

**CONSTRUCTION JOINT STOCK
COMPANY NO.6**

Audited Separate Financial Statements
for the fiscal year ended
31 December 2019



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CONSTRUCTION JOINT STOCK COMPANY NO.6

Address: Group 36, Dong Anh Town, Dong Anh District, Hanoi

REPORT OF MANAGEMENT

Management of Construction Joint Stock Company No.6 (hereinafter “the Company”) is pleased to present its report and separate financial statements for the fiscal year ended December 31, 2019 audited by independent auditors.

GENERAL INFORMATION

Construction Joint Stock Company No.6 is a joint stock company converted from state owned enterprise in accordance with Decision No.4446/QĐ-BGTVT dated 31 December, 2002 of the Minister of Transport. The Company operates under the Business Certificate Registration No.0103002966 dated 29 October, 2003 issued by Department of Planning and Investment of Hanoi. During the course of operation, changes in the business activities of the company, charter capital, information of branch of the company were approved by Department of Planning and Investment of Hanoi under the business registration certificate amended from the first to the eleventh time dated 03, July 2019.

Organizational structure:

The Company has 03 factories and 02 subsidiaries, details are as follows:

Factories

- Factory 605
- Material and Construction Factory
- Thap Cham Construction Material Factory

Address

Group 36, Dong Anh Town, Dong Anh District, Hanoi
Group 38, Dong Anh Town, Dong Anh District, Hanoi
Do Vinh Ward, Phan Rang Thap Cham City, Ninh
Thuan Province

Subsidiaries

- Phu Ly Stone One Member Co., Ltd
Nam Son Village, Chau Son Ward, Phu Ly City, Ha
Nam Province.
- Construction Company No.6 Myanmar Limited
Thanmini, PaTha57, Penwegon, Bago, Myanmar

The Company's principal activities include:

Construction of railway and road works; Construction of other civil engineering works; Construction of public utility works; Lease of warehouses and workshops for manufacture; Trade of materials, means, transport equipments; Production and trade of construction materials, steel structure, prefabricated concrete components, asphalt concrete; Testing of construction materials; Quarrying and processing stone. In addition, the company has no significant activities other than its registered business functions.

The Company's headquarter is at Group 36, Dong Anh Town, Dong Anh District, Hanoi.

BOARD OF DIRECTORS

The members of the Board of Directors during the year and at the date of this report are:

- | | | |
|----------------------|----------|-----------------------------------|
| - Mr. Lai Van Quan | Chairman | |
| - Mr. Pham Xuan Huy | Member | |
| - Mr. Luong Ba Minh | Member | |
| - Mr. Lai The Thien | Member | <i>Dismissed on June 17, 2019</i> |
| - Mr. Phan Anh Tuan | Member | |
| - Mr. Trinh Van Thuy | Member | <i>Appointed on June 17, 2019</i> |

MANAGEMENT

The members of Management and chief accountant during the year and at the date of this report are:

- | | |
|----------------------|-------------------------|
| - Mr. Pham Xuan Huy | General Director |
| - Mr. Trinh Van Thuy | Deputy General Director |
| - Mr. Luong Ba Minh | Deputy General Director |
| - Mr. Phan Anh Tuan | Chief Accountant |

REPORT OF MANAGEMENT *(continued)*

SUPERVISORY BOARD

The members of the Supervisory Board during the year and at the date of this report are:

- | | |
|-----------------------|-------------------|
| - Mr. Pham Anh Tu | Head of the Board |
| - Mr. To Van Tuyen | Member |
| - Mr. Nguyen Van Hoan | Member |

THE LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Pham Xuan Huy - General Director.

SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

There was no event after the balance sheet date that had material or could have material effects on the Company's separate operations and business results in subsequent periods after the balance sheet date.

AUDITOR

BDO Audit Services Company Limited audited Construction Joint Stock Company No.6's separate financial statements for the fiscal year ended December 31, 2019.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

Management is responsible for preparing the Separate Financial Statements, which gives a true and fair view of the Company's separate financial position as at December 31, 2019 and of the separate result of its operations and its separate cash flows for the fiscal year then ended and confirmed that there are no contingent events that might affect the going concern of the Company.

In preparing those Separate Financial Statements, Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Separate Financial Statements;
- Prepare the Separate Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business;
- Design and implement the internal control system effectively for the preparation and presentation of the separate financial statements to detect fraud and risks.

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 ensuring that the accompanying separate financial statements comply with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and prevailing legal regulations. On the preparation and presentation of the separate financial statements, management is also responsible for safeguarding assets of the Company and hence taking reasonable steps for prevention and detection of fraud and other irregularities.

Management confirms that the Company has complied with the above requirements in preparing the accompanying separate financial statements.

According to the Board of Management's opinion, the audited Separate Financial Statements (accompanying) give a true and fair view of the separate financial position of the Company as at December 31, 2019 and the separate results of its operations and its separate cash flows for the fiscal year then ended.

Hanoi, 16 March 2020

For and on behalf of Management,



General Director
Pham Xuan Huy

INDEPENDENT AUDITOR'S REPORT

*On Separate Financial Statements of Construction Joint Stock Company No.6
for the fiscal year ended 31 December 2019*

**To: SHAREHOLDERS, BOARD OF DIRECTORS AND MANAGEMENT
CONSTRUCTION JOINT STOCK COMPANY NO.6**

We have audited the accompanying Separate Financial Statements of Construction Joint Stock Company No.6 (hereinafter "the Company") issued on March 16, 2020 that set out on pages 5 to 30 including Separate Balance Sheet as at December 31, 2019, Separate Income Statement, Separate Cash Flow Statement and Notes to the Separate Financial Statements for the fiscal year then ended.

Responsibilities of Management

The Company's Management is responsible for the preparation and fair presentation of the Company's Separate Financial Statements in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and other prevailing legal regulations, and for such internal control as Management determines to be necessary to ensure the presentation of Separate Financial Statements that are free from material misstatements, whether due to fraud or errors.

Responsibilities of Auditors

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

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 auditors' judgments, including the assessment of the risks of material misstatements on 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 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 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.

Opinion of Auditors

In our opinion, in all material respects, the accompanying Separate Financial Statements give a true and fair view of the separate financial position of Construction Joint Stock Company No.6 as at December 31, 2019, and of the separate results of its operations and its separate cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and other prevailing legal regulations on the preparation and presentation of the separate financial statements.

