

# **Refrigeration Electrical Engineering Corporation**

Consolidated financial statements

For the year ended 31 December 2021



# Refrigeration Electrical Engineering Corporation

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# Refrigeration Electrical Engineering Corporation

## GENERAL INFORMATION

### THE COMPANY

Refrigeration Electrical Engineering Corporation ("the Company") is a joint stock company established under the Law on Enterprise of Vietnam pursuant to the Enterprise Registration Certificate No. 1506/GP-UB dated 25 December 1993 issued by the People's Committee of Ho Chi Minh City and the latest amended Enterprise Registration Certificate No. 0300741143 issued by the Department of Planning and Investment of Ho Chi Minh City on 3 August 2020.

The Company's share is listed on the Ho Chi Minh City Stock Exchange in accordance with the License No. 01/GPPH issued by the State Securities Commission on 2 June 2000.

The current principal activities of the Company and its subsidiaries ("the Group") are mechanical and electrical engineering services (M&E), manufacturing, assembling and sales of air-conditioner systems, real estate development and management, produce, transmit and distribute electricity, and strategic financial investments in infrastructure related sector.

The Company's registered head office is located at 364 Cong Hoa Street, Ward 13, Tan Binh District, Ho Chi Minh City, Vietnam.

### BOARD OF DIRECTORS

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

Madam Nguyen Thi Mai Thanh	Chairwoman	
Mr Alain Xavier Cany	Vice Chairman	appointed on 7 April 2021
Mr Benjamin Herrenden Birks	Deputy Chairman	resigned on 30 March 2021
Mr Huynh Thanh Hai	Member	appointed on 30 March 2021
Mr Nguyen Ngoc Thai Binh	Member	
Mr Stephen Patrick Gore	Member	
Mr Dang Hong Tan	Independent Member	
Mr Do Le Hung	Independent Member	appointed on 30 March 2021

### AUDIT COMMITTEE

Internal Audit Function under the Board of Directors during the year and at the date of this report are:

Mr Do Le Hung	Head	appointed on 7 April 2021
Mr Stephen Patrick Gore	Member	appointed on 7 April 2021
Mr Dang Hong Tan	Member	appointed on 7 April 2021

### MANAGEMENT

Members of the Management during the year and at the date of this report are:

Mr Huynh Thanh Hai	General Director	
Mr Pham Quoc Thang	Deputy General Director	resigned on 8 February 2022
Mr Nguyen Ngoc Thai Binh	Deputy General Director	
Mr Nguyen Quang Quyen	Deputy General Director	

### LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Huynh Thanh Hai.

### AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

## REPORT OF MANAGEMENT

## MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

- select suitable accounting policies and then apply them consistently;
- make judgements 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 consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue its business.

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

For and on behalf of the management:

Huỳnh Thanh Hai  
General Director

4 March 2022



Reference: 60752771-22634203/HN

## INDEPENDENT AUDITORS' REPORT

**To: The Shareholders and the Board of Directors of Refrigeration Electrical Engineering Corporation**

We have audited the accompanying consolidated financial statements of Refrigeration Electrical Engineering Corporation ("the Company") and its subsidiaries (collectively referred to as "the Group"), as prepared on 4 March 2022 and set out on pages 5 to 67 which comprise the consolidated balance sheet as at 31 December 2021, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

### *Management's responsibility*

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

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

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

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

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2021, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

### **Ernst & Young Vietnam Limited**



Duong Le Anthony  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 2223-2018-004-1



Dang Minh Tai  
Auditor  
Audit Practicing Registration Certificate  
No. 2815-2019-004-1

Ho Chi Minh City, Vietnam

4 March 2022

CONSOLIDATED BALANCE SHEET  
as at 31 December 2021

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>6,805,972,262,128</b>	<b>6,008,633,765,955</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>5</b>	<b>1,830,901,134,902</b>	<b>651,668,665,185</b>
111	1. Cash		259,186,839,056	234,348,665,185
112	2. Cash equivalents		1,571,714,295,846	417,320,000,000
<b>120</b>	<b>II. Short-term investments</b>	<b>16</b>	<b>913,528,242,575</b>	<b>1,328,559,221,660</b>
121	1. Held-for-trading securities		72,553,563,045	432,981,930,767
122	2. Provision for diminution in value of held-for-trading securities		(293,908,798)	(953,161,365)
123	3. Held-to-maturity investments		841,268,588,328	896,530,452,258
<b>130</b>	<b>III. Current accounts receivable</b>		<b>2,986,542,167,652</b>	<b>3,082,281,525,922</b>
131	1. Short-term trade receivables	6	2,034,510,985,201	1,348,736,174,580
132	2. Short-term advances to suppliers	7	144,814,816,021	575,197,923,225
134	3. Construction contract receivables based on agreed progress billings	6	532,836,195,253	532,717,915,551
135	4. Short-term loan receivables		21,383,880,000	466,600,000,000
136	5. Other short-term receivables	8	372,122,761,655	253,933,519,330
137	6. Provision for doubtful short-term receivables	6, 7	(119,126,470,478)	(94,904,006,764)
<b>140</b>	<b>IV. Inventories</b>	<b>10</b>	<b>799,900,814,968</b>	<b>807,507,044,477</b>
141	1. Inventories		806,472,650,348	813,557,931,672
149	2. Provision for obsolete inventories		(6,571,835,380)	(6,050,887,195)
<b>150</b>	<b>V. Other current assets</b>		<b>275,099,902,031</b>	<b>138,617,308,711</b>
151	1. Short-term prepaid expenses		9,429,562,749	5,228,821,855
152	2. Value-added tax deductible		260,573,506,690	127,329,336,990
153	3. Tax and other receivables from the State	20	5,096,832,592	6,059,149,866



CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2021

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>25,021,031,112,330</b>	<b>14,521,819,968,981</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>37,218,252,980</b>	<b>50,818,488,683</b>
211	1. Long-term trade receivables		28,576,680	25,366,596
216	2. Other long-term receivables	8	37,189,676,300	50,793,122,087
<b>220</b>	<b>II. Fixed assets</b>		<b>16,057,664,537,080</b>	<b>2,584,784,885,734</b>
221	1. Tangible fixed assets	12	15,991,796,379,057	2,518,931,473,102
222	Cost		21,253,746,501,962	4,432,809,340,688
223	Accumulated depreciation		(5,261,950,122,905)	(1,913,877,867,586)
227	2. Intangible assets	13	65,868,158,023	65,853,412,632
228	Cost		84,742,888,325	83,622,995,915
229	Accumulated amortisation		(18,874,730,302)	(17,769,583,283)
<b>230</b>	<b>III. Investment properties</b>	<b>15</b>	<b>1,570,332,277,547</b>	<b>1,773,066,914,071</b>
231	1. Cost		2,507,128,328,047	2,616,685,673,894
232	2. Accumulated depreciation		(936,796,050,500)	(843,618,759,823)
<b>240</b>	<b>IV. Long-term asset in progress</b>		<b>405,953,160,121</b>	<b>275,954,512,618</b>
242	1. Construction in progress	14	405,953,160,121	275,954,512,618
<b>250</b>	<b>V. Long-term investments</b>	<b>16</b>	<b>6,261,443,381,524</b>	<b>9,287,154,637,597</b>
252	1. Investments in associates		5,744,934,766,391	8,449,674,018,847
253	2. Investments in other entities		286,508,615,133	307,894,164,509
254	3. Provision for long-term investments		-	(413,545,759)
255	4. Held-to-maturity investments		230,000,000,000	530,000,000,000
<b>260</b>	<b>VI. Other long-term assets</b>		<b>688,419,503,078</b>	<b>550,040,530,278</b>
261	1. Long-term prepaid expenses	11	329,728,703,772	273,455,227,228
262	2. Deferred tax assets	32.3	40,983,442,290	33,850,243,817
263	3. Long-term tools, supplies and spare parts		9,578,302,877	-
269	4. Goodwill	17	308,129,054,139	242,735,059,233
<b>270</b>	<b>TOTAL ASSETS</b>		<b>31,827,003,374,458</b>	<b>20,530,453,734,936</b>



CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2021

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>15,469,126,320,834</b>	<b>8,317,804,815,307</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>4,062,369,793,461</b>	<b>3,443,435,067,856</b>
311	1. Short-term trade payables	18	659,734,149,361	633,005,027,354
312	2. Short-term advances from customers	19	821,856,327,767	790,665,979,447
313	3. Statutory obligations	20	258,734,682,600	74,565,360,847
314	4. Payables to employees		49,177,188,081	43,099,301,593
315	5. Short-term accrued expenses	21	870,977,279,778	526,830,482,550
318	6. Short-term unearned revenues	22	1,670,313,750	7,751,271,002
319	7. Short-term other payables	23	142,022,151,735	85,219,286,381
320	8. Short-term loans	24	1,233,985,836,561	1,264,637,519,063
321	9. Short-term provisions	25	20,118,884,268	14,777,538,849
322	10. Bonus and welfare fund		4,092,979,560	2,883,300,770
<b>330</b>	<b>II. Non-current liabilities</b>		<b>11,406,756,527,373</b>	<b>4,874,369,747,451</b>
336	1. Long-term unearned revenues	22	-	264,597,567,171
337	2. Other long-term liabilities	23	444,716,864,549	231,568,542,182
338	3. Long-term loans	24	10,739,972,813,508	4,334,710,938,577
341	4. Deferred tax liabilities	32.3	189,180,328,850	-
342	5. Long-term provisions	25	32,886,520,466	43,492,699,521
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>16,357,877,053,624</b>	<b>12,212,648,919,629</b>
<b>410</b>	<b>I. Capital</b>		<b>16,357,877,053,624</b>	<b>12,212,648,919,629</b>
411	1. Share capital	26.1	3,100,588,410,000	3,100,588,410,000
411a	- Shares with voting rights	26.1	3,100,588,410,000	3,100,588,410,000
412	2. Share premium	26.1	1,050,489,310,786	1,050,489,310,786
415	3. Treasury shares	26.1	(47,622,230,162)	(47,622,230,162)
418	4. Investment and development fund	26.1	234,678,637,677	234,721,594,748
421	5. Undistributed earnings	26.1	8,963,840,558,977	7,114,818,742,145
421a	- Undistributed earnings by the end of prior year		7,108,760,930,846	5,486,742,533,561
421b	- Undistributed earnings of the current year		1,855,079,628,131	1,628,076,208,584
429	6. Non-controlling interests	26.4	3,055,902,366,346	759,653,092,112
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>31,827,003,374,458</b>	<b>20,530,453,734,936</b>

Pham Thi Uyen Phuong  
Preparer

Ho Tran Dieu Lynh  
Chief Accountant

Huynh Thanh Hai  
General Director

4 March 2022

CONSOLIDATED INCOME STATEMENT  
for the year ended 31 December 2021

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	27.1	5,815,207,697,974	5,644,088,890,450
02	2. Deductions	27.1	(5,396,769,153)	(4,336,164,483)
10	3. Net revenues from sale of goods and rendering of services	27.1	5,809,810,928,821	5,639,752,725,967
11	4. Costs of goods sold and services rendered	28	(3,499,780,319,487)	(4,033,887,057,177)
20	5. Gross profit from sale of goods and rendering of services		2,310,030,609,334	1,605,865,668,790
21	6. Finance income	27.2	466,044,378,716	221,805,860,261
22	7. Finance expenses	29	(707,477,013,541)	(474,525,519,610)
23	In which: Interest expense		(663,213,132,564)	(416,425,845,956)
24	8. Shares of profit of associates	16.3	774,158,791,759	914,775,593,286
25	9. Selling expenses	30	(85,073,572,183)	(82,735,361,072)
26	10. General and administrative expenses	30	(370,461,124,107)	(283,713,770,081)
30	11. Operating profit		2,387,222,069,978	1,901,472,471,574
31	12. Other income		24,734,212,639	28,781,973,202
32	13. Other expenses		(12,127,253,678)	(6,668,972,268)
40	14. Other profit		12,606,958,961	22,113,000,934
50	15. Accounting profit before tax		2,399,829,028,939	1,923,585,472,508
51	16. Current corporate income tax expense	32.1	(270,987,968,658)	(205,948,240,596)
52	17. Deferred tax income (expense)	32.1	6,569,186,967	(4,135,453,010)

CONSOLIDATED INCOME STATEMENT (continued)  
for the year ended 31 December 2021

VND

Code	ITEMS	Notes	Current year	Previous year
60	18. Net profit after tax		2,135,410,247,248	1,713,501,778,902
61	19. Net profit after tax attributable to shareholders of the parent		1,855,079,628,131	1,628,076,208,584
62	20. Net profit after tax attributable to non-controlling interests		280,330,619,117	85,425,570,318
70	21. Basic earnings per share	26.5	6,003	5,251
71	22. Diluted earnings per share	26.5	6,003	5,251



