

**DINH VU PORT INVESTMENT AND DEVELOPMENT
JOINT STOCK COMPANY
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**



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STATEMENT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of Dinh Vu Port Investment and Development JSC (hereinafter referred to as the "Company") presents this report together with the audited financial statements for the year ended 31 December 2019.

BOARD OF MANAGEMENT AND BOARD OF GENERAL DIRECTORS

Members of Board of Management and Board of General Directors of the Company who held office during the year and to the date of this report are as follows:

Board of Management

Mr. Vu Tuan Duong	Chairman
Mr. Nguyen Tien Dung	Vice Chairman
Mr. Cao Van Tinh	Member
Mr. Chu Minh Hoang	Member
Mr. Nguyen Viet Hai	Member

Board of General Directors

Mr. Cao Van Tinh	General Director	
Mr. Le Thanh Do	General Director	
Mr. Trieu The Thuan	Deputy General Director	Appointed on 12/04/2019
Mr. Quach Kim Hien	Deputy General Director	Labor contract suspended on 01/10/2019 under Decision No. 378A/2019/QD-TCTL dated 28/10/2019 until another Decision is made

The Chief Accountant of the Company to the date of this report is Mr. Doan Minh Trung.

EVENTS AFTER THE BALANCE SHEET DATE

The Board of General Directors confirms that there have been no significant events occurring after the balance sheet date which would require adjustments to or disclosures to be made in the financial statements.

THE AUDITOR

The accompanying financial statements have been audited by UHY Auditing and Consulting Company Limited.

BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of General Directors of the Company is responsible for preparing the financial statements for the year ended 31 December 2019, which give a true and fair view of the financial position of the Company, its results and cash flows for the period then ended.

In preparing those financial statements, the Board of General Directors 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 principles have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

STATEMENT OF THE BOARD OF GENERAL DIRECTORS (CONT'D)

BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY (CONT'D)

The Board of General Directors confirms that the Company has complied with the above requirements in preparing the financial statements.

The Board of General Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting System and other related legal regulations on preparation and presentation of the financial statements. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

OTHER COMMITMENTS

Board of General Directors commits that the Company does not violate obligations on information disclosure under Circular No.155/2015/TT-BTC dated 06 October 2015 by the Ministry of Finance guiding the information disclosure in the stock market and regulations on corporate governance in Circular No. 71/2017/ND-CP dated 6 June 2017 guiding corporate governance of public companies and Circular No. 95/2017/TT-BTC dated 22 September 2017 of the Ministry of Finance guiding some articles of Decree No. 71/2017/ND-CP.

For and on behalf of the Board of General Directors,



Cao Văn Tĩnh

General Director

Hai Phong, 26 February 2020

No.: 57/2020/UHY-BCKT

INDEPENDENT AUDITOR'S REPORT

**To: Shareholders, Board of Management and Board of General Directors
Dinh Vu Port Investment and Development JSC**

We have audited the accompanying financial statements of Dinh Vu Port Investment and Development JSC (hereinafter referred to as the "Company") which were prepared on 26 February 2020 as set out on page 06 to 36, including the Balance Sheet as at 31 December 2019, the Income Statement and Cash Flow Statement and the notes thereto for the year then ended.

Responsibilities of the Board of General Directors

The Board of General Directors of the Company is responsible for preparing and presenting the financial statements in a true and fair view in conformity with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and related legal regulations on the preparation and presentation of the financial statements and for such internal control as the Board of General Directors determines is necessary to enable the preparation and presentation of the financial statements that are free from material misstatements, whether due to fraud or error.

Responsibilities of the Auditors

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of, in all material respects, the financial position of the Company as at 31 December 2019 and the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and related legal regulations on the preparation and presentation of the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Other matters

The financial statements of the Company for the year ended 31 December 2018 were audited by another firm which expressed the unqualified opinion as at 8 March 2019.



Nguyen Minh Long
Deputy General Director
Auditor's Practicing Certificate
No 0666- 2018- 112- 1

UHY AUDITING AND CONSULTING COMPANY LIMITED
Hanoi, 26 February 2020

A blue ink signature, likely belonging to Le Quang Nghia, written in a cursive style.

Le Quang Nghia
Auditor
Auditor's Practicing Certificate
No.3660-2017-112-1

BALANCE SHEET
As at 31 December 2019

ASSETS	Code	Note	31/12/2019 VND	01/01/2019 VND
CURRENT ASSETS	100		857,627,169,917	706,322,918,614
Cash and cash equivalents	110	4	29,237,214,488	92,094,759,884
Cash	111		29,237,214,488	18,094,759,884
Cash equivalents	112		-	74,000,000,000
Short-term financial investments	120		755,000,000,000	495,000,000,000
Held to maturity investments	123	5	755,000,000,000	495,000,000,000
Short-term receivables	130		58,818,852,799	96,825,091,382
Short-term trade receivables	131	6	45,557,541,235	77,420,619,054
Short-term advances to suppliers	132		670,926,000	11,414,730,600
Other short-term receivables	136	7	15,699,488,900	9,950,072,821
Provision for short-term receivables	137	6	(3,109,103,336)	(1,960,331,093)
Inventories	140	8	9,577,438,353	9,710,538,056
Inventories	141		9,577,438,353	9,710,538,056
Other current assets	150		4,993,664,277	12,692,529,292
Short-term prepayment	151	9	2,846,681,194	3,268,599,787
Deductible VAT	152		2,080,063,445	8,269,461,877
Taxes and other receivables from the State Budget	153	10	66,919,638	1,154,467,628
NON-CURRENT ASSETS	200		420,995,231,307	461,489,511,179
Long-term receivables	210		266,986,000	293,986,000
Other long-term receivables	216	7	266,986,000	293,986,000
Fixed assets	220		249,417,869,529	288,726,349,645
Tangible fixed assets	221	11	248,951,204,631	288,152,497,503
- Cost	222		1,209,805,518,049	1,188,967,499,988
- Accumulated depreciation	223		(960,854,313,418)	(900,815,002,485)
Intangible fixed assets	227	12	466,664,898	573,852,142
- Cost	228		5,813,104,700	5,497,754,700
- Accumulated amortization	229		(5,346,439,802)	(4,923,902,558)
Non-current assets in progress	240		282,222,727	665,336,363
Construction in progress	242	13	282,222,727	665,336,363
Long-term financial investments	250		142,352,013,800	142,352,013,800
Investment in joint-ventures and associates	252	14	142,352,013,800	142,352,013,800
Other non-current assets	260		28,676,139,251	29,451,825,371
Long-term prepayment	261	9	28,676,139,251	29,451,825,371
TOTAL ASSETS	270		1,278,622,401,224	1,167,812,429,793