BDO AUDIT SERVICES COMPANY LIMITED

Nguyễn Tuấn Anh - Vice Director

Certificate for Audit application registry: 1906-2018-038-1

Phạm Thị Tu - Auditor

Certificate for Audit application registry: 2581-2018-038-1

SEPARATE BALANCE SHEET

As at 31 December 2019

Currency: VND

ASSETS	Code	Note	Closing balance	Opening balance
A - CURRENT ASSETS	100		131,547,248,205	128,101,807,822
I. Cash and cash equivalents	110	V.1	1,855,054,177	1,176,674,845
1. Cash	111		1,855,054,177	1,176,674,845
2. Cash equivalents	112		-	-
II. Short-term financial investments	120		-	-
III. Current receivables	130		83,278,681,993	77,671,322,132
1. Current trade receivables	131	V.2	75,112,003,687	68,354,286,364
2. Current advances to suppliers	132	V.3	1,060,417,746	1,175,351,441
3. Loan Receivables	135	V.4	7,108,454,252	6,531,495,496
4. Other current receivables	136	V.5	4,878,644,308	4,782,680,831
5. Provision for doubtful current receivables	137	V.6	(4,880,838,000)	(3,172,492,000)
IV. Inventories	140		46,080,045,035	48,762,554,845
1. Inventories	141	V.7	46,080,045,035	48,762,554,845
V. Other current assets	150		333,467,000	491,256,000
1. Current prepaid expenses	151	V.8.1	133,467,000	291,256,000
2. Tax and other receivables from the State	153	V.15.2	200,000,000	200,000,000
B - NON - CURRENT ASSETS	200		26,583,564,904	31,537,192,694
I. Non - current receivables	210		-	-
II. Fixed assets	220		8,494,556,743	9,475,741,756
1. Tangible fixed assets	221	V.9	5,989,345,565	8,076,721,817
<i>Historical cost</i>	222		68,914,936,741	72,333,305,922
<i>Accumulated depreciation</i>	223		(62,925,591,176)	(64,256,584,105)
2. Finance leased fixed assets	224		-	-
3. Intangible fixed assets	227	V.10	2,505,211,178	1,399,019,939
<i>Historical cost</i>	228		3,383,566,224	2,235,294,981
<i>Accumulated amortization</i>	229		(878,355,046)	(836,275,042)
III. Investment property	230		-	-
IV. Non - current work in progress	240	V.11	6,213,779,696	5,873,706,431
1. Construction in progress	242		6,213,779,696	5,873,706,431
V. Non - current financial investments	250		10,816,754,729	15,000,000,000
1. Investment in subsidiaries	251	V.12	16,157,000,000	15,000,000,000
2. Provision for non-current financial investments	254	V.12	(5,340,245,271)	-
VI. Other non - current assets	260		1,058,473,736	1,187,744,507
1. Non - current prepaid expenses	261	V.8.2	1,058,473,736	1,187,744,507
TOTAL ASSETS	270		158,130,813,109	159,639,000,516

SEPARATE BALANCE SHEET (Continued)

As at 31 December 2019

RESOURCES	Code	Note	Closing balance	Opening balance
C - LIABILITIES	300		120,731,614,332	116,788,786,914
I. Current liabilities	310		119,959,241,332	116,213,568,914
1. Current trade payables	311	V.13	54,923,991,798	47,247,237,864
2. Current advances from customers	312	V.14	4,912,729,105	5,928,983,925
3. Tax and other payables to the State	313	V.15.1	1,954,988,618	361,000,785
4. Payables to employees	314	V.16	3,242,610,062	2,155,760,022
5. Current accrued expenses	315	V.17	143,017,081	265,528,614
6. Current unrealized revenues	318	V.18	220,909,091	163,636,363
7. Other current payables	319	V.19	5,372,413,138	5,375,038,132
8. Current borrowings	320	V.20	48,742,745,539	53,754,439,309
9. Bonus and welfare fund	322		445,836,900	961,943,900
II. Non - current liabilities	330		772,373,000	575,218,000
1. Provision of non - current payables	342	V.21	772,373,000	575,218,000
D - OWNERS' EQUITY	400		37,399,198,777	42,850,213,602
I. Owners' equity	410	V.22	37,399,198,777	42,850,213,602
1. Contributed equity	411		61,080,780,000	61,080,780,000
- Common shares with voting rights	411a		61,080,780,000	61,080,780,000
2. Share premium	412		-	-
3. Treasury shares	415		(23,190,000)	(23,190,000)
4. Investment and development fund	418		5,370,231,737	5,370,231,737
5. Retained earnings	421		(29,028,622,960)	(23,577,608,135)
- Accumulated retained earnings by the end of the previous year	421a		(23,577,608,135)	(13,679,101,834)
- Retained earnings of the current year	421b		(5,451,014,825)	(9,898,506,301)
II. Other funds	430		-	-
TOTAL LIABILITIES AND OWNERS' EQUITY	440		158,130,813,109	159,639,000,516

Preparer



Doan Thi Kim Thanh

Chief Accountant



Phan Anh Tuan

Issued on 16 March 2020

General Director



Pham Xuan Huy

SEPARATE INCOME STATEMENT

Year 2019

Currency: VND

ITEMS	Cod e	Note	Current year	Previous year
1. Revenue from sale of goods and services	01	VI.1	83,506,245,221	70,402,576,775
2. Revenue deductions	02		-	-
3. Net revenue from sale of goods and services	10		83,506,245,221	70,402,576,775
4. Cost of goods sold	11	VI.2	70,206,254,140	67,820,954,668
5. Gross profits from sale of goods and services	20		13,299,991,081	2,581,622,107
6. Financial income	21	VI.3	676,441,715	793,160,851
7. Financial expenses	22	VI.4	10,621,340,209	5,918,657,093
<i>In which: interest expenses</i>	23		4,892,002,706	5,598,193,757
8. Selling expenses	25		-	-
9. General and administrative expenses	26	VI.5	9,368,229,481	9,046,731,518
10. Net profit from operating activities	30		(6,013,136,894)	(11,590,605,653)
11. Other income	31	VI.6	661,061,818	1,692,099,352
12. Other expenses	32	VI.7	98,939,749	-
13. Other profits	40		562,122,069	1,692,099,352
14. Profit before tax	50		(5,451,014,825)	(9,898,506,301)
15. Current corporate income tax	51	VI.8	-	-
16. Deferred corporate income tax	52		-	-
17. Profit after corporate income tax	60		(5,451,014,825)	(9,898,506,301)
18. Basic earnings per share	70		-	-
19. Diluted earnings per share	71		-	-

Issued on 16 March 2020

Preparer



Doan Thi Kim Thanh

Chief Accountant



Phan Anh Tuan

General Director



Phạm Xuân Huy

SEPARATE CASH FLOW STATEMENT

(Indirect method)

Year 2019

Currency: VND

ITEMS	Code	Note	Current year	Previous year
I. Cash flows from operating activities				
1. Profit before tax	01		(5,451,014,825)	(9,898,506,301)
2. Adjustments for:				
- Depreciation of fixed assets and investment properties	02		2,462,891,423	3,308,481,476
- Provisions	03		7,245,746,271	990,418,000
- Unrealized foreign exchange gains, losses from revaluation of monetary assets and liabilities denominated in foreign currencies	04		(1,541,021)	(470,830)
- Profit, losses from investing activities	05		(2,494,503,533)	(1,974,508,823)
- Interest expenses	06		4,892,002,706	5,598,193,757
- Others adjustments	07		-	-
3. Operating income before changes in working capital	08		6,653,581,021	(1,976,392,721)
- Increase, decrease in receivables	09		(7,315,705,861)	11,254,175,681
- Increase, decrease in inventories	10		2,682,509,810	(3,992,685,706)
- Increase, decrease in payables	11		8,012,919,182	1,442,140,043
- Increase, decrease in prepaid expenses	12		287,059,771	1,201,673,358
- Increase, decrease in trading securities	13		-	-
- Interest paid	14		(4,926,202,948)	(5,467,120,265)
- Corporate income tax paid	15		(200,000,000)	(200,000,000)
- Other proceeds from operating activities	16		-	-
- Other payments for operating activities	17		(516,107,000)	(68,999,167)
Net cash flows from operating activities	20		4,678,053,975	2,192,791,223
II. Cash flows from investing activities				
1. Payment for purchases or construction of fixed assets and other long - term assets	21		(1,106,000,000)	(576,970,566)
2. Proceeds from disposals of fixed assets and other long - term assets	22		1,441,626,651	1,531,818,181
3. Expenditures on loans and debt instruments of other entities	23		-	-
4. Proceeds from lending or reselling debt instruments of other entities	24		-	-
5. Expenditures on equity investment in other entities	25		-	-
6. Proceeds from equity investment in other entities	26		-	-
7. Interests and dividends received	27		676,441,715	792,690,642
Net cash flows from investing activities	30		1,012,068,366	1,747,538,257