Pham Thi Uyen Phuong  
Preparer



Ho Tran Dieu Lynh  
Chief Accountant




Huỳnh Thanh Hai  
General Director

4 March 2022



CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2021

VND


Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Accounting profit before tax</b>		<b>2,399,829,028,939</b>	<b>1,923,585,472,508</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation (including amortisation of goodwill)	12, 13, 15, 17	892,770,160,161	321,516,852,418
03	Provisions		18,405,779,937	23,057,787,014
04	Foreign exchange (gains) losses arising from revaluation of monetary accounts denominated in foreign currency		(54,068,058,823)	51,724,431,455
05	Gains from investing activities		(1,163,257,560,126)	(1,115,999,082,558)
06	Interest and allocation of bond issuance expenses	29	673,223,734,156	421,839,558,764
08	<b>Operating income before changes in working capital</b>		<b>2,766,903,084,244</b>	<b>1,625,725,019,601</b>
09	Increase in receivables		29,622,920,119	(507,285,025,290)
10	Decrease in inventories		77,638,886,518	186,108,698,029
11	Decrease in payables		(854,110,675,499)	(115,930,321,718)
12	(Increase) decrease in prepaid expenses		(98,627,188,150)	29,471,583,628
13	Decrease in held-for-trading securities		360,428,367,722	31,413,307,735
14	Interest paid		(514,814,557,208)	(427,365,493,651)
15	Corporate income tax paid		(230,330,263,598)	(203,381,487,208)
17	Other cash outflows for operating activities		(12,082,946,322)	(5,932,753,593)
20	<b>Net cash flows from operating activities</b>		<b>1,524,627,627,826</b>	<b>612,823,527,533</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets		(3,912,223,653,143)	(1,393,880,720,427)
22	Proceeds from disposals of fixed assets		902,280,798	2,853,634,811
23	Investments in term deposits and loans to other entities		(903,739,312,954)	(2,814,042,019,109)
24	Proceeds from divestments term deposits and collections from borrowers		1,489,286,994,839	2,717,433,449,280
25	Payments for investment in other entities		(224,284,358,055)	(103,299,516,724)
26	Proceeds from divestments in other entities		246,797,500,808	81,082,703,369
27	Interest and dividends received		1,290,727,765,581	683,146,958,899
30	<b>Net cash flows used in investing activities</b>		<b>(2,012,532,782,126)</b>	<b>(826,705,509,901)</b>




CONSOLIDATED CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2021

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Capital contribution from non-controlling interests		121,000,000,000	62,500,000,000
32	Purchase of treasury shares		-	(47,539,203,502)
33	Drawdown of borrowings	24	3,971,732,695,581	1,920,933,807,883
34	Repayment of borrowings	24	(2,340,106,444,858)	(2,005,392,975,633)
36	Dividends paid to equity holders of the parent	26.2	(166,029,400)	(491,095,261,950)
36	Dividends paid to non-controlling interests		(85,419,410,992)	(113,413,085,622)
40	<b>Net cash flows from (used in) financing activities</b>		<b>1,667,040,810,331</b>	<b>(674,006,718,824)</b>
50	<b>Net decrease in cash and cash equivalents</b>		<b>1,179,135,656,031</b>	<b>(887,888,701,192)</b>
60	<b>Cash and cash equivalents at beginning of year</b>		<b>651,668,665,185</b>	<b>1,539,577,051,904</b>
61	Impact of exchange rate fluctuation		96,813,686	(19,685,527)
70	<b>Cash and cash equivalents at the end of year</b>	5	<b>1,830,901,134,902</b>	<b>651,668,665,185</b>

  
Pham Thi Uyen Phuong  
Preparer

  
Ho Tran Dieu Linh  
Chief Accountant

  
Huynh Thanh Hai  
General Director



4 March 2022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
as at 31 December 2021 and for the year then ended

# 1. CORPORATE INFORMATION

Refrigeration Electrical Engineering Corporation ("the Company") is a joint stock company established under the Law on Enterprise of Vietnam pursuant to the Enterprise Registration Certificate ("ERC") No. 1506/GP-UB dated 25 December 1993 issued by the People's Committee of Ho Chi Minh City and the latest amended ERC No. 0300741143 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 3 August 2020.

The Company is listed on the Ho Chi Minh City Stock Exchange in accordance with the License No. 01/GPPH issued by the State Securities Commission on 2 June 2000.

The current principal activities of the Company and its subsidiaries ("the Group") are mechanical and electrical engineering services (M&E), manufacturing, assembling and sales of air-conditioner systems, real estate development and management, produce, transmit and distribute electricity, and strategic financial investments in infrastructure related sector.

The Company's registered head office is located at 364 Cong Hoa Street, Ward 13, Tan Binh District, Ho Chi Minh City, Vietnam.

The Company's normal course of business cycle is 12 months.

The number of the employees of the Group as at 31 December 2021 was 1,982 (31 December 2020: 1,787).

## Corporate structure

As at 31 December 2021, the Company's corporate structure includes twenty seven (27) subsidiaries. Details are as follows:

Names	Location	Business activities	% of interest	
			Ending balance	Beginning balance
(1) R.E.E Electric Appliances Joint Stock Company	Ho Chi Minh City	Electric Appliances	99.99	99.99
(2) Reepro Service and Manufacturing Company Limited	Ho Chi Minh City	Mechanical and Engineering	99.99	99.99
(3) RMC Trade & Services Company Limited	Ho Chi Minh City	Trading	99.99	99.99
(4) R.E.E Mechanical & Engineering Joint Stock Company	Ho Chi Minh City	Mechanical and Engineering	91.38	91.06
(5) R.E.E Real Estate Co., Ltd.	Ho Chi Minh City	Office building management	100.00	100.00
(6) REE Land Company Limited	Ho Chi Minh City	Real estate	100.00	100.00
(7) Song Mai Real Estate Joint Stock Company	Ho Chi Minh City	Real estate	99.99	99.99
(8) Tan Hai Real Estate Joint Stock Company	Ho Chi Minh City	Real estate	99.99	99.99
(9) Song Long Real Estate Joint Stock Company	Ho Chi Minh City	Real estate	70.00	70.00



