582,804	(7,327,610,309)	-	983,836,477	402,071,244
VAT on importation	-	17,855,737,819	(17,855,737,819)	-	-	-
Import, export tax	-	3,974,009,457	(3,974,009,457)	-	-	-
Foreign contractor tax	-	720,903,543	(720,903,543)	-	-	-
Business license tax	-	14,500,000	(14,000,000)	-	-	500,000
Total	16,764,953,557	151,174,911,941	(69,966,256,969)	(90,334,500,819)	983,836,477	8,622,944,187

16 PAYABLES TO EMPLOYEES

Short-term payables represent the amount payable to employees in relation to the remuneration as at 31 December 2021 and at 31 December 2020.

17 SHORT-TERM ACCRUED EXPENSES

	2021 VND	2020 VND
Accrued project costs	86,173,263,527	226,552,509,483
Interest expense	986,349,517	731,425,823
Others	3,457,430,532	2,213,156,020
Total	<u>90,617,043,576</u>	<u>229,497,091,326</u>

18 OTHER PAYABLES**(a) Short-term**

	2021 VND	2020 VND
Third parties	30,917,065,333	16,645,015,341
<i>Payables to construction team</i>	9,756,353,578	7,861,043,974
<i>Cash receipts from third party</i>	3,500,000,000	-
<i>Other payables to employees</i>	5,440,346,842	1,263,866,390
<i>Social, health and unemployment insurance and trade union fees</i>	3,363,669,319	2,825,488,876
<i>Dividends payable (Note 26)</i>	596,400,800	596,400,800
<i>Others</i>	8,260,294,794	4,098,215,301
Related parties (Note 37(b))	88,642,263	-
Total	<u>31,005,707,596</u>	<u>16,645,015,341</u>

(b) Long-term

Other long-term payables represent the allowances for unemployment benefits for former employees of the Branch as at 31 December 2021 and 31 December 2020.

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19 BORROWINGS	As at 1.1.2021 VND	Increase VND	Decrease VND	Reclassification VND	As at 31.12.2021 VND
(a) Short-term					
Bank loans (*)	710,891,757,538	1,482,629,381,866	(1,596,273,160,220)	10,000,000,000	607,247,979,184
Details of bank borrowings are as follows:					
		2021 VND		2020 VND	
Joint Stock Commercial Bank for Investment and Development of Vietnam		200,459,229,096		18,943,242,998	
Vietnam Joint Stock Commercial Bank for Industry and Trade		185,080,648,192		320,305,745,253	
Joint Stock Commercial Bank for Foreign Trade of Vietnam		104,184,698,047		270,279,637,656	
Maritime Commercial Joint Stock Bank		65,558,523,700		52,424,606,935	
Military Commercial Joint Stock Bank		51,757,120,149		47,480,494,491	
Vietnam Bank for Social Policies		207,760,000		-	
Vietnam - Russia Joint Venture Bank		-		1,458,030,205	
Total		607,247,979,184		710,891,757,538	

(*) 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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19 BORROWINGS (continued)

(b) Long-term

	As at 1.1.2021 VND	Increase VND	Decrease VND	Reclassification VND	As at 31.12.2021 VND
Bank borrowings	80,682,148,002	17,240,801,525	(1,344,545,110)	(10,000,000,000)	86,578,404,417
Borrowings from related party (Note 37(b)) (**)	-	4,000,000,000	-	-	4,000,000,000
Total	80,682,148,002	21,240,801,525	(1,344,545,110)	(10,000,000,000)	90,578,404,417

Details of bank borrowings are as follows:

	2021 VND	2020 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam (***)	76,628,770,541	80,682,148,002
Military Commercial Joint Stock Bank (****)	9,949,633,876	-
	86,578,404,417	80,682,148,002

(**) Borrowing from related party is an unsecured loan with floating interest rates in accordance with each draw-down. The purpose of this borrowing is to support the working capital of the Group.

(***) 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 BORROWINGS (continued)**(b) Long-term (continued)**

(****) The long-term borrowings have the term of 84 to invest in Energy Roof project with the interest rate specified for each withdraw. The loan is secured by mortgaging the balance of fixed assets.