SEPARATE CASH FLOW STATEMENT *(Continued)*
(Indirect method)
Year 2019

ITEMS	Code	Note	Current year	Previous year
III. Cash flows from financing activities				
1. Proceeds from issuance of shares and receipt of contributed capital	31		-	-
2. Repayments of contributed capital and repurchase of stock issued	32		-	-
3. Drawdown of borrowings	33		24,030,254,752	43,140,156,952
4. Repayments of borrowings	34		(29,041,948,522)	(47,175,366,074)
5. Repayment of principal and financial principal	35		-	-
6. Dividends, profits paid to shareholders	36		-	(39,439,242)
<i>Net cash flows from financing activities</i>	<i>40</i>		<i>(5,011,693,770)</i>	<i>(4,074,648,364)</i>
 Net increase/decrease in cash and cash equivalents during the year	 50		 678,428,571	 (134,318,884)
 Cash and cash equivalents at the beginning of the year	 60	V.1	 1,176,674,845	 1,310,522,899
Impact of exchange rate changes	61		(49,239)	470,830
 Cash and cash equivalents at the end of the year	 70	V.1	 1,855,054,177	 1,176,674,845

Preparer



Doan Thi Kim Thanh

Chief Accountant



Phan Anh Tuan

Issued on 16 March 2020

General Director



Pham Xuan Huy

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Year 2019

I. CORPORATE INFORMATION

1. Structure of ownership

Construction Joint Stock Company No.6 is a joint stock company converted from state owned enterprise in accordance with Decision No.4446/QĐ-BGTVT dated 31 December, 2002 of the Minister of Transport. The Company operates under the Business Certificate Registration No.0103002966 dated 29 October, 2003 issued by Department of Planning and Investment of Hanoi. During the course of operation, changes in the business activities of the company, charter capital, information of branch of the company were approved by Department of Planning and Investment of Hanoi under the business registration certificate amended from the first to the eleventh time dated 03, July 2019.

2. Business sector

- Commercial business; Service; Construction; Exploiting and processing stone for construction.

3. Business activities

The Company's principal activities include:

- Construction of railways and road projects; Construction of all kinds of houses;
- Investment in the construction of infrastructures in residential areas and urban centers;
- Construction of other civil engineering works;
- Installation of electrical systems; Preparation of surface; Construction of public utility works;
- Rail transport services and rail transport support services;
- Exploiting and processing stone (except for stones banned by the State);
- Lease of warehouses and workshops for manufacture; Agent for petrol and oil retail;
- Testing of construction materials; Topographic survey within the scope of construction projects; Design of railway and road works; Design of civil and industrial structures;
- Commercial business; Guest house (not including bar business, karaoke rooms, discotheque);
- Cargo transportation by road;
- Repair of motorbikes, construction equipment;
- Manufacture of mechanical products; Trade of materials, means, transport equipments;
- Production of building materials from clay; Production of cement, lime and plaster; Production of prefabricated concrete components, asphalt concrete; Manufacture of steel structures;
- Trading in construction materials, steel structures, prefabricated concrete components, asphalt concrete.

4. Normal operating cycle

The Company's operating cycle is the period from the purchase of materials involved in the production process to the conversion into cash or assets that are easily converted into cash, usually no more than 12 months.

5. Organizational structure

List of the Company's subsidiaries

Name	Address	Ratio of voting rights	Ratio of capital contribution	Ratio of benefits
- Phu Ly Stone One member Co., Ltd	Nam Son Village, Chau Son Ward, Phu Ly City, Ha Nam Province	100%	100%	100%
- Construction Company No.6 Myanmar Limited	Thanmini, PaTha57, Penwagon, Bago, Myanmar	100%	100%	100%

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)*List of the Company's factories*

Name	Address
- Factory 605	Group 36, Dong Anh Town, Dong Anh District, Hanoi
- Material and Construction Factory	Group 38, Dong Anh Town, Dong Anh District, Hanoi
- Thap Cham Construction Material Factory	Do Vinh Ward, Phan Rang Thap Cham City, Ninh Thuan Province

6. Employees

The number of Company's employees signing long-term contract as at December 31, 2019 were 105 people. In addition to serving the construction works and production and business activities of the company, according to the actual requirements from time to time the company hires more short-term workers.

7. Declaration on comparability of figures on financial statements

Comparative figures are presented in accordance with figures from the audited separate financial statement for the fiscal year 2018.

II. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

1. **Accounting period:** starts on 01 January and ends on 31 December of the calendar year.

2. **Accounting currency**

The accounting currency is Vietnam dong (VND).

III. APPLICABLE ACCOUNTING SYSTEM AND ACCOUNTING STANDARDS

1. **Applicable accounting system**

The Company applies the Vietnamese Enterprise Accounting System issued in conjunction with Circular No. 200/2014/TT-BTC dated December 22, 2014 and Circular No. 53/2016/TT-BTC dated March 21, 2016 modifies and supplements some articles of Circular No. 200/2015/TT-BTC.

The Separate Financial Statements are using the historical cost principle and in accordance with Vietnamese Accounting Standards. The accompanying separate financial statements are not intended to present the separate 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.

2. **Declaration on compliance with Accounting Standards and Accounting System**

Management has ensured that the separate financial statements have been prepared and presented in accordance with the requirements of the Vietnamese Accounting Standards, the Vietnamese Accounting System and other prevailing legal regulations relating to the preparation and presentation of separate financial statements.

IV. APPLICABLE ACCOUNTING STANDARDS

1. **Applicable exchange rates**

The commercial bank selected by the Company to apply the exchange rate: Bank for Investment and Development of Vietnam - East Hanoi Branch.

Applicable exchange rates for recording transactions

- *Actual exchange rate at the time of transaction:*

Shall be used to convert transactions into the accounting currency for ones recorded to increase: Production and Operating expenses, Advances to suppliers, Payables.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)*- Mobile weighted average exchange rate:*

Shall be used to convert transactions into the currency recorded in accounting books in the Credit side of monetary accounts when making payments in foreign currencies.

Applicable rates at the end of the period

For foreign currency deposits: The applicable exchange rates shall be the buying exchange rate of the bank where the Company open its accounts.

2. Recognition of cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits, cash in transit and current investments with maturity of less than three months that can be easily transferred to cash without any risks in transferring at the date of the report. The identification of cash and cash equivalents is in accordance with Vietnam Accounting Standard No. 24 "Cash Flow Statement".

3. Recognition of financial investments*Investments in subsidiaries*

Principles for determining subsidiaries: Based on the proportion of voting rights.

The carrying amount of the investment in the subsidiary: is determined according to historical cost, which is determined buying cost and other expenses related to the transaction. In subsequent accounting periods, investments are recognized at historical cost deducted provision for impairment of investments.

Basis of making the provision for investment losses in subsidiaries: The Company does not provision for any impairment of investments in subsidiaries because, according to management's judgment, the investments in subsidiaries are not impaired, compared to their historical values.

4. Recognition of receivables

The amounts of receivables shall be classified into trade receivables, other receivables following principles below:

- **Trade receivables:** include commercial receivables generating from purchase - sale related transactions.
- **Other receivables:** include non - commercial or non - trading receivables (such as: advance for operating activities to employees, collaterals, deposits,...).

Monitoring receivables

Receivables shall be recorded specifically to original terms and payment recovery terms as at the reporting date, original currencies and each object. At the separate financial statements' preparation date, receivables which have remaining payment terms of less than 12 months or a business cycle are classified as current receivables, receivables which have remaining recovery terms of over 12 months or a business cycle are classified as non - current receivables.

Recognized receivables do not exceed the recoverable amounts.

The provision for doubtful debts

- The provision for doubtful debts represents the amounts of outstanding receivables at the balance sheet date that the Company expected to be non-recoverable. Increases and decreases to the provision are recorded as general and administrative expenses on the income statement.
- The provision of doubtful debts which has been overdue for over 12 months (overdue period is determined based on the principal contract, exclusive of the debt rescheduling between contracting parties) is made following principles below:

<u>Overdue</u>	<u>Rate used to make provision</u>
From 1 year to 2 years	50%
From 2 years to 3 years	70%
3 years and more	100%

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**5. Recognition of inventories**

Inventories are determined based on the lower of cost and net realizable value. The determination complies with the provisions of Accounting Standard No. 02 - "Inventories", namely: the price of inventories includes all costs of purchases, costs of conversion and other costs directly related to bringing the inventories to their present location and condition. The net realizable value is determined as the estimated selling price minus (-) the estimated costs of completion the product and the estimated costs necessary to make a sale.