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

**1. CORPORATE INFORMATION** (continued)

**Corporate structure** (continued)

Names	Location	Business activities	% of interest	
			Ending balance	Beginning balance
(10) REE Energy Company Limited	Ho Chi Minh City	Power	100.00	100.00
(11) Tin Hieu Xanh Trading Services Construction Company Limited	Ho Chi Minh City	Electrical infrastructure	100.00	100.00
(12) Muong Hum Hydropower Joint Stock Company (i)	Lao Cai Province	Hydropower	79.84	79.84
(13) Thac Ba Hydropower Joint Stock Company (i)	Yen Bai Province	Hydropower	60.42	60.42
(14) Vinh Son-Song Hinh Hydropower Joint Stock Company	Binh Dinh Province	Hydropower	50.45	-
(15) REE Solar Energy Joint Stock Company ("REE SE")	Ho Chi Minh City	Solar Power	99.99	99.99
(16) Tan An Solar Power Company Limited	Ho Chi Minh City	Solar Power	99.99	99.99
(17) Tan Binh Solar Power Company Limited	Ho Chi Minh City	Solar Power	99.99	99.99
(18) Tan Phong Solar Power Company Limited	Ho Chi Minh City	Solar Power	99.99	99.99
(19) Tan Uyen Solar Power Company Limited	Ho Chi Minh City	Solar Power	99.99	99.99
(20) REE SE Anh Duong Company Limited	Ho Chi Minh City	Solar Power	99.99	99.99
(21) REE SE Huong Duong Company Limited	Ho Chi Minh City	Solar Power	99.99	99.99
(22) REE SE Thai Duong Duong Company Limited	Ho Chi Minh City	Solar Power	99.99	99.99
(23) Pacific Solar Power Joint Stock Company	Ho Chi Minh City	Solar Power	50.99	50.99
(24) Tra Vinh Electric Development Joint Stock Company	Tra Vinh Province	Electricity Trading	66.29	66.29
(25) Thuan Binh Wind Power Joint Stock Company	Binh Thuan Province	Wind Power	50.00	50.00
(26) REE Water Company Limited	Ho Chi Minh City	Water supply	100.00	100.00
(27) TK Plus Company Limited	Ho Chi Minh City	Service supply	65.00	-

(i) 38,365,168 shares of Thac Ba Hydropower Joint Stock Company and 24,932,630, which are owned by the Group, were placed as collateral for the Group's domestic straight bonds – REE-BOND 2029 (Note 24.3).

(ii) All shares of Thuan Binh Wind Power Joint Stock Company which is owned by the Group, were placed as collateral for the Group's loan (Note 24.3).

During the year, the Group has completely disposed equity interest of Vietnam Property and Infrastructure Joint Stock Company ("VIID"), the Company's indirect subsidiary, in accordance with the Decision of Board of Directors No. 17/2021/NQ-HĐQT of REE dated 4 August 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

## **2. BASIS OF PREPARATION**

### **2.1 *Applied accounting standards and system***

The consolidated financial statements of the Group, expressed in Vietnam Dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- Decision No. 149/2001/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position and consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

### **2.2 *Applied accounting documentation system***

The Group's applied accounting documentation system is the Voucher Journal system.

### **2.3 *Fiscal year***

The Group's fiscal year applicable for the preparation of its consolidated financial statements starts on 1 January and ends on 31 December.

### **2.4 *Accounting currency***

The consolidated financial statements are prepared in VND which is also the Group's accounting currency.

### **2.5 *Basis of consolidation***

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2021.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses result from intra-company transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in undistributed earnings.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

#### 3.2 Inventories

Inventories are stated at the lower of cost which comprises all costs of purchase and other direct costs incurred in bringing each product to its present location and condition, and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Raw materials, consumables and goods for resale	- cost of purchase on a first-in, first-out basis.
Finished goods and work-in-process	- cost of direct materials and labour plus attributable overheads based on the normal level of activities on a first-in, first-out basis.

##### *Provision for obsolete inventories*

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Group, based on appropriate evidence of impairment available at balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold account in the consolidated income statement.

##### *Inventory property*

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value.

Cost includes:

- ▶ Freehold rights for land;
- ▶ Amounts paid to contractors for construction; and
- ▶ Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of inventory property recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.3 Receivables**

Receivables are presented in the consolidated financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful receivables.

The provision for doubtful receivables represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement.

**3.4 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

**3.5 Leased assets**

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

*Where the Group is the lessor*

Assets subject to operating leases are included as the Group's investment properties in the consolidated balance sheet. Initial direct costs incurred in negotiating an operating lease are recognised in the consolidated income statement as incurred.

Lease income is recognised in the consolidated income statement on a straight-line basis over the lease term.

*Where the Group is the lessee*

Rentals under operating leases are charged to the consolidated income statement on a straight-line basis over the lease term.

**3.6 Intangible assets**

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises its purchase price and any directly attributable costs of preparing the intangible asset for its intended use.

When intangible assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

*Land use rights*

The land use rights represents the cost to acquire the rights to use land and be amortised on straight-line basis over the useful life of the land use rights.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.7 Depreciation and amortisation**

Depreciation of tangible fixed assets and amortisation of intangible assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	5 - 50 years
Machinery and equipment	5 - 20 years
Means of transportation	6 - 15 years
Office equipment	3 - 5 years
Land use rights	36 - 50 years
Software	1 - 3 years
Others	4 years

The useful life of the fixed assets and depreciation and amortisation rates are reviewed periodically to ensure that the method and the year of the depreciation and amortisation are consistent with the expected pattern of economic benefits that will be derived from the use of fixed assets.

**3.8 Investment properties**

Investment properties are buildings or part of a building or both and infrastructure held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services; administration purposes or sale in the ordinary course of business.

Investment properties are stated at cost including transaction costs less accumulated depreciation. Investment properties held for capital appreciation are not depreciated but subject to impairment review.

Subsequent expenditure relating to an investment property that has already been recognized is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Group.

Depreciation of investment properties is calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	5 - 50 years
Machinery and equipment	5 - 10 years

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in the consolidated income statement.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. The transfer from investment property to owner-occupied property or inventories does not change the cost or the carrying value of the property for subsequent accounting at the date of change in use.

**3.9 Borrowing costs**

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs that are directly attributable to the acquisition, construction or production of any qualified assets are capitalised during the year of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the consolidated income statement when incurred.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.10 Prepaid expenses**

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortised over the year for which the amounts are paid or the year in which economic benefits are generated in relation to these expenses.

*Prepaid land rental*

The prepaid land rental represents the unamortised balance of advance payment made in accordance with the lease contract.

**3.11 Business combination and goodwill**

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortisation. Goodwill is amortised over 10-year period on a straight-line basis from acquisition date. The parent company conducts the periodical review for impairment of goodwill of investment in subsidiaries. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the consolidated income statement.

**3.12 Investments**

*Investment in associates*

Investments in associates are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost plus post acquisition changes in the Company's share of net assets of the associates. Goodwill relating to the associates is included in the carrying amount of the investments. Goodwill is not amortised and subject to annual review for impairment. The consolidated income statement reflects the Group's share of the results of operations of the associate.

The share of post-acquisition profit (loss) of the associates is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

The financial statements of the associates are prepared for the same reporting period and use the same accounting policies as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

*Held-for-trading securities and investments in other entities*

Held-for-trading securities and investments in other entities are stated at their acquisition costs.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.12 Investments (continued)**

*Provision for diminution of investments*

Provision of the investment is made when there are reliable evidences of the diminution in value of those investments at the balance sheet date. Increases and decreases to the provision balance are recorded as finance expense in the consolidated income statement.