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

	2021 VND	2020 VND
Beginning of year	2,011,567,497	3,021,765,657
Provision	1,489,854,877	2,353,558,780
Utilisation and reversal	(2,124,883,693)	(3,363,756,940)
End of year	<u>1,376,538,681</u>	<u>2,011,567,497</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.

21 BONUS AND WELFARE FUND

	2021 VND	2020 VND
Beginning of year	15,814,687,470	12,810,181,294
Increase during the year (Note 24)	6,574,730,987	15,118,834,077
Utilisation during the year	(9,013,618,473)	(12,114,327,901)
End of year	<u>13,375,799,984</u>	<u>15,814,687,470</u>

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22 DEFERRED INCOME TAX ASSETS

	2021 VND	2020 VND
Deferred tax assets to be recovered after more than 12 months	13,086,107,310	11,492,475,657
Deferred tax assets to be recovered within 12 months	1,638,669,831	1,110,425,850
Total	<u>14,724,777,141</u>	<u>12,602,901,507</u>

Movements in the deferred income tax assets are as follows:

	2021 VND	2020 VND
Beginning of year	12,602,901,507	5,779,202,076
Income statement credit (Note 35)	2,121,875,634	6,823,699,431
End of year	<u>14,724,777,141</u>	<u>12,602,901,507</u>

Details for deferred income tax assets:

	2021 VND	2020 VND
Income from divestment in a subsidiary	6,300,000,000	6,300,000,000
Income from capital contribution by fixed assets	3,255,938,995	3,342,794,496
Deductible temporary differences in relation to accrued expenses and provisions	3,091,404,557	2,382,184,603
Interest expenses excess of 30% EBITDA	2,077,433,589	577,922,408
Total	<u>14,724,777,141</u>	<u>12,602,901,507</u>

Tax rates used for determining deferred tax assets in the years 2021 and 2020 of the Company, Arico, and Greenpan are 20%, 7.5%, and 10% respectively.

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23 OWNERS' CAPITAL

(a) Number of ordinary shares

	2021 Ordinary shares	2020 Ordinary shares
Number of shares registered	35,566,780	32,495,397
Number of shares issued	35,566,780	32,495,397
Number of shares repurchased	(1,780,000)	(1,780,000)
Number of existing shares in circulation	33,786,780	30,715,397

(b) Details of owners' shareholding

	2021		2020	
	Ordinary shares	%	Ordinary shares	%
Taisei Oncho Company Limited	8,909,456	25.05	8,099,506	24.93
Sanyo Engineering & Construction Vietnam Company Limited	7,150,000	20.10	6,500,000	20.00
Vietnam Seaproducts Joint Stock Corporation	4,567,200	12.84	4,152,000	12.78
Other shareholders	13,160,124	37.00	11,963,891	36.81
Treasury shares	1,780,000	5.01	1,780,000	5.48
Number of shares	35,566,780	100.00	32,495,397	100.00

(c) Movement of owners' capital

	Ordinary shares	
	Shares	VND
As at 1 January 2020	32,495,397	324,953,970,000
As at 31 December 2020	32,495,397	324,953,970,000
New shares issued	3,071,383	30,713,830,000
As at 31 December 2021	35,566,780	355,667,800,000

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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24 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 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	-	-	-	-	-	(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
Profit for the year	-	-	-	-	-	29,464,660,878	29,464,660,878
Appropriation to Bonus and welfare funds (Note 21) (*)	-	-	-	-	-	(6,094,065,573)	(6,094,065,573)
Dividends declared (Note 26) (**)	30,713,830,000	-	-	-	-	(30,713,830,000)	-
As at 31 December 2021	355,667,800,000	284,019,059	4,415,811,246	(29,238,407,099)	8,308,963,938	144,650,123,767	484,088,310,911

(*) The Shareholder's General Meeting Resolution No. 01/ĐHĐCĐ/NQ/21 dated 20 April 2021, the Shareholder's General Meeting has approved the appropriation of profit to Bonus and welfare fund.