Method of inventory value calculation: Weighted average

Method of inventory accounting: Perpetual inventory count.

Method of determination of work - in - progress at the end of the period:

Work in progress at the end of the period is determined as the total cost of the works related to construction, renovation, reinforcement and upgrade of railway and road which have been performed but not been approved yet by the clients and costs of construction materials in progress at the end of fiscal year.

The method of making provision for impairment of inventories: Provision for impairment of inventories is made for the value of expected losses due to devaluation (discounts, obsolete, poor quality, inferior, etc) of raw materials and finished goods owned by the Company based on the reasonable evidence of devaluation at the end of the fiscal year. Increases and decreases in the provision are recorded in cost of goods sold during the period.

According to Management, as at 31.12.2019, the Company did not have inventories which were devalued, obsolete, poor quality, etc. that required provisions.

6. Recognition of fixed assets and depreciation**a) Recognition of fixed assets*****Tangible fixed assets***

Tangible fixed assets are measured at historical cost less accumulated depreciation.

The historical cost of tangible fixed asset comprises of all costs necessary to bring the tangible fixed assets into working condition for its intended use. The determination of the historical cost of each category of tangible fixed assets is in accordance with Vietnamese Accounting Standard No. 03 Tangible fixed assets.

Expenditures incurred after the initial recognition (costs of upgrade, renovation, maintenance, etc.) are recognized in operating expenses in the period. Where it can be clearly demonstrated that these expenses increase the expected future economic benefits of the use of fixed assets that exceed the standard operating level initially assessed, these expenses are capitalized as additional costs of the fixed asset.

When a tangible fixed asset is sold or disposed of, its historical cost and accumulated depreciation are removed from the balance sheet, and any gain or loss resulted from the disposal of the asset is included in the income statement.

Depreciation of tangible fixed assets is calculated on a straight - line method over their estimated useful life as

<u>Assets</u>	<u>Useful life</u>
Building and architetonc	06 - 50 years
Machinery and equipment	03 - 15 years
Transportation & transmit instrument	06 - 10 years
Instruments & tools for management	04 - 08 years
Other tangible fixed assets	06 - 10 years

Intangible fixed assets

Intangible fixed assets are measured at historical cost less accumulated amortization.

Land use rights

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

Land use rights are recognized as intangible fixed assets when the Company obtained the certificates of land use right. The cost of a land use right comprises all costs necessary to bring the land to condition use for its intended use. Land use rights are amortized on a straight-line basis over the period of land use.

Other regulations of management, use and depreciation of fixed assets

Other regulations of management, use and depreciation of fixed assets are complied by the Company according to Circular No. 45/2013/TT-BTC dated 25/04/2013 by the Ministry of Finance, Circular No. 147/2016/TT-BTC dated 13/10/2016 by the Ministry of Finance and Circular No. 28/2017/TT-BTC dated 12/04/2017 by the Ministry of Finance modifies some articles of Circular No. 45/2013/TT-BTC and Circular No. 147/2016/TT-BTC.

7. Tax accounting principles***a) Current corporate income tax***

Current tax expense is based on taxable income and corporate income tax rates of the current year. The corporate income tax rate for the fiscal year 2019 is 20%.

b) Land rental

The annual land rental of the company is recognized according to the notice of the tax authorities.

c) Other taxes

Other taxes are applied according to current tax regulations in Vietnam.

The Company's tax reports will be subject to inspection of tax authorities. Since the application of laws and regulations on taxation for different types of transactions can be interpreted in many different ways, the amounts presented in the financial statements could be changed according to the final decision of the tax authorities.

8. Recognition of prepaid expenses

Prepaid expenses are expenses actually incurred but they are related to operation result of many accounting period and the transfer of these expenses to operating expenses of subsequent accounting periods.

Prepaid expenses are amortized on a straight-line method, including:

<u>Expenses</u>	<u>Amortization period</u>
Value of tools, rotary packaging, rental furniture	12 - 36 months
Costs of repairing equipment and concrete yard	15 - 36 months

Each prepaid expense incurred shall be recorded in details of maturity. At Separate Financial Statement's preparation date, prepaid expenses that have maturity of less than 12 months or a business cycle since the date of prepayment are classified as current prepaid expenses, expenses that have maturity of over 12 months or a business cycle since the date of prepayment are classified as non - current expenses.

9. Recognition of payables

The classification of trade payables, other payables follows principles below:

- **Trade payables:** include commercial payables arisen from purchases of goods, services or assets, or the cost of subcontractors, partnership contractors paid by the Company leading the partnership and the investor to the Company account.
- **Other payables:** include non - commercial payable amounts, not related to trading in goods or services (such as: payables related to social insurance, health insurance, unemployment insurance, or union funds,...).

Monitoring payables

Payables shall be specially recorded to original terms and remaining terms as at the reporting date, original currencies and each object. At separate Financial Statement's preparation date, payables that have remaining repayment terms of less than 12 months or a business cycle are classified as current payables, payables that have remaining repayment terms of over 12 months or a business cycle are classified as non - current payables.

Recognized payables are not lower than payable obligations.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**10. Recognition of borrowings**

Borrowings shall be specially recorded to each object and term. As at the separate financial statement's preparation date, borrowings that have remaining repayment terms of less than 12 months or a business cycle are classified as current borrowings, ones that have remaining repayment terms of over 12 months or a business cycle are classified as non-current borrowings.

11. Recognition of recording and capitalization of borrowing expenses*Recognition of borrowing expenses*

Borrowing expenses include interest expenses and other expenses directly relating to the borrowings.

Borrowing expenses are recognized as financial expenses during the period as incurred (except capitalization cases according to regulations in Vietnam Accounting Standards No. 16 "Borrowing expenses").

12. Recognition of accrued expenses

Accrued expenses include expenses that have been recored into the operating cost, but not actually paid at the end of the fiscal year to ensure the consistency between revenues and expenses. Accrued expenses are interest epxenses which is recorded on the basis of borrowing principal, terms and interest applicable.

Basis for identification of accrued expenses

- *Accruing payable interest expenses* in the case of borrowing with later interest payment: Based on the outstanding principal, term and interest rate applied.

13. Principles and methods of recording provisions for payable

Provisions are recognized when the Company has current possible debt obligation (legal obligation or jointly liable obligation) due to result of a past event; decrease in economic benefits lead to the requirement for payment of debt obligation; and company gives a reliable estimation on value of such obligation. Provisions are only recorded when satisfying conditions specified in Accounting Standard No. 18 "Provisions, contingent assets and liabilities".

Recognition of provisions for payable

Provisions for payables is recorded (refunded) by the difference between provision for payables made this year, and unsecured provision for payables made in previous year.

*Basis for recognizing provisions payable**Product and construction warranty expense*

Provision for product warranty is made for each type of product, good, construction in accordance with Circular No. 48/2019/TT-BTC dated 8 August 2019 guiding the regime of provisioning and estimated the cost of implementation of the company. Construction contract, commercial contract and sale of concrete sleepers have one-year warranty term from the delivery date. Provision for warranty expenses is estimated at 1% of the final settlement value of the construction and term specified in the contract.

14. Recognition of unrealized revenues

Unrealized revenue is recognized when the Company receives advances from customers in respect of the followings: Advances for property rental from customers; Interest received before lending or buying debt instruments; The difference between the sale price of deferred or installment sales with the payment price paid immediately; The amount of revenue corresponding to the value of goods, services or numbers must be discounted for customers in the traditional customer program,...