BALANCE SHEET (CONT'D)
As at 31 December 2019

RESOURCES	Code	Note	31/12/2019 VND	01/01/2019 VND
LIABILITIES	300		107,476,256,408	101,797,532,256
Current liabilities	310		107,476,256,408	101,797,532,256
Short-term trade payables	311	15	18,230,803,051	15,150,593,016
Short-term advances from customers	312		242,089,461	40,890,985
Taxes and other payables to the State budget	313	10	17,593,255,822	1,111,386,861
Payables to employees	314		23,010,571,425	34,070,880,395
Short-term payables	315		10,220,000	-
Other short-term payables	319	16	6,625,626,874	6,250,129,520
Provision for short-term payables	321	17	32,000,000,000	39,000,000,000
Bonus and welfare fund	322		9,763,689,775	6,173,651,479
OWNERS' EQUITY	400		1,171,146,144,816	1,066,014,897,537
Owners' equity	410	18	1,171,146,144,816	1,066,014,897,537
Owners' equity	411		400,000,000,000	400,000,000,000
- Ordinary shares with voting rights	411a		400,000,000,000	400,000,000,000
Other owners' equity	414		142,352,013,800	142,352,013,800
Investment and development fund	418		366,162,883,737	285,921,545,655
Retained earnings	421		262,631,247,279	237,741,338,082
- Accumulated retained earnings brought forward	421a		75,000,000,000	50,000,000,000
- Retained earnings for the current year	421b		187,631,247,279	187,741,338,082
TOTAL RESOURCES	440		1,278,622,401,224	1,167,812,429,793



Cao Van Tinh
General Director
Hai Phong, 26 February 2020

Doan Minh Trung
Chief Accountant

Le Thi Hai Thanh
Preparer

INCOME STATEMENT
For the year ended 31 December 2019

Items	Code	Note	Year 2019 VND	Year 2018 VND
Gross sales of merchandise and services	01	19	559,892,262,521	638,724,759,216
Less deductions	02		-	-
Net sales of merchandise and services	10		559,892,262,521	638,724,759,216
Cost of goods sold	11	20	274,561,547,584	321,584,286,531
Gross profit from sales of merchandise and services	20		285,330,714,937	317,140,472,685
Financial income	21	21	80,453,233,662	68,271,810,592
Financial expenses	22	22	65,811,538	888,278,154
- Including : Interest expense	23		-	410,824,902
General and administrative expenses	26	23	65,608,023,812	68,147,243,210
Operating profit	30		300,110,113,249	316,376,761,913
Other income	31	24	2,162,648,832	668,435,401
Other expenses	32		-	8,578,903
Profit from other activities	40		2,162,648,832	659,856,498
Net profit before tax	50		302,272,762,081	317,036,618,411
Current Corporate income tax expense	51	25	54,641,514,802	29,295,280,329
Deferred Corporate income tax expense	52		-	-
Net profit after tax	60		247,631,247,279	287,741,338,082
Basic earnings per share	70	26	6,191	6,631
Diluted earnings per share	71	27	6,191	6,631



Cao Văn Tinh
General Director
Hai Phong, 26 February 2020

Doan Minh Trung
Chief Accountant

Le Thi Hai Thanh
Preparer

CASH FLOW STATEMENT
(Applying direct method)
For the year ended 31 December 2019

Items	Code	Year 2019 VND	Year 2018 VND
Cash flows from operating activities			
Proceeds from selling goods, services and others	1	617,587,314,722	647,879,342,268
Cash outflow for suppliers	2	(153,722,845,777)	(170,435,010,955)
Cash outflow for employees	3	(120,966,117,128)	(124,564,659,934)
Interest paid	4	-	(444,327,957)
Corporate income tax paid	5	(35,893,791,352)	(37,129,369,123)
Other cash inflows	6	2,090,386,762	1,751,936,523
Other cash outflows	7	(40,416,197,245)	(39,077,165,058)
Net cash from operating activities	20	268,678,749,982	277,980,745,764
Cash flows from investing activities			
Acquisition of fixed assets and other long-term assets	21	(27,723,846,000)	(165,149,265,300)
Proceeds from fixed assets and long-term assets disposal	22	2,178,000,000	-
Cash outflow for lending, buying debt instruments of other companies	23	(1,302,000,000,000)	(1,060,000,000,000)
Cash recovered from lending, selling debt instruments of other companies	24	1,042,000,000,000	1,155,000,000,000
Interest income, dividend and profit paid	27	73,060,734,586	65,423,606,357
Net cash from (used in) investing activities	30	(212,485,111,414)	(4,725,658,943)
Cash flows from financing activities			
Repayment of borrowings	34	-	(25,391,439,137)
Dividends paid	36	(119,033,421,800)	(179,188,230,700)
Net cash from (used in) financing activities	40	(119,033,421,800)	(204,579,669,837)
Net increase in cash and cash equivalents	50	(62,839,783,232)	68,675,416,984
Cash and cash equivalents at the beginning of the year	60	92,094,759,884	23,419,210,144
Effect from changing foreign exchange rate	61	(17,762,164)	132,756
Cash and cash equivalents at the end of the year	70	29,237,214,488	92,094,759,884



Cao Văn Tinh
General Director
Hai Phong, 26 February 2020

Doan Minh Trung
Chief Accountant

Le Thi Hai Thanh
Preparer

NOTES TO THE FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

1. BUSINESS HIGHLIGHTS**1.1 THE COMPANY**

Dinh Vu Port Investment and Development JSC (hereinafter referred to as “the Company”) is incorporated under Decision No. 990/QĐ-TGD dated 11 November 2002 of the General Director of Vietnam National Shipping Lines (Vinalines) on approval of Dinh Vu Port investment and exploitation scheme. The initial Business Registration Certificate No. 0200511481 was issued by the Department of Planning and Investment of Hai Phong city dated 14 January 2003 and amended for the seventh time on 12 July 2017.

The charter capital of the Company is VND 400,000,000,000, divided into 40,000,000 ordinary shares with par value of VND 10,000 per share. All above shares of the Company are listed in Ho Chi Minh Stock Exchange coded DVP.

The Company’s head office is located at Dinh Vu Port, Dong Hai 2 ward, Hai An district, Hai Phong city.

Total staffs of the Company as at 31 December 2019 are 446 (449 staffs as at 31/12/2018).

1.2 BUSINESS LINES AND PRINCIPAL ACTIVITIES

- Goods loading and unloading; Warehouse trading;
- Multimodal transportation; Maritime services;
- Logistics, bonded warehousing, goods border gate transfer and transit services.

1.3. PRINCIPAL BUSINESS CYCLE

The normal business cycle of the Company is less than 12 months.

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD**2.1 ACCOUNTING CONVENTION**

The accompanying financial statements, expressed in Vietnam Dong (VND), have been prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and other related legal regulations on preparation and presentation of the financial statements.