*Held-to-maturity investments*

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as expense in the consolidated income statement and deducted against the value of such investments.

**3.13 Payables and accruals**

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

**3.14 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

*Installation project warranty*

A provision is recognised for expected warranty claims on installation project completed during the year, based on past experience of the level of repairs. The Group expects that most of these costs will be incurred in the next years. Assumptions used to calculate the provision for warranties were based on current sales levels and terms of each contract.

**3.15 Foreign currency transactions**

Transactions in currencies other than the Group's reporting currency of (VND) are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection; and
- Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.15 *Foreign currency transactions* (continued)

At end of year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the balance sheet date which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Group conducts transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Group conducts transactions regularly.

All foreign exchange differences incurred are taken to the consolidated income statement.

#### 3.16 *Treasury shares*

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, re-issue or cancellation of the Group's own equity instruments.

#### 3.17 *Appropriation of net profit*

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to shareholders after getting approval by the shareholders in the annual general meeting, and after making appropriation to reserve funds in accordance with the Group's Charter and Vietnam's regulatory requirements.

The Group maintains the following reserve funds which are appropriated from the Group's net profit as proposed by the Board of Directors and subject to approval by the shareholders at the annual general meeting.

- *Investment and development fund*

This fund is set aside for use in the Group's expansion of its operation or in-depth investments.

- *Bonus and welfare fund*

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the consolidated balance sheet.

#### 3.18 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

*Sale of goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer, usually upon the delivery of the goods.

*Sale of real estate*

Revenue from the sale of real estate is recognised when the significant risks and rewards of ownership have passed to the buyer, usually upon the handover of the real estate property, and it is probable that the transfer price will be recoverable.

When a transaction has not met the criteria mentioned above, the cumulative amount of progress payment received from customers is presented as advance from customers in the consolidated balance sheet until all the criteria are met.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.18 Revenue recognition (continued)**

*Rendering of services*

Revenue is recognised when the services have been rendered.

*Revenue from supply and installation contracts*

Where the outcome of a construction contract can be estimated reliably and certified by customers, revenue and costs are recognised by reference to the amount of work completed at the balance sheet date. Variations in contract work and claims are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probable will be recoverable. Contract costs are recognised as expenses in the year in which they are incurred.

Difference between the cumulative revenue of a construction contract recognised to date and the cumulative amount of progress billings of that contract was presented as construction contract receivable based on agreed progress billings in the consolidated balance sheet.

*Office rental income*

Rental income arising from operating leases is accounted for on a straight line basis over the term of the lease.

*Investment gains*

Gains from investments are recognised as income when the significant risks and rewards of ownership have passed to the buyer.

*Interest income*

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectibility is in doubt.

*Dividends*

Income is recognised when the Group's entitlement as an investor to receive the dividend is established.

*Bonus shares or issuance new shares for dividend payment*

Income is not recognised when the Group is entitled as an investor to receive bonus shares or issuance new shares for dividend payment. The number of shares received as bonus or dividends is disclosed on the relevant note to the consolidated financial statements.

**3.19 Earnings per share**

Basic earnings per share amount is computed by dividing net profit for the year attributable to ordinary equity holders of the Company (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.20 Taxation**

*Current income tax*

Current income tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purpose.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- Where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Previously unrecognised deferred income tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in equity account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.20 Taxation (continued)**

*Deferred tax (continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- Either the same taxable entity; or
- When the Group intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**3.21 Segment information**

A segment is a component determined separately by the Group which is engaged in providing products or related services (business segment), that is subject to risks and returns that are different from those of other segments.

**3.22 Related parties**

Parties are considered to be related parties of the Group if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Group and other party are under common control or under common significant influence. Related parties can be enterprises or individuals, including close members of their families.

**4. SIGNIFICANT EVENTS**

**4.1 Additional acquisition of interests in Vinh Son – Song Hinh Hydropower Joint Stock Company**

During the year, REE Energy Company Limited ("REE Energy"), the Group's subsidiary, has completed the purchase of additional 14,856,568 issuance shares and 2,200,000 shares from existing shareholders Vinh Son - Song Hinh Hydropower Joint Stock Company ("VSH") with total consideration of VND 191,389,689,204. Accordingly, Accordingly, the ownership interest of REE Energy in VSH increase from 49.52% to 50.45%.

Accordingly, VSH has become a subsidiary of the Group from the acquisition date with the ownership interest of the Group in VSH of 50.45%. The principal activities of VSH are to produce and invest in construction of electricity projects.

The fair values of the identifiable assets and liabilities of VSH as at the acquisition date of consolidation are as follows:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

#### 4. SIGNIFICANT EVENTS (continued)

##### 4.1 Additional acquisition of interests in Vinh Son-Song Hinh Hydropower Joint Stock Company (continued)

	VND
	<i>Fair value recognized on acquisition</i>
<b>Assets</b>	
Cash	34,283,586,039
Receivables	231,868,392,457
Inventories	100,689,357,603
Fixed assets and construction in progress	10,381,477,940,486
Other assets	55,553,437,913
	<b>10,803,872,714,498</b>
<b>Liabilities</b>	
Trade payables and advance from customers	343,985,353,666
Loans	5,536,993,974,444
Deferred tax liabilities	188,013,161,945
Other payables	251,043,077,709
	<b>6,320,035,567,764</b>
Identifiable net assets at fair value	4,483,837,146,734
<i>In which:</i>	
<i>Net assets acquired</i>	2,262,319,222,525
<i>Non-controlling interests</i>	2,221,517,924,209
Goodwill arising on acquisition	94,179,342,393
<b>Purchase consideration</b>	<b>2,356,498,564,918</b>

The total fair value of fixed assets and construction in progress is VND 10,381,477,940,486, increasing by VND 940,065,809,726 as compared to those as per book value as at the acquisition date, is the increase in value of assets belonging to hydropower projects owned by VSH as at the acquisition date. Accordingly, deferred tax liabilities increased by VND 188,013,161,945 and the goodwill arising on acquisition is VND 94,179,342,393.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

**4. SIGNIFICANT EVENTS (continued)**

**4.2 Acquisition of interests in TK Plus Company Limited**

On 1 February 2021, REE Water Company Limited ("REE Water"), the Group's subsidiary, completely acquired shares of TK Plus Company Limited ("TK Plus") from the existing shareholders at the consideration of VND 16,800,000,000.

Accordingly, TK Plus has become a subsidiary of the Group from the date of completion of the acquisition with the ownership interest of the Group in TK Plus of 65%. The principal activities of TK Plus are technical consultancy, design and installation of machinery and equipment for water supply and drainage.