Method of allocation of unrealized revenue: Unrealized revenues are allocated and recorded in the income statement in the period, based on the term of advance receipt.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**15. Recognition of owners' equity*****a) Recognition of owners' equity***

Contributions from owners: are recorded as the actual contributed capital of owners.

Treasury shares: are shares that are issued and repurchased by the Company, these shares are not canceled and reissued under the laws on securities.

b) Recognition of foreign exchange difference

Foreign exchange differences means differences incurred from exchange or conversion of the same amounts of foreign currency into accounting currency unit according to different foreign exchange rates. Foreign exchange differences primarily incurred in the following cases: Actual purchase, sale, transfer, exchange, payment of economic operations which incurred in foreign currency in period; Revaluating items derived from foreign currencies at the time of financial statement.

Foreign exchange difference incurred in the year and exchange difference from revaluation of monetary items derived from foreign currencies are recorded in financial income or financial expense at the time of incurring.

c) Recognition of investment and development fund

The appropriation and use of fund is in accordance with the resolution of general meeting of Shareholders.

d) Recognition of retained earnings

Retained earnings reflect the business results (loss) after corporate income tax and profit sharing plan or off-set with the loss of the Company. Retained earnings shall be specifically recorded to the operational results of each financial year (previous year, current year) and to each plan content (paying dividends, profit sharing).

16. Recognition of revenues***Revenues from sales of finished goods***

Sales of concrete sleepers, construction stones, etc are recognized when the outcomes of such transactions can be reliably measured and the Company is able to obtain economic benefits from these transactions. Revenue is recognized when the majority of risks and benefits of ownership of the goods have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding the recovery of the funds or the possible return of funds.

Revenues from providing services

Revenues from experimental services were recorded in the business results in the period in proportion to the stage of completion of contract activity.

If the outcome of a contract can not be reliably determined, revenue will be recognized the extent that contract costs incurred are expected to be recoverable.

Financial incomes

Financial incomes include interests received on deposits and exchange rate differences.

Interests received on deposits: are records based on term and interest rate of each period, unless recoverability is uncertain.

Revenues from construction contracts

Revenue from construction contracts are recognized when they have minutes of acceptance, final settlements and payment accepted by customer. When the results of performance contract can be determined reliably, revenue and costs of good sold related to construction contracts are recognized corresponding to part of works finished at the end of the fiscal year.

Revenue from transfer of real estate

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer and reliably determined.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**17. Recognition of revenue deductions**

Revenue deductions include the decrease in value of constructions due to the approval of State authority or auditors, recorded according to rules: revenue deductions incurred in the same year is recorded in the period it arises.

In case of construction's revenue was recorded for the previous periods, not until the following period that revenue deductions shall incur, and this event shall arise before the issue time of the financial statements: The Company shall record the decrease in revenue on the financial statements of the reporting period (previous period), in accordance with Vietnamese Accounting Standard 23 "Events after the balance sheet date".

In case that construction's revenue was recorded in the prior period, after the date of issued financial statement of the following year, the revenue deductions incurred: The company decreased revenue of the period its incurred (the following period).

18. Recognition of cost of goods sold

Cost of goods sold is recognized on consistently with revenue.

To ensure the prudent principle, the costs exceeding the normal level of inventories are immediately recognized as expenses during the period (after deducting the compensation, if any), which includes the costs of raw materials for direct consumption exceeding normal levels, labor costs, overall fixed manufacturing costs not allocated to the production costs, lost and missing inventories, etc.

Deductions in cost of goods sold are the value of the construction be reduced after the audit or the final settlement of capital construction.

19. Recognition of financial expenses

Financial expenses include: the cost of borrowing capital, the interest paid on late payment of social insurance

Interest expenses (including accrued expenses) of the financial report period were fully recognized for the period.

20. General & Administrative expenses

General and administrative expenses: are general management expenses, including salaries for administrative employees (salaries, wages, allowances, etc); social insurance, health insurance, trade union funds, unemployment insurance for business managers; expenses for office supplies, labor tools, depreciation of fixed assets used for enterprise management; excise; provision for doubtful receivables; outsourced services (electricity, water, telephone, fax, asset warranties, etc); other monetary expenses (entertainment, customer conference, etc.).

21. Other accounting principles and methods**Construction in progress**

Cost of construction in progress includes: the construction costs of the two-storey houses, Suot Kiet stone quarry - Binh Thuan province investment project.

V. ADDITIONAL INFORMATION ABOUT ITEMS ON THE SEPARATE BALANCE SHEET**1. Cash and cash equivalents**

	Closing balance	Opening balance
Cash on hand	2,602,768	53,939,757
Cash at bank	1,852,451,409	1,122,735,088
Total cash and cash equivalents	1,855,054,177	1,176,674,845

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**2. Trade receivables**

	<u>Closing balance</u>	<u>Opening balance</u>
Railway Project Management Board - Ministry of Transport (Construction package No. 11: Upgrading the railway section of Bieu Nghi - Ha Long (Km105 + 200 - Km124 + 483))	13,584,800,689	13,584,800,689
Vietnam Railways (XL VNR-WB4-12 Package: Rehabilitation of railway drainage system in Hue)	6,743,041,606	6,743,041,606
Lao Cai Traffic Project Management Board - (Package No.1: Project construction: Vo Lao 2 bridge and Phu Nhuan bridge on provincial road 151, Bao Thang District, Lao Cai Province	5,665,145,550	6,595,525,550
Cua Ong Coal sorting company - TKV (Construction and sorting railway system)	8,064,529,111	-
Saigon Railway Joint Stock Company	3,502,142,500	4,925,905,648
Group 6 Railway of China Co., Ltd (Package of railway construction Cat Linh - Ha Dong)	4,232,881,200	4,232,881,200
Phu Khanh Railway Joint Stock Company	4,838,273,270	2,558,129,700
Others	28,481,189,761	29,714,001,971
Total	75,112,003,687	68,354,286,364

3. Advances to suppliers

	<u>Closing balance</u>	<u>Opening balance</u>
Regional Railway Project Management Unit 1	217,474,000	217,474,000
Branch of Traffic Investment & Construction Consultant Joint Stock Company - Traffic Infrastructure Engineering And Investment Consultant Enterprise	171,000,000	171,000,000
Vinap Trading and Production Joint Stock Company	78,750,000	78,750,000
Others	593,193,746	708,127,441
Total	1,060,417,746	1,175,351,441

4. Loan Receivables**4.1 Current Loan Receivables**

	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>Historical Cost</u>	<u>Fair Value</u>	<u>Historical Cost</u>	<u>Fair Value</u>
Phu Ly Stone One Member Co., Ltd (*)	7,108,454,252	7,108,454,252	6,531,495,496	6,531,495,496
Total	7,108,454,252	7,108,454,252	6,531,495,496	6,531,495,496

(*): This is a loan to Phu Ly Stone One Member Co., Ltd with interest rate of 10% per year (interest rate is adjusted depending on commercial bank's loan interest rate and not exceed bank's loan interest rate at the same time).