The Company adopted Vietnamese Corporate Accounting System issued under Circular 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance issuing Corporate Accounting System and Circular No. 53/2016/TT-BTC issued on 21 March 2016 amending and supplementing some articles of Circular No. 200/2014/TT-BTC.

2.2 ACCOUNTING PERIOD

The financial year of the Company begins on 01 January and ends on 31 December.

The accompanying financial statements have been prepared for the year ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Company in the preparation of these financial statements are as follows:

3.1 ACCOUNTING ESTIMATES

Financial reporting in conformity with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam requires 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 financial statements and the reported amounts of revenue and expenses during the operating period. Actual results could differ from those estimates.

3.2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and at bank, cash in transit, deposits, mortgages and highly liquid investments that are readily convertible to known amounts of cash with an original maturity of less than three months and subject to an insignificant risk of changes in value.

3.3 INVENTORIES

Inventories are used to repair equipment for the business activities of the Company. Inventories are stated at the lower of cost and net realizable value. Cost includes all costs of purchase, direct costs of materials, labor costs and those overheads or other costs incurred in bringing the inventories to their present location and condition. Stock-out price is calculated under the first-in first-out method.

3.4 RECEIVABLES AND PROVISION FOR DOUBTFUL DEBTS

Receivables include trade accounts receivable, advances to suppliers and other receivables at the date of reporting.

Receivables are presented at net book value less provision for doubtful debts. Provision for doubtful debts is made for those that are overdue as prescribed in the economic contracts, contract commitments or debt commitment and repeatedly urged for repayment but not yet recovered. Provision is also made for those that have not fallen due but debtors are on the verge of bankruptcy or finalizing procedures for dissolution, missing or fled. The amount of provision for doubtful debts is made as per Circular No. 228/2009/TT-BTC dated 17 December 2009, Circular No. 89/2013/TT-BTC dated 28 June 2013 and Circular No. 48/2019/TT-BTC dated 08 August 2019 of the Ministry of Finance.

The increase or decrease in provision for doubtful debts is accounted for administrative expenses in the period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

3.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost and accumulated depreciation.

The cost of tangible fixed assets comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its ready in use.

Fixed assets which have been put into use but not finalized will be added up to the cost of fixed assets and depreciated, and then adjusted upon official finalization.

Cost of tangible fixed assets constructed by contractors includes handed-over works, directly related expenses and registration fee (if any).

Depreciation is calculated on a straight-line basis for all assets over their estimated useful lives. The principal annual depreciation rates in use are as follows:

Assets	Useful lives (years)
Buildings and structures	05 - 25
Machinery, equipment	03 - 07
Motor vehicles, transmission	03 - 06
Office equipment	03 - 08

The Company calculates and depreciates fixed assets under Circular No. 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 on management, use and depreciation of fixed assets and Circular No. 147/2016/TT-BTC dated 13 October 2016 amending and supplementing some articles of Circular No. 45/2013/TT-BTC.

3.6 INTANGIBLE FIXED ASSETS AND AMORTIZATION

Intangible fixed asset is computer software presented at cost and accumulated amortization and to be allocated under the straight-line method during a three-year term.

3.7 CONSTRUCTION IN PROGRESS

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes professional fees and borrowing costs dealt with in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3.8 LONG-TERM PREPAYMENT

Long-term prepayments comprise tools and supplies, land rental, costs incurred which are expected to provide future economic benefit to the Company for more than one year. These expenditures have been capitalized as long-term prepayments, and are allocated to the income statement using the straight-line method.

3.9 REVENUE RECOGNITION

Revenue is recognized when the Company may receive reliably measured economic benefits. Net sales are measured by the reasonable value of amounts received or receivable less trade discount, sales rebate and sales return. Revenue is recognized when following conditions are met:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

3.9 REVENUE RECOGNITION (CONT'D)

Sales of services

Revenue is recognized when the outcome of such transaction can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company. For services rendered in numerous period, revenue is recognized when there is evidence of completion of services at the balance sheet date. Sale of services is recognized when all following conditions are satisfied:

- Revenue can be reliably measured; When it is stipulated in the contract that the buyer has the right to return services purchased under specific conditions, the revenue is only recognized when such specific conditions are no longer existed and services cannot be returned by the buyer;
- It is probable that economic benefits associated with the transaction will flow to the Company;
- Percentage of completion of services at the balance sheet date can be measured;
- Costs incurred in respect of rendering of services and completion of rendering of services can be measured.

Financial income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

3.10 COST RECOGNITION

Operation costs related to revenue generation in the year are actually gathered and promptly estimated in the period.

3.11 TAXATION

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including losses carried forward, if any) and it further excludes items that are never taxable or deductible.

Under investment incentive certificate No. 4477/GCN/UB dated 17 September 2004 of the People's Committee of Hai Phong, Decree No. 164/2003/ND-CP dated 22 December 2003 of the Government, Decision No. 06/2008/QĐ-TT dated 10 January 2008 of the Prime Minister and Official Letter No. 141/CT-TT&HT of Hai Phong Department of Taxation dated 21 February 2011, the Company is entitled to the following tax incentives:

- Preferential corporate income tax (CIT) rate: The company is entitled to CIT of 10% for the remaining term from 02 February 2008 to the end of 2018 on income from the investment projects implemented in extremely difficult socio-economic areas (the Company was entitled to CIT of 20% from 2004 to 01 February 2008).
- CIT exemption and reduction: income from the business activities with CIT incentives is entitled to 50% CIT reduction during the remaining term from 2 February 2008 to the end of 2014 (entitled to CIT incentives from 2006 to 1 February 2008).
- From 2019 the Company is no longer entitled to CIT incentives and it is currently subject to tax rate of 20%.

However, these regulations are subject to periodic variation and its ultimate determination depends on the results of tax authorities' examination.

Other taxes are in accordance with the prevailing regulations in Vietnam.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

3.12 INVESTMENTS

Investments consist of investment in joint-ventures and associates; term deposits. In the separate financial statements of the Company, investments are presented under cost method.

3.13 FINANCIAL INSTRUMENTS

Initial recognition

Financial assets

As at the initial recognition date, financial assets are carried at cost plus relevant transaction directly attributable to its acquisition.

The Company's financial assets are composed of cash, cash at bank, cash equivalents, short-term and long-term financial investments, short-term and long-term receivables.

Financial liabilities

As at the initial recognition date, financial liabilities are carried at cost minus relevant transaction directly attributable to its issuance.

The Company's financial liabilities consist of trade accounts payable, accrued expenses, other payables and long-term and short-term loans and debts.

Revaluation subsequent to initial recognition

Currently, regulations on revaluation of financial instruments subsequent to initial recognition are unavailable.

Offsetting of financial instruments

Financial assets and financial liabilities are offset in the balance sheet when and only when the Company has the legal right to offset the recognized amount and it is intended to settle on a net basis or recognize assets and settle liabilities simultaneously.