(**) The Board of Directors' Resolutions No. 007/NQ/HĐQT/21 dated 15 July 2021 of the Company, the Board of Directors has approved the Implementation of the plan of issuing shares for 2020 dividend payment.

25 NON-CONTROLLING INTERESTS

Details of non-controlling interests are as follows:

	2021 VND	2020 VND
Share capital	83,130,000,000	73,263,260,000
Undistributed earnings	6,462,540,169	2,766,458,906
	<u>89,592,540,169</u>	<u>76,029,718,906</u>

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

	2021 VND	2020 VND
Beginning of year	76,029,718,906	45,433,542,751
Capital increase during the year	10,391,740,000	30,788,260,000
Net profit for the year	4,895,127,679	3,044,524,741
Repurchase of shares	-	(377,300,000)
Reissuance of treasury shares	377,300,000	-
Appropriation to bonus and welfare fund	(480,665,414)	(965,639,587)
Dividends declared	(1,620,681,002)	(1,893,668,999)
	<u>89,592,540,169</u>	<u>76,029,718,906</u>

26 DIVIDENDS

	2021 VND	2020 VND
Beginning of year	596,400,800	22,088,676,700
Dividends payable during the year (Note 24)	30,713,830,000	24,572,317,600
<i>Dividend for the year</i>	30,713,830,000	-
<i>Second dividend for year 2019:</i>		
<i>VND800 per share</i>	-	24,572,317,600
Dividends paid during the year	(30,713,830,000)	(46,064,593,500)
<i>By shares</i>	(30,713,830,000)	-
<i>By cash</i>	-	(46,064,593,500)
	<u>596,400,800</u>	<u>596,400,800</u>
End of year (Note 18(a))	<u>596,400,800</u>	<u>596,400,800</u>

27 EARNINGS PER SHARE

(a) Basic earnings per share

	Year ended 31 December	
	2021	2020 (**)
Net profit attributable to shareholders (VND)	29,464,660,878	39,879,115,045
Less amount allocated to bonus and welfare funds (VND) (*)	(6,094,065,573)	(14,153,194,490)
	<u>23,370,595,305</u>	<u>25,725,920,555</u>
Weighted average number of ordinary shares in issue (shares)	<u>31,683,093</u>	<u>30,715,397</u>
Basic earnings per share (VND)	<u>738</u>	<u>838</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 year, excluding ordinary shares repurchased by the Company and held as treasury shares.

(*) Estimated bonus and welfare fund for the year ended 31 December 2021 is based on the 2021 profit distribution plan in accordance with the Shareholders' General Meeting Resolution No. 02/ĐHĐCĐ/NQ/21 dated 15 May 2021 and according to Decision of Board of Directors of the Company dated 31 December 2021.

(**) Basic earnings per share of the year 2020 were recalculated to take into account adjustments for bonus and welfare expenses as follows:

	For the year ended 31.12.2020		
	As previously reported	Adjustments	As restated
Net profit attributable to shareholders (VND)	39,879,115,045	(14,153,194,490)	25,725,920,555
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>838</u>

27 EARNINGS PER SHARE (continued)

(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.

28 OFF BALANCE SHEET ITEMS

	2021	2020
Bad debts written off (VND)	44,168,045,710	31,519,409,849
Foreign currencies		
United States Dollar (USD)	1,314.99	21,460.76
Euro (EUR)	-	530.64
Great British Pound (GBP)	7.16	6.43
Australian Dollar (AUD)	0.67	0.62

29 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2021 VND	2020 VND
Net revenue		
Net revenue from construction contracts	740,563,284,161	1,338,929,965,652
Net revenue from sales of goods	187,929,959,853	146,407,582,643
Net revenue from other services	1,781,614,061	743,791,393
Net revenue from sales of scraps	165,281,364	215,211,365
Total	<u>930,440,139,439</u>	<u>1,486,296,551,053</u>