The provisional fair values of the identifiable assets and liabilities of TK Plus as at the acquisition date of consolidation are as follows:

	VND
	<i>Provisional fair value recognized on acquisition</i>
<b>Assets</b>	
Cash	7,033,608,685
Receivables	26,927,225,088
Inventories	35,489,547,674
Other assets	645,036,607
	<b>70,095,418,054</b>
<b>Liabilities</b>	
Payables	49,454,805,624
Loans	2,901,143,295
Other payables	1,413,245,312
	<b>53,769,194,231</b>
Identifiable net assets at provisional fair value	16,326,223,823
<i>In which:</i>	
<i>Net assets acquired</i>	10,612,045,485
<i>Non-controlling interests</i>	5,714,178,338
Goodwill arising on acquisition	6,187,954,515
<b>Purchase consideration</b>	<b>16,800,000,000</b>
	VND
	Amount
<b>Cash flow on acquisition</b>	
Net cash acquired with the subsidiary	7,033,608,685
Cash paid	16,800,000,000
<b>Net cash flow on acquisition</b>	<b>9,766,391,315</b>

**4.3 Transfer all of investment in Vietnam Property and Infrastructure Joint Stock Company ("VIID")**

In accordance with the Decision of Board of Directors No. 17/2021/NQ-HDQT dated 4 August 2021, the Board of Directors approved to transfer all of the Group's investment in VIID, a subsidiary of the Group. Accordingly, on 22 October 2021, the Group completed the said transaction for third parties. The gain from the transfer of VND 196,766,110,809 was recognized as finance income in the consolidated income statement (Note 27.2). Accordingly, VIID was no longer a subsidiary of the Group from that day.













































NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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04 SHORT TERM A2

# Refrigeration Electrical Engineering Corporation

B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

## 24. LOANS

							VND	
	Beginning balance	Withdraw	Acquisition of subsidiaries	Repayment	Reclassification	Revaluation	Allocation of bond issuance expenses	Ending balance
Short-term	1,264,637,519,063	1,130,046,158,224	250,958,080,635	(2,198,494,312,527)	796,473,445,095	(9,635,053,929)	-	1,233,985,836,561
Loans from banks								
(Note 24.1)	595,137,439,931	1,106,966,158,224	2,901,143,295	(1,336,268,196,947)	-	-	-	368,736,544,503
Loan to others	-	23,080,000,000	-	(10,937,335,920)	-	-	-	12,142,664,080
Current portion from banks of long-term loans								
(Note 24.2)	419,500,079,132	-	239,821,643,222	(593,288,779,660)	538,708,739,213	(9,635,053,929)	-	595,106,627,978
Current portion of domestic straight bonds								
(Note 24.3)	250,000,000,000	-	8,235,294,118	(258,000,000,000)	257,764,705,882	-	-	258,000,000,000
Long-term	4,334,710,938,577	2,841,686,537,357	4,535,937,037,104	(141,612,132,331)	(796,473,445,095)	(40,483,246,858)	6,207,124,754	10,739,972,813,508
Loans from financial institutions								
(Note 24.2)	1,800,120,641,029	2,841,686,537,357	4,348,753,497,544	(141,612,132,331)	(538,708,739,213)	(40,483,246,858)	-	8,269,756,557,528
Domestic straight bonds								
(Note 24.3)	2,534,590,297,548	-	187,183,539,560	-	(257,764,705,882)	-	6,207,124,754	2,470,216,255,980
TOTAL	5,599,348,457,640	3,971,732,695,581	4,786,895,117,739	(2,340,106,444,858)	-	(50,118,300,787)	6,207,124,754	11,973,958,650,069





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

**24. LOANS** (continued)

**24.1 Short-term bank loans**

Group obtained short-term loans from banks to finance its working capital requirements. The short-term bank loans bear interest at the average rate ranging from 3.5% to 7.5% per annum as the balance sheet date. Details are as follows:

<i>Bankers</i>	<i>Ending balance</i> VND	<i>Maturity date</i>	<i>Description of collateral</i>
Joint Stock Bank for Foreign Trade of Vietnam	178,328,909,216	From 5 January 2022 to 29 June 2022	Unsecured
Malayan Banking Berhad – Ho Chi Minh Branch	152,980,896,106	From 14 Feb 2022 to 28 Jun 2022	Unsecured
HSBC Bank (Vietnam) Ltd.	37,426,739,181	From 1 April 2022 to 13 June 2022	Unsecured
<b>TOTAL</b>	<b><u>368,736,544,503</u></b>		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

**24. LOANS (continued)**

**24.2 Long-term financial institution loans**

The Group obtained long-term financial institution loans and domestic straight bonds to finance its implementation investments project. The long-term bank loans and domestic straight bonds bear interest at the average rate in EUR at 1.25% per annum, in USD ranging from 2.00% to 2.30% + LIBOR per annum and in VND ranging from 3.57% to 8.90% per annum.

Details of long-term financial institution loans are as follows:

<i>Bank</i>	<i>Ending balance</i> <i>VND</i>	<i>Maturity date</i>	<i>Description of collateral</i>
<b><i>International Finance Corporation - IFC</i></b>			
- No. 44653 (USD)	1,148,000,000,000	15 March 2033	The movables and other property rights related to the Phu Lac 2 Wind Power Plant and Loi Hai 2 Wind Power Plant projects of Thuan Binh, the Group's subsidiary, located in Binh Thuan Province. The Thuan Binh's accounts receivable of EVN's proceeds from the implementation of the above two projects, and Thuan Binh's accounts related to this loan agreement belonging to Thuan Binh. All shares of REE Energy owned in Thuan Binh
<b><i>Bank for Investment and Development of Vietnam Joint Stock Company ("BIDV") - Binh Dinh Branch</i></b>			
- No. 01/2015/HDTD with credit limit of VND 850 billion	802,696,914,219	8 October 2030	(i)
- No. 01/2017/HDTD with credit limit of VND 600 billion	574,765,000,000	8 October 2030	
<b><i>Joint-Stock Commercial Bank for Foreign Trade of Vietnam - Kon Tum Branch</i></b>			
- No. 01/2015/HDTD with credit limit of VND 700 billion	661,907,146,384	13 July 2030	(i)
- No. 01/2017/HDTD with credit limit of VND 500 billion	474,647,998,000	13 July 2030	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 24. LOANS (continued)

### 24.2 Long-term financial institution loans (continued)

Details of long-term financial institution loans are as follows: (continued)