3.14 RELATED PARTIES

A party is considered to be related to the Company if it has the ability to control the Company or exercise significant influence over the Company in making financial and operating decisions. Related parties include:

- Enterprises have the right to control or be directly or indirectly controlled by one or more intermediaries, or under the common control with companies, including the Parent Company, subsidiaries of a Group, joint ventures, co-controlled business establishments and associates.
- Individuals have the right to directly or indirectly vote in reported enterprises, having a significant influence on these enterprises, key management have the authority and responsibility for making plan, management and controlling activities of the Company, including close family members of these individuals.
- Enterprises owned by aforementioned individuals, having direct or indirect voting rights or having a significant influence on the business.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

3.14 RELATED PARTIES (CONT'D)

When considering each relationship of related parties, the nature of the relationship is paid attention to, not merely its legal form.

Accordingly, related parties of the Company are members of Board of Management and Board of General Directors, joint-ventures and those invested and controlled over by joint-ventures. All transactions and balances with related parties arisen during the year ended 31 December 2019 are presented herein.

4. CASH AND CASH EQUIVALENTS

	31/12/2019	01/01/2019
	VND	VND
Cash on hand	239,783,049	968,115,632
Cash at bank	28,997,431,439	17,126,644,252
Cash equivalents	-	74,000,000,000
	<u>29,237,214,488</u>	<u>92,094,759,884</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

5. SHORT-TERM FINANCIAL INVESTMENT

	31/12/2019		01/01/2019	
	Cost	Carrying amount	Cost	Carrying amount
	VND	VND	VND	VND
Short-term				
Term deposits (*)	755,000,000,000	755,000,000,000	495,000,000,000	495,000,000,000
Long-term				
	755,000,000,000	755,000,000,000	495,000,000,000	495,000,000,000
	-	-	-	-
	755,000,000,000	755,000,000,000	495,000,000,000	495,000,000,000

This represents deposits with term between 6 months and 12 months since the date of contract signing at Saigon-Hanoi Joint Stock Commercial Bank and Asia Joint Stock Commercial Bank.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

6. TRADE ACCOUNTS RECEIVABLE

	31/12/2019		01/01/2019	
	Amount VND	Provision VND	Amount VND	Provision VND
Short-term trade accounts receivable	45,557,541,235	(3,109,103,336)	77,420,619,054	(1,960,331,093)
- SITC CONTAINER LINES CO., LTD	17,795,432,088	-	36,626,674,591	-
- Dinh Vu Petroleum Service Port Joint Stock Company	4,709,675,678	-	949,925,489	-
- Other trade accounts receivable	23,052,433,469	(3,109,103,336)	39,844,018,974	(1,960,331,093)
Long-term trade accounts receivable	-	-	-	-
Trade accounts receivable from related parties	45,557,541,235	(3,109,103,336)	77,420,619,054	(1,960,331,093)
- Hai Phong Port JSC	746,589,324	-	733,595,335	-
- Dinh Vu Logistics JSC	-	-	14,520,000	-
- SITC - Dinh Vu Logistics Co., Ltd	732,993,324	-	697,141,335	-
	13,596,000	-	21,934,000	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

7. OTHER RECEIVABLES

	31/12/2019		01/01/2019	
	Amount	Provision	Amount	Provision
	VND	VND	VND	VND
Short-term	15,699,488,900	-	9,950,072,821	-
- Receivable from employees	632,603,653	-	609,257,971	-
- Social insurance	140,703,584	-	140,268,274	-
- Health insurance	483,033	-	-	-
- Accrued interest receivable from term	14,925,698,630	-	9,200,546,576	-
Long-term	266,986,000	-	293,986,000	-
- Receivable from employees	266,986,000	-	293,986,000	-
	15,966,474,900	-	10,244,058,821	-

8. INVENTORIES

	31/12/2019		01/01/2019	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Raw materials	856,557,637	-	1,143,916,166	-
Tools and supplies	8,720,880,716	-	8,566,621,890	-
	9,577,438,353	-	9,710,538,056	-

9. PREPAYMENT

	31/12/2019	01/01/2019
	VND	VND
Short-term	2,846,681,194	3,268,599,787
- Insurance premium	779,201,954	791,103,379
- Tools and supplies	43,077,271	-
- Repair costs	1,947,832,272	2,344,178,067
- Other amounts	76,569,697	133,318,341
Long-term	28,676,139,251	29,451,825,371
- Minh Phuong Industrial Zone land rental (*)	28,646,704,261	29,410,616,377
- Other amounts	29,434,990	41,208,994
	31,522,820,445	32,720,425,158

(*) This represents land rental under Contract No. 03/2013/HDT-MP dated 12 July 2013 and amended appendices No. 02, 03 dated 3 October 2013 on renting a plot of CN 2.2 at an area of 39.587m² and an expanded area of 4.830m² that is allocated in 43 years (from 1 January 2015 to 30 June 2057).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

10. TAXES AND AMOUNTS RECEIVABLE FROM AND PAYABLE TO THE STATE

Taxes and amounts payable

	01/01/2019	Amount payable in year	Amount actually paid in year	31/12/2019
	VND	VND	VND	VND
- Value added tax payable	-	23,505,907,790	23,505,907,790	-
- Corporate income tax	-	53,487,047,174	35,893,791,352	17,593,255,822
- Personal income tax	1,111,386,861	5,583,741,960	6,695,128,821	-
- Other taxes	-	3,000,000	3,000,000	-
	1,111,386,861	82,579,696,924	66,097,827,963	17,593,255,822

Taxes and amounts receivable

	01/01/2019	Amount actually paid in year	Amount payable in year	31/12/2019
	VND	VND	VND	VND
- Corporate income tax	1,154,467,628	-	1,154,467,628	-
- Personal income tax	-	66,919,638	-	66,919,638
	1,154,467,628	66,919,638	1,154,467,628	66,919,638



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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

11. TANGIBLE FIXED ASSETS

COST

	Buildings structures VND	Machinery equipment VND	Motor vehicle transmission VND	Office equipment VND	Total VND
01/01/2019	436,262,914,342	623,115,178,415	112,040,711,327	17,548,695,904	1,188,967,499,988
- Acquisitions	-	1,097,000,000	18,140,876,364	306,600,000	19,544,476,364
- Transferred from construction in progress	15,778,786,868	-	-	-	15,778,786,868
- Disposal	-	-	(14,126,015,636)	-	(14,126,015,636)
- Other decrease	(359,229,535)	-	-	-	(359,229,535)
31/12/2019	451,682,471,675	624,212,178,415	116,055,572,055	17,855,295,904	1,209,805,518,049

ACCUMULATED DEPRECIATION

01/01/2019	(343,224,603,725)	(445,622,335,528)	(96,795,948,722)	(15,172,114,510)	(900,815,002,485)
- Depreciation	(15,565,823,354)	(46,366,881,842)	(10,723,504,015)	(1,509,117,358)	(74,165,326,569)
- Disposal	-	-	14,126,015,636	-	14,126,015,636
31/12/2019	(358,790,427,079)	(491,989,217,370)	(93,393,437,101)	(16,681,231,868)	(960,854,313,418)