30 COST OF GOODS SOLD AND SERVICES RENDERED

	2021 VND	2020 VND
Cost of construction contracts	685,269,255,379	1,223,145,321,949
Cost of goods sold	158,227,572,359	142,715,355,339
Cost of other services	531,004,705	-
Reversal provision for decline in value of inventories (Note 9)	(136,754,168)	(1,637,174,040)
Total	<u>843,891,078,275</u>	<u>1,364,223,503,248</u>

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31 FINANCIAL INCOME

	2021 VND	2020 VND
Interest income from deposits and loans	7,945,264,909	9,835,257,654
Net gain from foreign currency translation at year-end	3,087,573,219	(2,187)
Realised foreign exchange gains	1,413,778,269	3,782,989,724
Dividends	120,000,000	-
Others	101,899,173	158,312,808
Total	<u>12,668,515,570</u>	<u>13,776,557,999</u>

32 FINANCIAL EXPENSES

	2021 VND	2020 VND
Interest expense	36,489,486,150	44,762,801,785
Realised foreign exchange losses	111,481,146	3,322,866,474
Net loss from foreign currency translation at year-end	-	1,337,092,812
Other financial expenses	129,724,249	-
Total	<u>36,730,691,545</u>	<u>49,422,761,071</u>

33 GENERAL AND ADMINISTRATION EXPENSES

	2021 VND	2020 VND
Staff costs	33,586,487,323	29,779,419,286
Outside service expenses	11,882,644,711	14,578,004,238
Depreciation and amortisation	2,086,585,660	2,020,570,587
Tools and equipment	111,330,971	193,277,114
(Reversal of provision)/provision for doubtful debts (Note 8)	(8,102,967,935)	14,314,209,539
Reversal of accrued staff costs	-	(2,191,773,677)
Others	4,172,211,083	2,853,052,587
Total	<u>43,736,291,813</u>	<u>61,546,759,674</u>

34 OTHER INCOME AND OTHER EXPENSES

	2021 VND	2020 VND
Other income		
Payables written off	4,968,959,213	823,780,546
Gains on disposal of fixed assets	1,184,541,334	890,191,786
Others	423,674,193	388,921,475
Total	<u>6,577,174,740</u>	<u>2,102,893,807</u>
Other expenses		
Fines	276,854,107	607,709,922
Others	924,396,517	-
Total	<u>1,201,250,624</u>	<u>607,709,922</u>

35 BUSINESS INCOME TAX (“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 as the Company has no accessible income.

Phoenix

Pursuant to enterprise registration certificate joint stock company No. 0315869795 initially issued by the Department of Planning and Investment of Ho Chi Minh City on 28 August 2019 and the latest 1st amendment dated 27 March 2020 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 (from year 2020), BIT exemption for 4 years from the first year of having taxable income from the project (from year 2020) and a 50% BIT reduction for 9 years thereafter.

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.



35 BUSINESS INCOME TAX (“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:

	2021 VND	2020 VND
Net accounting profit before tax	37,910,501,802	46,977,075,377
Tax calculated at a rate of 20%	6,310,982,973	9,007,677,794
Tax calculated at a rate of 10%	635,558,693	193,868,640
Effect of:		
<i>Income not subject to tax</i>	(3,471,607,571)	(4,461,022,673)
<i>Tax incentive</i>	(626,091,509)	(490,086,241)
<i>Expenses not deductible for tax purposes</i>	877,407,611	804,107,719
<i>Tax losses in subsidiaries for which no deferred income tax asset was recognised</i>	691,093,215	145,448
<i>Tax deduction</i>	(838,278,460)	(676,284,631)
<i>Tax exemption</i>	(635,558,693)	(448,706,294)
<i>Under-provision in previous years</i>	607,206,986	123,735,829
BIT charge (*)	<u>3,550,713,245</u>	<u>4,053,435,591</u>
Charged/(credited) to consolidated income statement:		
BIT – current	5,672,588,879	10,877,135,022
BIT– deferred (Note 22)	(2,121,875,634)	(6,823,699,431)
	<u>3,550,713,245</u>	<u>4,053,435,591</u>