Bank	Ending balance VND	Maturity date	Description of collateral
<b>Raiffeisen Landesbank Oberosterreich Bank (ii)</b>			
- Agreement dated 28 March 2013 (USD)	544,465,249,175	30 June 2029	Guarantee by BIDV - Binh Dinh Branch as pledged by term deposit of VND 35 billion of Vinh Son – Song Hinh, the Group's subsidiary.
<b>Joint Stock Commercial Bank For Foreign Trade of Vietnam – Binh Tay Branch</b>			
- 021C16	561,605,734,748	2 February 2028	Land use rights and assets, including building and structure and other asset rights of the project Etown Central of Song Mai, the Group's subsidiary, located at No. 11 Doan Van Bo Street, District 4, Ho Chi Minh City
<b>EVN Finance Joint Stock Company</b>			
- 01/2014/HDCVL/TCDL/ TBW/Phu Lac (EUR)	453,866,931,376	30 December 2027	All assets related to Phu Lac Wind Power Factory of Thuan Binh, located at Tuy Phong District, Binh Thuan Province
<b>Ho Chi Minh City Development Joint Stock Commercial Bank ("HDBank") - Hiep Phu Branch</b>			
- No. 04/2015/HDTD with credit limit of VND 950 billion	436,988,149,186	22 September 2030	(i)
<b>HSBC Bank (Vietnam) Ltd.</b>			
- VNM160065/1CM	377,569,240,957	27 November 2027	All machineries and equipment are solar panels and other equipment related to rooftop solar power system from REE Solar and/or subsidiaries



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

## 24. LOANS (continued)

### 24.2 Long-term financial institution loans (continued)

Details of long-term financial institution loans are as follows: (continued)

Bank	Ending balance VND	Maturity date	Description of collateral
<b>Asia Commercial Bank ("ACB") - Binh Dinh Branch</b>			
- No. 01/2015/HDTD with credit limit of VND 950 billion	413,130,500,000	22 September 2030	(i)
<b>Joint-Stock Commercial Bank for Foreign Trade of Vietnam - Gia Lai Branch</b>			
- No. 01/2015/HDTD with credit limit of VND 400 billion	376,787,562,524	13 July 2030	(i)
<b>HSBC Bank (Vietnam) Ltd.</b>			
- VNM170276CM	212,142,857,142	24 July 2024	Land use rights, building and amount receivable from office lease of REE Tower at 9 Doan Van Bo Street, District 4, Ho Chi Minh City ("REE Tower")
<b>Joint Stock Commercial Bank For Foreign Trade of Vietnam – Hanoi Branch</b>			
- 01/2019/HDDCVDADDT/ NHCT106-MHP	255,828,614,397	8 June 2026	Land use rights and attached assets, including machineries and other asset rights formed loan and equity of the project Muong Hum Hydropower of Muong Hum, the Group's subsidiary.
<b>Shinhan Bank Vietnam</b>			
- SHBVN/BC/HDTD/ REE/201805	143,909,364,995	8 May 2026	Land attached assets formed loan of the Company located at No. 364 Cong Hoa Street, Ward 13, Tan Binh District, Ho Chi Minh City

# Refrigeration Electrical Engineering Corporation

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

## 24. LOANS (continued)

### 24.2 Long-term financial institution loans (continued)

Details of long-term financial institution loans are as follows: (continued)

Bank	Ending balance VND	Maturity date	Description of collateral
<b><i>Vietnam Development Bank - Central South Branch (iii)</i></b>			
- 01/TDNN (USD)	102,775,372,731	1 June 2035	A part of assets belong to Song Dinh Hydropower Plant.
<b><i>Joint Stock Commercial Bank For Foreign Trade of Vietnam</i></b>			
- 0094/2038/D-DA/01	1,142,072,200,000	20 September 2033	All assets, machinery and equipment formed in the future belong to Tra Vinh Wind Power Plant Project V1-3 Property rights arising from the Project
- 0146/2038/D-DA/01	40,355,550,000	19 January 2029	A part of machinery and equipment of solar panels related to rooftop solar power system from the Company and its subsidiaries; and letter of guarantee from Refrigeration Electrical Engineering Corporation
- 562/TBN-KDN/21DH	46,473,656,339	2 February 2029	
- 0001/2138/D-DA/01	49,769,510,000	2 August 2029	
- 0002/2138/D-DA/01	45,105,633,333	2 February 2029	
<b>TOTAL</b>	<b>8,864,863,185,506</b>		
<i>In which:</i>			
Current portion	595,106,627,978		
Non-current portion	8,269,756,557,528		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

**24. LOANS (continued)**

**24.2 Long-term financial institution loans (continued)**

- (i) These loans are used to finance construction of Thuong Kon Tum Hydropower Plant of VSH, according to the syndicated loan agreement No 01/2015/TTDA and 01/2017/TTDA between the Group and commercial banks including BIDV - Binh Dinh Branch, Vietcombank - Kon Tum Branch, ACB - Binh Dinh Branch, HDBank - Hiep Phu Branch, and Vietcombank - Gia Lai Branch, among which BIDV - Binh Dinh Branch acts as agent bank and the agent for secured assets, including the entire land use rights, machinery and equipment, means of transportation and other assets which are being formed from Thuong Kon Tum Hydropower Plant. In addition, BIDV provides the guarantee contract No. 01/2014/HDBL/BIDV-VSH as collateral for the loan from Raiffeisen Landesbank Oberosterreich Bank with the limit of USD 30,634,865.8.
- (ii) On 28 March 2013, VSH, the Group's subsidiary, signed an Export Credit Agreement with Raiffeisen Landesbank Oberosterreich Bank. The loans are used to finance 80% of the payment obligations of the Company under the contract for the electromechanical equipment for Thuong Kon Tum Hydropower Plant Project signed on 15 August 2012 with Andritz Hydro GmbH.
- (iii) These loans were from official development assistance ("ODA") of Nodric Development Funds ("NDF") to invest in Song Hinh Hydropower Plant of VSH. On 22 November 2015, the Group took over the loan from Vietnam Electricity upon equitization through a credit contract No. 01/TDNN with Development Fund - Phu Yen Branch (currently the Vietnam Development Bank - Central South Branch). They are non-interest bearing loans with the management fee of 0.2% per annum and service fee of 0.75% per annum.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**24. LOANS (continued)**

**24.3 Domestic straight bonds**

Details of this bond as at 31 December 2021 are as follows:

<i>Arrangement organization</i>	<i>Amount</i>
	<i>VND</i>
REE-BOND 2029 (i)	2,318,000,000,000
REEBOND 2017 (ii)	250,000,000,000
VSH_BOND_2019 (iii)	192,000,000,000
Bond issuance costs	(51,771,011,708)
Allocation of bond issuance costs	19,987,267,688
<b>TOTAL</b>	<b>2,728,216,255,980</b>

*In which:*

<i>Current portion</i>	258,000,000,000
<i>Non-current portion</i>	2,470,216,255,980

- (i) On 28 January 2019, the Company issued 2,318 non-convertible and unwarranted bonds with total value of VND 2,318 billion (the par value per bond is VND 1 billion).