NET BOOK VALUE

01/01/2019	93,038,310,617	177,492,842,887	15,244,762,605	2,376,581,394	288,152,497,503
31/12/2019	92,892,044,596	132,222,961,045	22,662,134,954	1,174,064,036	248,951,204,631

As at 31 December 2019, the cost of fixed assets depreciated up but still in use is VND 745,830,640,420 (as at 31/12/2018: VND 542,700,774,966).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

12. INTANGIBLE FIXED ASSETS

	Computer software VND	Total VND
COST		
01/01/2019	5,497,754,700	5,497,754,700
- Acquisitions	315,350,000	315,350,000
31/12/2019	<u>5,813,104,700</u>	<u>5,813,104,700</u>
AMORTIZATION		
01/01/2019	(4,923,902,558)	(4,923,902,558)
- Charge for period	(422,537,244)	(422,537,244)
31/12/2019	<u>(5,346,439,802)</u>	<u>(5,346,439,802)</u>
NET BOOK VALUE		
01/01/2019	<u>573,852,142</u>	<u>573,852,142</u>
31/12/2019	<u>466,664,898</u>	<u>466,664,898</u>

As at 31 December 2019, the cost of intangible fixed assets amortized up but still in use is VND 4,706,804,700 (VND 4,309,554,700 as at 31/1/2018).

13. CONSTRUCTION IN PROGRESS

	31/12/2019 VND	01/01/2019 VND
Acquisition	121,000,000	-
- TOS software improvement	121,000,000	-
Capital investment	161,222,727	665,336,363
- Improvement of freight yard of Bridge 1	-	406,673,636
- Design consultancy and verification of installation of STS gantry crane with 20m gauge on berth 1	161,222,727	161,222,727
- 2-storey administration house	-	97,440,000
	<u>282,222,727</u>	<u>665,336,363</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

14. INVESTMENT IN JOINT-VENTURES AND ASSOCIATES

	31/12/2019		01/01/2019	
	Cost VND	Provision VND	Fair value VND	Fair value VND
Investment in joint-ventures and associates				
- SITC - Dinh Vu Logistics Co., Ltd	128,672,013,800	-	128,672,013,800	128,672,013,800
(1)	13,680,000,000	-	13,680,000,000	13,680,000,000
- Dinh Vu Logistics JSC (2)	<u>142,352,013,800</u>	<u>-</u>	<u>142,352,013,800</u>	<u>142,352,013,800</u>

(1) According to the joint-venture agreement between Dinh Vu Port Investment and Development JSC and SITC Logistics Co., Ltd (SITC) signed in July 2010, two parties agreed to contribute capital to establish a jointly controlled joint-venture named SITC - Dinh Vu Logistics Co., Ltd. The charter capital of SITC - Dinh Vu Logistics Co., Ltd is VND 145,852,000,000, of which the Company contributes VND 74,384,520,000 (equivalent to USD 3,570,000), accounting for 51% of the charter capital. Under Resolution No. 11/SITC/NQ-HDTV dated 01 August 2013 by the Members' Council on increasing the charter capital for production expansion by USD 5,000,000, the Company contributes 51% (equivalent to USD 2,550,000). As at 31 December 2019, the Company has contributed VND 128,672,013,800 (approximately USD 6,120,000), accounting for 51% of the charter capital.

SITC - Dinh Vu Logistics Co., Ltd has gone into operation since 29 January 2011.

The principal activities of SITC - Dinh Vu Logistics Co., Ltd are warehousing business, goods storage, loading and unloading, transportation, ...

(2) According to the minutes of capital contribution dated 14 October 2011 between Dinh Vu Port Investment and Development JSC, Van Xuan JSC, Dinh Vu Services and Trading Investment JSC and other shareholders, they decide to establish Dinh Vu Logistics JSC. The charter capital of Dinh Vu Logistics JSC is VND 30,000,000,000; The Company contributes VND 13,680,000,000 (accounting for 45.6% of the charter capital). As at 31 December 2019, the Company and other shareholders have fully contributed capital as agreed.

Dinh Vu Logistics Co., Ltd has put into operation since 17 December 2011.

The principal activities of Dinh Vu Logistics Co., Ltd are warehousing business, goods storage, loading and unloading, transportation, ...

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

15. TRADE ACCOUNTS PAYABLE

	31/12/2019		01/01/2019	
	Amount		Amount	
	VND	VND	VND	VND
Short-term trade accounts payable	18,230,803,051	18,230,803,051	15,150,593,016	15,150,593,016
- Duy Linh Trading Joint Stock Company	8,228,085,096	8,228,085,096	-	-
- Dinh Vu Logistics JSC	2,603,222,071	2,603,222,071	3,795,601,164	3,795,601,164
- Dolphin JSC	1,728,205,050	1,728,205,050	1,815,124,300	1,815,124,300
- Other subjects	5,671,290,834	5,671,290,834	9,539,867,552	9,539,867,552
Long-term trade accounts payable	-	-	-	-
	18,230,803,051	18,230,803,051	15,150,593,016	15,150,593,016
Of which: Trade accounts payable to related parties	2,729,454,299	2,729,454,299	3,875,344,697	3,875,344,697
- Dinh Vu Logistics JSC	2,603,222,071	2,603,222,071	3,795,601,164	3,795,601,164
- Hai Phong port JSC	126,232,228	126,232,228	79,743,533	79,743,533

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

16. OTHER PAYABLES

	31/12/2019	01/01/2019
	VND	VND
Short-term	6,625,626,874	6,250,129,520
- Trade union fee	232,736,808	153,089,862
- Health insurance	-	655,649
- Unemployment insurance	12,918,104	13,077,897
- Other payables	6,379,971,962	6,083,306,112
+ Dividends paid to shareholders	2,472,657,200	1,905,614,350
+ Other payables	3,907,314,762	4,177,691,762
Long-term	-	-
	6,625,626,874	6,250,129,520

17. PROVISION FOR PAYABLES

	31/12/2019	01/01/2019
	VND	VND
Short-term	32,000,000,000	39,000,000,000
- Provision for extraordinary repair of fixed	8,000,000,000	15,000,000,000
- Provision for port dredging	12,000,000,000	24,000,000,000
- Provision for payroll fund	12,000,000,000	-
Long-term	-	-
	32,000,000,000	39,000,000,000