4.2 Loan receivables to related parties: Refer to Note VII.3.**5. Other receivables**

	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>Value</u>	<u>Provision</u>	<u>Value</u>	<u>Provision</u>
Advances to employees	980,084,810	-	1,056,361,195	-
Personal receivables for Coocet project	841,044,902	-	841,044,902	-
Phan Anh Phuong	820,000,000	-	820,000,000	-
Truong Duy Ha	750,000,000	-	750,000,000	-
Receivables from construction compensation	335,495,789	-	335,495,789	-
Others	1,152,018,807	-	979,778,945	-
Total	4,878,644,308	-	4,782,680,831	-

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**6. Doubtful receivables****6.1 Overdue receivables, loans, or not overdue, but are unlikely to be recovered**

	Closing balance		Opening balance	
	Value	Recoverable amount	Giá gốc	Giá trị có thể thu hồi
Group of the volunteer youth	963,766,356	-	963,766,356	-
Bao Quan Company Limited	283,532,774	-	283,532,774	-
Traffic Infrastructure Construction 5 Corporation	404,810,607	-	404,810,607	-
Maintenance and repairment 715 Co., Ltd	299,368,000	-	299,368,000	-
Investment and Engineering Construction 120 Joint Stock Company	2,505,391,142	-	1,073,739,497	-
Others	423,969,121	-	147,274,766	-
Total	4,880,838,000	-	3,172,492,000	-

6.2 The Company's assessment of the ability to recover overdue debt

The Company has assessed and made provisions for overdue debts, irrecoverable debts with appropriate caution.

The Company will continue to take measures to ensure the recovery of overdue debts.

7. Inventories

	Closing balance		Opening balance	
	Value	Provision	Value	Provision
Raw materials	8,649,397,738	-	9,854,182,009	-
Tools and supplies	107,727,068	-	192,529,857	-
Work - in - progress	19,372,524,222	-	22,708,078,837	-
Finished goods	17,950,396,007	-	16,007,764,142	-
Total	46,080,045,035	-	48,762,554,845	-

8. Prepaid expenses**8.1 Current prepaid expenses**

	Closing balance	Opening balance
Tools and instruments	133,467,000	291,256,000
Total	133,467,000	291,256,000

8.2 Non - current prepaid expenses

	Closing balance	Opening balance
Tools and instruments	1,020,757,776	1,046,852,851
Fixed assets repairment and maintenance expenses	37,715,960	140,891,656
Total	1,058,473,736	1,187,744,507

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**9. Increase and decrease in tangible fixed assets**

	<i>Building and architetonie</i>	<i>Machinery and equipment</i>	<i>Transportation & transmit instrument</i>	<i>Tool and instrument for management</i>	<i>Other tangible fixed assets</i>	<i>Total</i>
Historical cost						
As at 01/01/2019	18,759,699,804	37,342,909,803	12,498,360,008	427,526,363	3,304,809,944	72,333,305,922
Purchase in the year	400,000,000	706,000,000	-	-	-	1,106,000,000
New construction	-	-	-	-	-	-
Disposal	-	4,524,369,181	-	-	-	4,524,369,181
Other decreases	-	-	-	-	-	-
As at 31/12/2019	19,159,699,804	33,524,540,622	12,498,360,008	427,526,363	3,304,809,944	68,914,936,741
Accumulated depreciation						
As at 01/01/2019	14,632,864,126	35,800,245,840	10,435,898,875	401,190,214	2,986,385,050	64,256,584,105
Depreciation in the year	1,003,114,869	712,148,851	630,036,072	10,872,732	64,638,895	2,420,811,419
Other increases	-	-	-	-	-	-
Disposal	-	3,751,804,348	-	-	-	3,751,804,348
Other decreases	-	-	-	-	-	-
As at 31/12/2019	15,635,978,995	32,760,590,343	11,065,934,947	412,062,946	3,051,023,945	62,925,591,176
Carrying value						
As at 01/01/2019	4,126,835,678	1,542,663,963	2,062,461,133	26,336,149	318,424,894	8,076,721,817
As at 31/12/2019	3,523,720,809	763,950,279	1,432,425,061	15,463,417	253,785,999	5,989,345,565

In which:

Historical cost of fully depreciated tangible fixed assets but still in use: 46.661.890.943 dong.

Historical cost of tangible fixed assets for disposal at the year end: 0 dong.

Carrying value of tangible fixed assets at the end of the year used as collaterals for loans: 4.815.479.230 dong.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**10. Increase and decrease in intangible fixed assets**

	<i>Land use rights</i>	<i>Software</i>	<i>Total</i>
Historical cost			
As at 01/01/2019	2,235,294,981	-	2,235,294,981
Purchase in the year	1,148,271,243		1,148,271,243
As at 31/12/2019	3,383,566,224	-	3,383,566,224
Accumulated amortization			
As at 01/01/2019	836,275,042	-	836,275,042
Amortization in the year	42,080,004	-	42,080,004
As at 31/12/2019	878,355,046	-	878,355,046
Carrying value			
As at 01/01/2019	1,399,019,939	-	1,399,019,939
As at 31/12/2019	2,505,211,178	-	2,505,211,178

In which:

<i>Historical cost of fully depreciated fixed assets but still in use:</i>	<i>131.294.981 dong.</i>
<i>Historical cost of fixed assets for disposal at the year end:</i>	<i>0 dong.</i>
<i>Carrying value of fixed assets at the end of the year used as collaterals for loans:</i>	<i>0 dong.</i>

11. Long-term work in progress

	Closing balance	Opening balance
Construction of two-storey house	-	284,648,090
Suoi Kiet quarry's investment project	6,213,779,696	5,589,058,341
Total	6,213,779,696	5,873,706,431

12. Financial investments

Investments in subsidiaries	Closing balance		Opening balance	
	Historical cost	Fair value	Historical cost	Fair value
Phu Ly Stone One Member Co., Ltd	15,000,000,000	15,000,000,000	15,000,000,000	15,000,000,000
Construction Company No.6 Myanmar Limited	1,157,000,000	1,157,000,000	-	-
Total	16,157,000,000	16,157,000,000	15,000,000,000	15,000,000,000

Details of the share capital and voting rights of each company are as follows:

	Closing balance			Opening balance		
	<i>Owners' Capital</i>	<i>Share Holding</i>	<i>Proportion of voting</i>	<i>Owners' Capital</i>	<i>Share Holding</i>	<i>Proportion of voting</i>
Phu Ly Stone One Member Co., Ltd	15,000,000,000	100%	100%	15,000,000,000	100%	100%
Construction Company No.6 Myanmar Limited	1,157,000,000	100%	100%	-	0%	0%

A summary of the subsidiary's operations during the year is as follows:

Phu Ly Stone One member Co., Ltd is established under the decision No.01/QD-HDQT dated January 18, 2008 of the Chairman of Construction Joint Stock Company No.6. The company operates under the certificate Business Registration Certificate No.0604.000020 dated 20 February 2008 issued by Ha Nam Department of Planning and Investment with the charter capital of VND 15 billions. During the operation, changes in business functions and chartered capital of the Company were approved by Ha Nam Department of Planning and Investment under Business Registration Certificate amended for the second time on 26 May 2011. The company's head quarter is at Nam Son Village, Chau Son Ward, Phu Ly City, Ha Nam Province.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

The principal activities of Phu Ly Stone One member Co., Ltd during the year are exploiting and processing stones.

Construction Company No.6 Myanmar Limited was established in Myanmar, has the function of construction of railroads in Myanmar under the laws of the host country, with a charter capital of 50,000 USD which is invested 100% by Construction Joint Stock Company No.6. The company operates under business registration certificate No. 111947392 issued by Myanmar authorities on December 20, 2018.

The main activity of Construction Company No.6 Myanmar Limited Company during the year is repairing and replacing the tracks.