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

SEAREFICO CORPORATION

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36 SEGMENT REPORTING

Business segment

	Year ended 31 December 2021					Total VND
	Construction contracts VND	Sales of goods VND	Other services VND	Sales of scraps VND		
Net revenue	740,563,284,161	187,929,959,853	1,781,614,061	165,281,364		930,440,139,439
Cost of sales	(685,269,255,379)	(158,090,818,191)	(531,004,705)	-		(843,891,078,275)
Gross profit	55,294,028,782	29,839,141,662	1,250,609,356	165,281,364		86,549,061,164
	Year ended 31 December 2020					Total VND
	Construction contracts VND	Sales of goods VND	Other services VND	Sales of scraps VND		
Net revenue	1,338,929,965,652	146,407,582,643	743,791,393	215,211,365		1,486,296,551,053
Cost of sales	(1,223,145,321,949)	(141,078,181,299)	-	-		(1,364,223,503,248)
Gross profit	115,784,643,703	5,329,401,344	743,791,393	215,211,365		122,073,047,805

Geographical segment

The Group carries out all production and business activities mainly in the territory of Vietnam. Therefore, the Group does not present geographical segment.

37 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	2021 VND	2020 VND
<i>i) Purchases of goods and services</i>				
HCC	Associate	Construction services	9,758,020,890	24,449,902,803
Formtek	Related party	Construction services	-	4,888,352,355
		Goods	-	111,095,020
		Total	9,758,020,890	29,449,350,178
<i>ii) Compensation of key management</i>				
		Salaries and benefits of the Board of Management	6,187,809,628	6,201,387,998
		Allowance for the Boards of Directors and Supervision	1,733,954,319	1,545,600,000
		Total	7,921,763,947	7,746,987,998
<i>iii) Financing activities</i>				
HCC	Associate	Dividend declared	10,291,050,000	8,232,840,000
Inwatek	Related party	Capital withdrawal	-	3,639,282,638
Mr. Pham Ngoc Son	Related party	Borrowings received	4,000,000,000	-
Mr. Le Quang Thong	Related party	Capital contribution	525,000,000	-

(b) Year end balances with related parties

Related party	Relationship	Nature of transaction	2021 VND	2020 VND
Short-term prepayments to suppliers (Note 6)				
Formtek	Related party	Construction services	200,999,662	200,999,662
Other short-term receivables (Note 7(a))				
Inwatek	Related party	Interest income	658,643,288	658,643,288
Short-term trade accounts payable (Note 13)				
HCC	Associate	Construction services	9,807,710,075	7,579,261,845

37 RELATED PARTY DISCLOSURES

(b) Year end balances with related parties (continued)

Related party	Relationship	Nature of transaction	2021 VND	2020 VND
Other short-term payables (Note 18(a))				
HCC	Associate	Late payment interest	88,642,263	-
Long-term borrowing (Note 19(b))				
Mr. Pham Ngoc Son	Related party	Borrowing	4,000,000,000	-

38 OPERATING LEASE COMMITMENTS

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

	2021 VND	2020 VND
Within one year	5,084,743,858	4,364,760,661
Between one and five years	5,461,225,433	7,744,142,644
Over five years	21,197,700,416	22,199,594,275
Total minimum payments	31,743,669,707	34,308,497,580

39 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

40 EVENTS AFTER THE BALANCE SHEET DATE

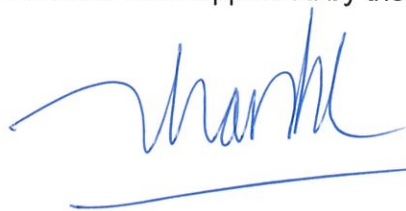
Divestment from an associate

On 17 January 2022, the Board of Management of Searefico Corporation issued Decision No. 01/QD/SRF/HĐQT/22 on the divestment of all investment capital in Thua Thien Hue Construction Joint Stock Company and it was completed on 21 March 2022.

The consolidated financial statements were approved by the Board of Management on 28 March 2022.



Nguyen Thi
Preparer



Vuong Tran Quoc Thanh
Chief Accountant



Nguyen Thi Thanh Huong
Chief Executive Officer