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

18. OWNERS' EQUITY

18.1 CHANGES IN OWNERS' EQUITY

	Legal capital	Other owner's equity	Development investment fund	Retained earnings	Total
	VND	VND	VND	VND	VND
01/01/2018	400,000,000,000	142,352,013,800	207,982,196,884	227,439,348,771	977,773,559,455
- Interest in year	-	-	-	287,741,338,082	287,741,338,082
- Profit distributed	-	-	77,939,348,771	(276,939,348,771)	(199,000,000,000)
+ Deducted to the welfare fund	-	-	-	(5,500,000,000)	(5,500,000,000)
+ Deducted to the investment and development fund	-	-	77,939,348,771	(77,939,348,771)	-
+ Dividends paid	-	-	-	(180,000,000,000)	(180,000,000,000)
+ Deducted to the bonus fund	-	-	-	(13,500,000,000)	(13,500,000,000)
+ Deducted to the executive board	-	-	-	(500,000,000)	(500,000,000)
31/12/2018	400,000,000,000	142,352,013,800	285,921,545,655	237,741,338,082	1,066,014,897,537
01/01/2019	400,000,000,000	142,352,013,800	285,921,545,655	237,741,338,082	1,066,014,897,537
- Interest in year	-	-	-	247,631,247,279	247,631,247,279
- Profit distributed	-	-	80,241,338,082	(222,741,338,082)	(142,500,000,000)
+ Deducted to the investment and development fund (*)	-	-	80,241,338,082	(80,241,338,082)	-
+ Deducted to the welfare fund (*)	-	-	-	(6,500,000,000)	(6,500,000,000)
+ Dividends paid (*)	-	-	-	(60,000,000,000)	(60,000,000,000)
+ Deducted to the bonus fund (*)	-	-	-	(15,500,000,000)	(15,500,000,000)
+ Deducted to the executive board (*)	-	-	-	(500,000,000)	(500,000,000)
+ Dividends advanced in 2019 (**)	-	-	-	(60,000,000,000)	(60,000,000,000)
31/12/2019	400,000,000,000	142,352,013,800	366,162,883,737	262,631,247,279	1,171,146,144,816

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

18. OWNERS' EQUITY (CONT'D)

18.1 CHANGES IN OWNERS' EQUITY (CONT'D)

(*) Profit distribution under Resolution No. 06/NQ/HDQT dated 23 April 2019 of the General Shareholders' Meeting of 2019 of Dinh Vu Port Investment and Development JSC on distribution of profit after tax of 2018.

(**) Dividends advanced under the Resolution of the Board of Management No. 29/NQ-HDQT dated 28 November 2019.

18.2 DETAILS OF OWNERS' EQUITY

	31/12/2019	01/01/2019
	VND	VND
- Hai Phong Port JSC	204,000,000,000	204,000,000,000
- Agricultural Products and Materials JSC	74,800,000,000	74,800,000,000
- Halley Sicav - Halley Asian Prosperity	20,626,300,000	20,626,300,000
- Erikoissijoitusrahasto Elite (Mutual Fund Elite(Non-UCITS))	18,098,700,000	19,580,000,000
- Other shareholders	82,475,000,000	80,993,700,000
	400,000,000,000	400,000,000,000

18.3 EQUITY TRANSACTIONS WITH OWNERS AND DISTRIBUTION OF PROFITS

	Year 2019	Year 2018
	VND	VND
- Owners' equity		
+ Equity at the beginning of year	400,000,000,000	400,000,000,000
+ Equity increase in year	-	-
+ Equity decrease in year	-	-
+ Equity at the end of year	400,000,000,000	400,000,000,000
- Dividends, profits paid	120,000,000,000	180,000,000,000

18.4 SHARES

	31/12/2019	01/01/2019
	Share	Share
Number of shares registered to be issued	40,000,000	40,000,000
Number of shares offered to the public	40,000,000	40,000,000
+ Ordinary share	40,000,000	40,000,000
Number of shares repurchased	-	-
Number of shares in circulation	40,000,000	40,000,000
+ Ordinary share	40,000,000	40,000,000
<i>Par value (VND/share)</i>	<i>10,000</i>	<i>10,000</i>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

18.5 FUNDS

	31/12/2019	01/01/2019
	VND	VND
Investment and development fund	366,162,883,737	285,921,545,655

19. SALES OF MERCHANDISE AND SERVICES

	Year 2019	Year 2018
	VND	VND
Revenue		
Sales of services	559,892,262,521	638,724,759,216
	559,892,262,521	638,724,759,216
Revenue with related parties	8,775,818,571	9,492,539,475
SITC - Dinh Vu Logistics Compapny	271,985,000	1,030,099,282
Dinh Vu Logistics JSC	8,005,268,471	8,333,898,233
Hai Phong Port JSC	498,565,100	128,541,960

20. COST OF GOODS SOLD

	Year 2019	Year 2018
	VND	VND
Cost of services rendered	274,561,547,584	321,584,286,531
	274,561,547,584	321,584,286,531

21. FINANCIAL INCOME

	Year 2019	Year 2018
	VND	VND
Bank and lending interest	47,975,735,077	39,960,731,431
Profit, dividends paid	30,810,151,563	26,525,713,169
Foreign exchange difference gain	1,667,347,022	1,785,365,992
	80,453,233,662	68,271,810,592

22. FINANCIAL EXPENSE

	Year 2019	Year 2018
	VND	VND
Interest expense	-	410,824,902
Foreign exchange difference loss	30,649,649	290,486,911
Foreign exchange difference loss on revaluation of monetary items denominated in foreign currency	35,161,889	186,966,341
	65,811,538	888,278,154

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

23. GENERAL AND ADMINISTRATIVE EXPENSE

	Year 2019 VND	Year 2018 VND
Staff cost	43,059,701,384	42,829,023,663
Stationery cost	25,614,738	26,970,121
Fixed asset depreciation	3,591,039,103	4,392,982,374
Outsource service	17,762,264,652	19,815,415,161
Provision cost	1,169,403,935	1,082,851,891
	65,608,023,812	68,147,243,210

24. OTHER INCOME

	Year 2019 VND	Year 2018 VND
Disposal of fixed assets	1,980,000,000	-
Other income	182,648,832	668,435,401
	2,162,648,832	668,435,401

25. CORPORATE INCOME TAX

	Year 2019 VND	Year 2018 VND
Total profit before tax	302,272,762,081	317,036,618,411
Non-deductible expenses	1,744,963,503	2,442,030,795
- Expenses (fine)	40,000,000	-
- Unrealized foreign exchange difference loss	50,592,701	7,422,462
- Ineligible expenses	1,654,370,802	2,434,608,333
Less non-taxable income	30,810,151,563	26,525,845,925
- Unrealized foreign exchange difference gain	-	132,756
- Dividends paid	30,810,151,563	26,525,713,169
Total taxable income in year	273,207,574,021	292,952,803,281
Tax rate	20%	10%
Current corporate income tax expense	54,641,514,802	29,295,280,329

26. BASIC EARNINGS PER SHARE

	Year 2019	Year 2018
Profit or loss allocated to shareholders owning ordinary shares (VND)	247,631,247,279	287,741,338,082
Deducted to bonus and welfare fund (*)	-	(22,500,000,000)
Weighted average number of shares in circulation (share)	40,000,000	40,000,000
Basic earning per share (VND/Share) (**)	6,191	6,631

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

26. BASIC EARNINGS PER SHARE (CONT'D)

(*) At the time of issuance of the financial statements of 2019, the bonus and welfare fund has not yet been deducted. The deduction will be made based on the Resolution of the Annual General Shareholders' Meeting of 2020.