Provision for non-current financial investments

	Closing balance	Opening balance
Phu Ly Stone One Member Co., Ltd	5,340,245,271	-
Total	5,340,245,271	-

13. Trade payables

	Closing balance		Opening balance	
	Value	Amount able to be paid off	Value	Amount able to be paid off
Construction Investment 3 JSC	19,127,538,336	19,127,538,336	17,732,210,014	17,732,210,014
Railway Corporation JSC	5,862,540,820	5,862,540,820	5,862,540,820	5,862,540,820
Branch of Railway Equipment and Material Import - Export JSC - Dong Anh Mechanical Enterprise	492,704,972	492,704,972	492,704,972	492,704,972
Railway Equipment and Material Import - Export JSC	580,168,620	580,168,620	580,168,620	580,168,620
Others	28,861,039,050	28,861,039,050	22,579,613,438	22,579,613,438
Total	54,923,991,798	54,923,991,798	47,247,237,864	47,247,237,864

Payables to related parties

Refer to Note VII.3

14. Advances from customers

	Closing balance	Opening balance
Department of Maintenance Committee of Transport Infrastructure (Package No.3)	-	2,594,714,000
Nguyen Thi Nga (*)	2,000,000,000	2,000,000,000
Duong Thanh Tuan (**)	1,500,000,000	-
Dual railway stations project	1,092,528,300	1,092,528,300
Others	320,200,805	241,741,625
Total	4,912,729,105	5,928,983,925

(*): The Company is in process of transferring land use rights in Ho Chi Minh city to Ms. Nguyen Thi Nga. Currently, the Company and customer are submitting documents to authority in order to adjust from annual rental payment to one-time payment to complete a transaction.

(**): The Company is in process of transferring land use rights. The company is currently negotiating to sign a contract.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**15. Tax and other payables to the State**

15.1 Tax payable	Opening	Payable in year	Paid in year	Closing balance
VAT on domestic goods	361,000,785	3,158,956,963	1,564,969,130	1,954,988,618
VAT on imported goods	-	974,287,398	974,287,398	-
Import and export taxes	-	64,447,673	64,447,673	-
Personal income tax	-	22,164,130	22,164,130	-
Land tax, land rental	-	1,845,741,996	1,845,741,996	-
Charges, fees and other payables	-	7,516,300	7,516,300	-
Total	361,000,785	6,073,114,460	4,479,126,627	1,954,988,618

15.2 Tax receivable	Opening balance	Payable in year	Paid in year	Closing balance
Corporate income tax	200,000,000	-	-	200,000,000
Total	200,000,000	-	-	200,000,000

Value added tax

The Company's value added tax is paid under deduction method. Value added tax rate is 10 %.

Land rent

The Company has to pay land rental for the area of office building at Group 36, Dong Anh Town, Dong Anh District, Hanoi according to the Taxation Department's announcement.

Other taxes

The Company declared and paid according to regulations.

16. Payables to employees

	Closing balance	Opening balance
Factory 602	-	17,488,534
Factory 605	1,676,655,786	480,973,684
Material and Construction Factory	317,477,526	388,186,731
Thap Cham construction material Factory	347,396,606	530,040,475
Head office	901,080,144	739,070,598
Total	3,242,610,062	2,155,760,022

17. Current accrued expenses

	Closing balance	Opening balance
Interest payable to Bank	143,017,081	265,528,614
Total	143,017,081	265,528,614

18. Current unrealized revenues

	Closing balance	Opening balance
Petroleum retail business	220,909,091	163,636,363
Total	220,909,091	163,636,363

19. Current other payables

	Closing balance	Opening balance
Social insurance, health insurance and unemployment insurance	3,333,767,492	3,464,911,054
Union fund	81,964,734	91,966,948
Payables for employees termination	1,090,544,394	988,388,934
Others	866,136,518	829,771,196
Total	5,372,413,138	5,375,038,132

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

20. Borrowings

	Opening balance		During the year		Closing balance	
	Value	Amount able to be paid off	Increase	Decrease	Value	Amount able to be paid off
Bank loan (i)	47,874,439,309	47,874,439,309	21,744,559,752	24,941,948,522	44,677,050,539	44,677,050,539
Joint Stock Commercial Bank for Investment and Development of Vietnam - Branch Dong Anh	47,874,439,309	47,874,439,309	21,744,559,752	24,941,948,522	44,677,050,539	44,677,050,539
Loan of individuals (ii)	5,880,000,000	5,880,000,000	2,285,695,000	4,100,000,000	4,065,695,000	4,065,695,000
Ms. Dam Thi Kim Cuc	3,000,000,000	3,000,000,000	-	2,000,000,000	1,000,000,000	1,000,000,000
Mr. Nguyen Van Phong	180,000,000	180,000,000	-	-	180,000,000	180,000,000
Ms. Nguyen Thi Hanh	1,200,000,000	1,200,000,000	-	500,000,000	700,000,000	700,000,000
Ms. Nguyen Thi Huong	-	-	100,000,000	100,000,000	-	-
Ms. Dam Thi Kim Thanh	800,000,000	800,000,000	-	800,000,000	-	-
Ms. Le Thi Ngoc	700,000,000	700,000,000	2,000,000,000	700,000,000	2,000,000,000	2,000,000,000
Mr. Le Quang Phu	-	-	185,695,000	-	185,695,000	185,695,000
Total	53,754,439,309	53,754,439,309	24,030,254,752	29,041,948,522	48,742,745,539	48,742,745,539

Details of current borrowings:

(i): The Credit Agreement No. 01/2019/153713/HĐTD dated 16/09/2019 for the purpose of supplementing working capital. Loan term: 12 months. Interest rate: floating depending on the moment of receiving each indebtedness certificate. This loan is secured by movable and immovable property under the Mortgage Agreement No. 01/2017/153713/HĐBD and the Mortgage Agreement No.01/2018/58877106/HĐBD.

For loan contracts that are due, the Company has proposed an extension according to the proposal of restructuring CT6-TCKT debt payment in April 2019 and accepted by the bank.

(ii): Loan from individual is for the purpose of supplementing working capital. Loan term: 3 months or more. Interest rate is adjusted according to Bank's interest rate in the end of the year, is 10% per year (do not exceed bank's interest rate). This loan is a unsecured loan.

21. Provision for non-current payables

	Closing balance	Opening balance
Provision for warranty of goods	496,046,858	459,098,016
Provision for warranty of construction works	276,326,142	116,119,984
Total	772,373,000	575,218,000

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

22. Owners' equity

22.1 Increase and decrease in owners' equity

	Charter capital	Share premium	Foreign exchange	Investment and development	Treasury Stock	Retained earnings	Total
Opening balance of the previous year	61,080,780,000		-	5,370,231,737	(23,190,000)	(13,679,101,834)	52,748,719,903
Increase capital in the previous year	-	-	-	-	-	-	-
Profit in the previous year	-	-	-	-	-	(9,898,506,301)	(9,898,506,301)
Appropriation of profit	-	-	-	-	-	-	-
Balance of the end of the previous year	61,080,780,000	-	-	5,370,231,737	(23,190,000)	(23,577,608,135)	42,850,213,602
Beginning balance of the current year	61,080,780,000	-	-	5,370,231,737	(23,190,000)	(23,577,608,135)	42,850,213,602
Increase capital in the current year	-	-	-	-	-	-	-
Profit in the current year	-	-	-	-	-	(5,451,014,825)	(5,451,014,825)
Closing balance at the end of the current year	61,080,780,000	-	-	5,370,231,737	(23,190,000)	(29,028,622,960)	37,399,198,777

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**22.2 Details of owners' capital contribution**

	<u>Closing balance</u>	<u>Opening balance</u>
Contribution from the State	9,704,330,000	9,704,330,000
Contributions from other shareholders	51,376,450,000	51,376,450,000
Treasury stock	(23,190,000)	(23,190,000)
Total	<u>61,057,590,000</u>	<u>61,057,590,000</u>

Capital transactions with owners and distribution of dividends, profit sharing are as follow:

	<u>Closing balance</u>	<u>Opening balance</u>
Investment capital of owners	-	-
+ Equity capital at the beginning of the year	61,080,780,000	61,080,780,000
+ Equity capital at the end of the year	<u>61,080,780,000</u>	<u>61,080,780,000</u>
Dividends, profit distributed		

Shares

	<u>Closing balance</u>	<u>Opening balance</u>
Number of shares registered to issue		
Number of shares issued /sold to the public	6,108,078	6,108,078
- Common shares	6,108,078	6,108,078
- Preferred shares	-	-
Number of reacquired shares	2,319	2,319
- Common shares	2,319	2,319
- Preferred shares	-	-
Number of outstanding shares	6,105,759	6,105,759
- Common shares	6,105,759	6,105,759
- Preferred shares	-	-

Par value of outstanding shares: 10,000 VND.