(**) Basic earnings per share for 2018 was adjusted due to distribution of the bonus and welfare fund in accordance with the Resolution of the Annual General Shareholders' Meeting of 2019 No. 06/NQ/HDQT dated 23 April 2019. Accordingly, basic earnings per share of 2018 is VND 6,631/share (the amount before adjustment in the financial statements of 2018 is VND 7,194 per share).

27. DILUTED EARNINGS PER SHARE

Board of General Directors believes that in the coming time, there will not have any impact of instruments that can be converted into shares for dilution of the value of shares, so the Company does not determine diluted earnings per share.

28. OPERATING EXPENSE BY FACTOR

	Year 2019 VND	Year 2018 VND
Raw materials	22,488,201,122	26,841,864,905
Labor cost	136,055,731,958	148,210,446,460
Fixed asset depreciation	74,430,167,145	80,606,095,837
Outsource service	53,678,610,056	85,743,694,727
Other cash expense	53,516,861,115	48,329,427,812
	340,169,571,396	389,731,529,741

29. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages capital resources to ensure both its going-on concern and maximize interests of shareholders through optimizing balances of resources and liabilities.

The Company's capital structure consists of liabilities as presented in the Balance sheet, equity owned by its shareholders (including contributed capital, reserve funds and retained earnings).

Summary of significant accounting policies

Details of significant accounting policies and methods adopted by the Company (including recognition criteria, basis for value determination and recognition of income and expenses) for each financial asset, financial liability and capital instrument are presented in Note 3.13.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

29. FINANCIAL INSTRUMENTS (CONT'D)

Type of financial instruments

	Net book value	
	31/12/2019	01/01/2019
	VND	VND
Financial assets		
Cash and cash equivalents	29,237,214,488	92,094,759,884
Held to maturity investments	755,000,000,000	495,000,000,000
Trade accounts receivable and other receivables	58,414,912,799	84,660,834,537
Long-term investment	142,352,013,800	142,352,013,800
Total	985,004,141,087	814,107,608,221
	31/12/2019	01/01/2019
	VND	VND
Financial liabilities		
Trade accounts payable and other payables	24,610,775,013	21,233,899,128
Provision for accruals	32,000,000,000	39,000,000,000
Total	56,620,995,013	60,233,899,128
Net status	928,383,146,074	753,873,709,093

As at 31 December 2019, the Company has not yet evaluated the fair value of financial assets and liabilities because specific guidelines in determining the fair value of financial assets and liabilities are unavailable in accordance with Circular 210/2009/TT-BTC dated 06 November 2009 of the Ministry of Finance and other prevailing regulations. Circular 210 requires the adoption of IFRS in presenting the financial statements and notes to the financial instruments without providing respective guidelines for the evaluation and recognition of financial instruments, including adopting the fair value to match with IFRS.

Financial risk management

Financial risk consists of market risk (exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. Board of General Directors shall take overall responsibility for setting up and implementing policies to control risks (detection, prevention and limit of impacts of risks).

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as per changes in market prices. The Company's business activities are mainly subject to the risk when there are changes in exchange rate, interest rate, commodity price and other price risk such as par value of shares. Objective of market risk management is to manage and control the risk at an acceptable level while maximizing profits.

Liquidity risk management

Objective of liquidity risk management is to ensure adequate resources to meet current and future financial liabilities. Liquidity is also managed by the Company to ensure the surplus between due liabilities and due assets in period at a controllable level to the capital amount to be generated in the period. The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, loans and equity contributed by owners to meet its short-term and long-term liquidity requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

29. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk management (cont'd)

The following table details the financial debts as per payment term. It is presented based on undiscounted cash flows of financial instruments on the earliest payable day, including principal and interest (if any).

	Less than one year VND	From one to five years VND	Total VND
31/12/2019			
Trade accounts payable and other payables	24,610,775,013	-	24,610,775,013
Provision for accruals	32,000,000,000	-	32,000,000,000
Total	56,620,995,013	-	56,620,995,013
01/01/2019			
Trade accounts payable and other payables	21,233,899,128	-	21,233,899,128
Provision for accruals	39,000,000,000	-	39,000,000,000
Total	60,233,899,128	-	60,233,899,128

Credit risk management

Credit risk occurs when a customer or counterparty does not fulfill their obligations in the contract, resulting in financial losses for the Company. The Company manages its credit risk from business activities (mainly trade accounts receivable) and financing activities, including bank deposits, short-term investments and other financial instruments. Bank deposits are managed in well-known banks in Vietnam. For investments, the Company makes investments in highly liquid securities and creditworthy partners. For receivables, the Board of General Directors establishes credit policies through analysis of the creditworthiness of customers to make payment terms in contracts. In addition, the majority of receivables and short-term investments of the Company are from related parties, the maximum credit risk value is the value presented in the financial statements. The Company assesses credit risk as low.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

29. FINANCIAL INSTRUMENTS (CONT'D)

Credit risk management (cont'd)

The following table details the financial assets as per due amounts. It is presented based on undiscounted cash flows, including principal and interest (if any).

	Less than one year VND	From one to five years VND	Total VND
31/12/2019			
Cash and cash equivalents	29,237,214,488	-	29,237,214,488
Short-term financial investments	755,000,000,000	-	755,000,000,000
Trade accounts receivable and other receivables	58,414,912,799	-	58,414,912,799
Long-term investment	-	142,352,013,800	142,352,013,800
Total	842,652,127,287	142,352,013,800	985,004,141,087
01/01/2019			
Cash and cash equivalents	92,094,759,884	-	92,094,759,884
Short-term financial investments	495,000,000,000	-	495,000,000,000
Trade accounts receivable and other receivables	84,660,834,537	-	84,660,834,537
Long-term investment	-	142,352,013,800	142,352,013,800
Total	671,755,594,421	142,352,013,800	814,107,608,221

The Board of General Directors assesses the liquidity risk as low and believes that the Company can generate sufficient sources of money to meet financial obligations when it falls due.

30. SEGMENT REPORT

The Company only does business and monitors a single segment of port service business.