22.3 Other funds of equity**Purpose of funds**

Investment and development fund: be used according to the State's regulations and shareholders' resolutions.

23. Foreign currencies

Details of amount of foreign currencies held by the Company:

<u>Content</u>	<u>Closing balance</u>	<u>Opening balance</u>
USD	20,210.44	943.64

VI. ADDITIONAL INFORMATION ABOUT ITEMS ON THE SEPARATE INCOME STATEMENT**1. Revenues from sale of goods and services****Revenues from sale of goods and services**

	<u>Current year</u>	<u>Previous year</u>
Revenues from sale of goods, finished goods	53,087,294,686	58,640,701,372
Revenues from experimental services	133,780,000	114,102,000
Revenue from construction contract	30,285,170,535	11,647,773,403
Total	<u>83,506,245,221</u>	<u>70,402,576,775</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**2. Cost of goods sold**

	Current year	Previous year
Cost of goods sold and finished goods	42,018,573,116	52,516,822,417
Cost of services provided	92,190,000	33,052,572
Cost of construction contracts	28,095,491,024	15,271,079,679
Total	70,206,254,140	67,820,954,668

3. Financial incomes

	Current year	Previous year
Interest on deposits and loans	676,441,715	792,690,642
Unrealized gain on foreign exchanges	-	470,209
Total	676,441,715	793,160,851

4. Financial expenses

	Current year	Previous year
Interest expense	4,892,002,706	5,598,193,757
Unrealized loss on foreign exchange	5,340,245,271	-
Others	389,092,232	320,463,336
Total	10,621,340,209	5,918,657,093

5. General and Administrative expenses

	Current year	Previous year
Administrative employee expenses	2,961,101,984	3,168,797,025
Fixed asset depreciation expenses	935,895,636	1,004,459,598
Other monetary expenses	5,471,231,861	4,873,474,895
Total	9,368,229,481	9,046,731,518

6. Other incomes

	Current year	Previous year
Disposal of fixed assets and tools	661,061,818	1,181,818,181
Others	-	510,281,171
Total	661,061,818	1,692,099,352

7. Other expenses

	Current year	Previous year
Others	98,939,749	-
Total	98,939,749	-

8. Current corporate income tax

	Current year	Previous year
Corporate income tax calculated based on taxable income for the current year	-	-
Adjust the income tax expenses of previous years to the current income tax expenses this year	-	-
Total current corporate income tax	-	-

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

Current corporate income tax payables are determined based on taxable income for the current year. The taxable income of the Company is different from the income reported in the income statement because taxable income does not include taxable income or deductible expense for tax purposes for other years and items not subject to tax or deductible for tax purposes. The Company's current income tax payables are calculated at the tax rates enacted by the balance sheet date.

Details of corporate income tax are as follows:

	Current year	Previous year
Profit/ (loss) before tax	(5,451,014,825)	(9,898,506,301)
<u>Adjustments to increase/(decrease) accounting profit/(loss)</u>		
Adjusted net profit before loss carry forward and tax	(5,451,014,825)	(9,898,506,301)
Loss carried forward	-	-
Estimated current taxable income		
<i>Primary activities</i>	-	-
<i>Real Estate</i>	-	-
Tax rate	20%	20%
Estimated corporate income tax payable at end of year	-	-

9. Production and Operating costs

	Current year	Previous year
Raw material cost	40,561,043,027	33,778,330,554
Labour cost	17,291,147,665	13,636,823,046
Fixed asset depreciation cost	2,462,891,423	3,308,481,476
Other monetary costs	24,140,626,912	16,588,673,694
Total	84,455,709,027	67,312,308,770

VII. OTHER INFORMATION**1. Contingent liabilities**

As at December 31, 2019, the Company did not record payables to Vietnam Railways Corporation with the amount of VND 457.937.671 which was included in Vietnam Railways Corporation's accounting book (this was a subcontractors's deposit for higher management before the Company transferred to the joint stock company, September 30, 2003). In the dossier handed over from Construction Company No.6 to Construction Joint Stock Company No.6 that was witnessed by Vietnam Railways Corporation and the dossier of capital transfer handed over to Construction Joint Stock Company, this amount did not exist. Construction Joint Stock Company No.6 has reported to Vietnam Railways Corporation and requested to clear this difference.

2. Subsequent events after the balance sheet date

In order to transfer the project of Suot Kiet stone quarry - Binh Thuan province, the Board of Directors submitted a project to establish Suoi Kiet Stone Company Limited (with a charter capital of VND 10.000.000.000) to continue implementing the project and applying for a license (replace for the previous operational model of Suoi Kiet Stone Unit). However, the legal procedures have not been complete yet. The transactions arising of the investment project are being monitored and recorded in the Company's accounting books and the accounting books of Thap Cham Construction Material Factory.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**3. Transactions with related parties**

A party is considered as related if it can control the other parties or has significant influence on the other party in making financial and operating decisions. Related parties comprise enterprises including parent company, subsidiaries, individual directly or indirectly through one or more intermediaries, control or are controlled by, or under the same control as the Company. Associates, individuals owning, directly or indirectly, an interest in the voting right of the Company and its subsidiaries that give them significant influence on the enterprise, key management personnel, including directors and officers, close members of the family of these individuals or associates and companies associated with these individuals also constitute related parties.

3.1 Transactions with key management personnel and related individuals

Key management members and related individuals include: members of the Board of Management, Board of Directors, Supervisory Board and their close family members.

Transactions with key management members and related individuals are as follows:

	<u>Current year</u>	<u>Previous year</u>
Management and Board of General Directors, Supervisory Board		
Salary, bonus, allowance	1,396,132,271	1,470,969,132

3.2 Other related parties

List of other related parties of the Company includes:

Related parties	Relationship
Phu Ly Stone One Member Co., Ltd	Subsidiary
Construction Company No.6 Myanmar Limited	Subsidiary
Vietnam Railways Corporation	Major Shareholder

Transactions with these related parties in year are as

	<u>Current year</u>	<u>Previous year</u>
Phu Ly Stone One Member Co., Ltd		
Car, excavator rental	217,800,000	279,000,000
Buying stone	363,228,432	936,179,958
Interest expense	673,680,124	653,932,088

	<u>Current year</u>	<u>Previous year</u>
Construction Company No.6 Myanmar Limited		
Supply of machinery and equipment	1,193,426,603	-
Provide construction personnel	2,239,744,300	-

At the balance sheet date, receivable and payable balances with other related parties are as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
<u>Receivables</u>		
Phu Ly Stone One Member Co., Ltd		
Lending	7,108,454,252	6,531,495,496
Construction Company No.6 Myanmar Limited		
Receivables for machinery supply	36,426,603	-
Vietnam Railways Corporation		
Other receivables	6,743,041,606	6,743,041,606
Total	<u><u>13,887,922,461</u></u>	<u><u>13,274,537,102</u></u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)***Price policy for transactions between the Company and other related parties***

The price of goods and services provided to related parties is price being agreed on contract. Purchases of goods and services from related parties are carried out at market prices.

The receivables are unsecured receivables and will be paid in cash. No allowance for doubtful debt are set up for receivables from related parties.

4. Comparative information

Comparative information is information presented in the separate financial statements for the fiscal year ended 31 December 2018 audited by BDO Audit Services Company Limited.

Preparer**Doan Thi Kim Thanh****Chief Accountant****Phan Anh Tuan**

Issued on 16 March 2020

General Director**Pham Xuan Huy**