31. OTHER INFORMATION

31.1 OFF-BALANCE SHEET ITEMS

	31/12/2019	01/01/2019
Ngoại tệ các loại	235,174.99	282.66
USD	235,174.99	282.66
EURO	5.14	5.14

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

31. OTHER INFORMATION (CONT'D)

31.2 LAND LEASE CONTRACT

The Company has land rental under the following contracts:

- Under Contract No. 03/HDTD dated 09 January 2006, Hai Phong City People's Committee permits Dinh Vu Port Investment and Development JSC to rent a plot with area of 221,415 m² in Dong Hai Ward, Hai An District, Hai Phong city within 40 years from 19 August 2002 to 19 August 2042. Under Decision No. 4120/QD-CT of the Tax Department of Hai Phong city on 3 December 2014, the Company is exempt from the land rental for 15 years from March 2005 to the end of February 2020.
- Under Contract No.09/HDTD - 2010 dated 12 August 2010 between Pha Rung Shipbuilding Industry Corporation and Dinh Vu Investment and Development JSC, the Company is permitted to rent a plot of 39,600m² in Vinashin Dinh Vu industrial cluster. Total rent is VND 31,680,000,000. The land rental term expires on 30 June 2057.
- On 09 December 2011, Pha Rung Shipbuilding Industry Corporation, Dinh Vu Port Investment and Development JSC, Minh Phuong Real Estate JSC signed a three-party agreement. Accordingly, Minh Phuong Real Estate JSC shall inherit rights and obligations of Pha Rung Shipbuilding Corporation under Contract No. 09/HDTD - 2010.
- Under the land preservation contract No. 01/2012/HDGD-MP signed on 12 October 2012 between Dinh Vu Investment and Development JSC and Minh Phuong Real Estate JSC, the parties shall inherit rights and obligations under the contract No. 09/HDTD - 2010 dated 12 August 2010. Specifically, Minh Phuong Real Estate JSC will hand the premises over, provide facilities in the industrial zone (providing electric connections, domestic water, sewage treatment, roads and fire prevention system) to the Company and complete application for a certificate of land use right for the Company.
- Land rental contract No. 27/2015/HDTD-MP was signed on 12 June 2015 between Minh Phuong Real Estate JSC and Dinh Vu Investment and Development JSC. Under the contract, Dinh Vu Investment and Development JSC shall be entitled to rent a plot of 44,417m² for a term from the signing date to 30 June 2057. Total rental for the whole term is VND 35,292,100,000 (including VAT of 10%) with the unit price calculated as follows: Unit price of total 39.587m² is VND 800,000 per m² and unit price of total 4,830 m² is VND 750,000 per m² (including VAT of 10% for two unit prices).

31.3 TRANSACTION WITH RELATED PARTIES

Relationship of related parties that have transactions with the Company is as follows:

Related parties	Relationship
Hai Phong Port Joint Stock Company	Parent Company
Dinh Vu Logistics Joint Stock Company	Associate
SITC - Dinh Vu Logistics Company Limited	Joint-venture
Members of Board of Management and Board of General Directors of the Company	Key management

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

31.3 TRANSACTION WITH RELATED PARTIES (CONT'D)

a) Purchase of goods from related parties

	Year 2019 VND	Year 2018 VND
Purchase of goods from related parties	25,227,227,237	26,655,403,952
- Dinh Vu Logistics JSC	23,623,243,763	24,172,008,747
- Hai Phong Port JSC	1,603,983,474	2,483,395,205

b) Income of the Board of General Directors, Board of Management and Supervisory Board

	Year 2019 VND	Year 2018 VND
Income of Board of Management, Supervisory Board and Board of General Directors		
Salary and bonus	8,794,868,937	7,065,962,298


31.4 COMPARATIVE FIGURES

Comparative figures are from the audited financial statements for the year ended 31 December 2018.



Cao Văn Tĩnh
General Director
Hai Phong, 26 February 2020


Doan Minh Trung
Chief Accountant


Le Thi Hai Thanh
Preparer

ANNEX TO THE FINANCIAL STATEMENTS

CASH FLOW STATEMENT
(Under indirect method)
For the year ended 31 December 2019

Items	Code	Year 2019 VND	Year 2018 VND
Cash flows from operating activities			
Profit before tax	01	302,272,762,081	317,036,618,411
Adjustments for:			
Depreciation and amortization	02	74,430,167,145	80,606,095,837
Provisions	03	18,779,842,990	5,082,851,891
Exchange rate difference loss/(gain) from revaluation of monetary items denominated in foreign currencies	04	35,161,889	7,289,706
(Gain) from investing activities	05	(80,963,886,640)	(66,478,129,030)
Interest expenses	06	-	410,824,902
Operating profit before movements in working capital	08	314,554,047,465	336,665,551,717
Decrease/(Increase) in receivables	09	49,691,293,399	(25,501,252,946)
(Increase) in inventories	10	(3,310,658,297)	(1,038,941,219)
(Decrease) in accounts payable	11	(49,059,760,910)	22,906,590,017
Decrease/(Increase) in prepaid expenses	12	1,197,604,713	(555,153,525)
Interest expense paid	14	-	(444,327,957)
Corporate income tax paid	15	(35,893,791,352)	(37,129,369,123)
Other cash inflows	16	366,600,000	369,400,000
Other cash outflows	17	(8,866,585,036)	(17,291,751,200)
Net cash from operating activities	20	268,678,749,982	277,980,745,764
Net cash from investing activities			
Acquisition of fixed assets and other long-term assets	21	(27,723,846,000)	(165,149,265,300)
Disposal of fixed assets and other long-term assets	22	2,178,000,000	-
Cash outflow for lending, buying debt instruments of other companies	23	(1,302,000,000,000)	(1,060,000,000,000)
Cash recovered from lending, selling debt instruments of other companies	24	1,042,000,000,000	1,155,000,000,000
Interest income, dividend and profit paid	27	73,060,734,586	65,423,606,357
Net cash from investing activities	30	(212,485,111,414)	(4,725,658,943)
Cash flows from financing activities			
Repayment of borrowings	34	-	(25,391,439,137)
Dividends paid	36	(119,033,421,800)	(179,188,230,700)
Net cash from financing activities	40	(119,033,421,800)	(204,579,669,837)
Net decrease/(increase) in cash and cash equivalents	50	(62,839,783,232)	68,675,416,984

ANNEX TO THE FINANCIAL STATEMENTS (CONT'D)

CASH FLOW STATEMENT (CONT'D)

(Under indirect method)

For the year ended 31 December 2019

Items	Code	Year 2019	Year 2018
		VND	VND
Net decrease/(increase) in cash and cash equivalents	50	(62,839,783,232)	68,675,416,984
Cash and cash equivalents at the beginning of the year	60	92,094,759,884	23,419,210,144
Effect from changing foreign exchange rate	61	(17,762,164)	132,756
Cash and cash equivalents at the end of the year	70	29,237,214,488	92,094,759,884



Cao Văn Tinh
General Director

Hai Phong, 26 February 2020

Doan Minh Trung
Chief Accountant

Le Thi Hai Thanh
Preparer