These bonds will be repaid after ten (10) years from the date of issue and they will be repurchased on the maturity date at once.

The proceeds from the bonds are used for the purpose (1) developing in the Company's office leasing on the existing land fund (E.town office area) in Ho Chi Minh City; (2) payment for land use fees, land acquisition; developing the land fund but not to develop land fund in Thu Thiem New Urban Area, Thu Duc City, Ho Chi Minh City.

These bonds are secured by 38,365,168 shares of Thac Ba Hydropower Joint Stock Company, 24,932,630 shares of Muong Hum Hydropower Joint Stock Company and 32,000,000 shares of Song Ba Ha HydroPower Joint Stock Company which are owned by the Group (Notes 1 and 16.3).

- (ii) On 28 September 2017 and 18 October 2017, the Company issued 1,000 non-convertible and unwarranted bonds with total value of VND 1,000 billion (the par value per bond is VND 1 billion).

These bonds will be repaid after five (5) years from the date of issuance.

The Company has the obligation to repurchase these bonds before maturity date from date of issuance as follows:

- 250 issued bonds on the date-end of twenty four (24)-month period from the issuance date;
- 250 issued bonds on the date-end of thirty six (36)-month period from the issuance date;
- 250 issued bonds on the date-end of forty eight (48)-month period from the issuance date; and
- 250 issued bonds on the date-end of sixty (60)-month period from the issuance date.

The proceeds from the bonds are used for the purpose (1) investing in the Company's projects; (2) financing working capital of the Company.

These bonds are secured by 35,525,776 shares of Pha Lai Thermal Power Joint Stock Company which are owned by the Group (Note 16.3).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended**24. LOANS (continued)****24.3 Domestic straight bonds (continued)**

Details of this bond as at 31 December 2021 are as follows: (continued)

(iii) From 1 October 2019 to 26 June 2020, the Group issued 700 non-convertible bonds with total value of VND 700 billion (par value per bond is VND 1 billion), including only 200 non-convertible bonds was purchased by other parties. And secured by all assets of Vinh Son Hydropower Plant.

The Group has the obligation to repurchase these bonds before maturity date from date of issuance as follows:

- 4% number of issued bonds on the date-end of twelve (12) month period from the issuance date;
- 4% number of issued bonds on the date-end of twenty-four (24) month period from the issuance date;
- 4% number of issued bonds on the date-end of thirty-six (36) month period from the issuance date;
- 4% number of issued bonds on the date-end of forty-eight (48) month period from the issuance date;
- 24% number of issued bonds on the date-end of sixty (60) month period from the issuance date;
- 30% number of issued bonds on the date-end of seventy-two (72) month period from the issuance date; and
- 30% number of issued bonds on the date-end of eighty-four (84) month period from the issuance date.

The proceeds from the bonds were used for the purpose of investing in Thuong Kon Tum Hydropower Plant of VSH.

The above-mentioned bonds are organized for issuance by Vietcombank Securities Limited Company - Ho Chi Minh branch.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

## 25. PROVISIONS

Provisions represent the provisions for warranties of installation projects, goods and provision of maintenance, setting and repairing. Details of movement in provisions are as follows:

	<i>Goods warranty</i>	<i>Installation project warranty</i>	<i>VND Total</i>
Beginning balance	2,008,653,025	56,261,585,345	58,270,238,370
Add: Provision provided during the year	1,380,959,224	28,577,268,533	29,958,227,757
Less: Reversal of provision during the year	<u>(1,236,422,162)</u>	<u>(33,986,639,231)</u>	<u>(35,223,061,393)</u>
Ending balance	<u>2,153,190,087</u>	<u>50,852,214,647</u>	<u>53,005,404,734</u>
<i>In which:</i>			
Short-term	2,153,190,087	17,965,694,181	20,118,884,268
Long-term	-	32,886,520,466	32,886,520,466

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 26. OWNERS' EQUITY

### 26.1 Increase and decrease in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	VND Total
<b>Previous year</b>						
Beginning balance	3,100,588,410,000	1,050,489,310,786	(83,026,660)	240,271,674,291	6,005,760,541,830	10,397,026,910,247
Net profit for the year	-	-	-	-	1,628,076,208,584	1,628,076,208,584
Dividend declared	-	-	-	-	(496,081,481,600)	(496,081,481,600)
Appropriation to bonus and welfare funds	-	-	-	-	(2,657,945,783)	(2,657,945,783)
Purchase of treasury shares	-	-	(47,539,203,502)	-	-	(47,539,203,502)
Fund reversal	-	-	-	(1,249,669,244)	1,249,669,244	-
Others	-	-	-	(4,300,410,299)	(21,528,250,130)	(25,828,660,429)
Ending balance	<u>3,100,588,410,000</u>	<u>1,050,489,310,786</u>	<u>(47,622,230,162)</u>	<u>234,721,594,748</u>	<u>7,114,818,742,145</u>	<u>11,452,995,827,517</u>
<b>Current year</b>						
Beginning balance	3,100,588,410,000	1,050,489,310,786	(47,622,230,162)	234,721,594,748	7,114,818,742,145	11,452,995,827,517
Net profit for the year	-	-	-	-	1,855,079,628,131	1,855,079,628,131
Appropriation to bonus and welfare funds	-	-	-	-	(7,121,505,012)	(7,121,505,012)
Others	-	-	-	(42,957,071)	1,063,693,713	1,020,736,642
Ending balance	<u>3,100,588,410,000</u>	<u>1,050,489,310,786</u>	<u>(47,622,230,162)</u>	<u>234,678,637,677</u>	<u>8,963,840,558,977</u>	<u>13,301,974,687,278</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

**26. OWNERS' EQUITY (continued)**

**26.2 Capital transactions with shareholders and distribution of dividends**

	VND	
	Current year	Previous year
<b>Contributed share capital</b>		
Beginning and ending balances	3,100,588,410,000	3,100,588,410,000
<b>Dividends</b>		
Dividends declared	-	496,081,481,600
Dividends paid during the year	166,029,400	491,095,261,950

**26.3 Shares**

	Number of shares	
	Ending balance	Beginning balance
<b>Issued shares</b>		
Issued and paid-up shares	310,058,841	310,058,841
Ordinary shares	310,058,841	310,058,841
<b>Treasury shares</b>		
Ordinary shares	(1,007,915)	(1,007,915)
<b>Shares in circulation</b>		
Ordinary shares	309,050,926	309,050,926

The Company's shares are issued with par value of VND 10,000 per share. The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. Each ordinary share carries one vote per share without restriction.

**26.4 Non-controlling interests**

	VND	
	Current year	Previous year
Beginning balance	759,653,092,112	704,641,629,219
Acquisition of a subsidiary (Note 4)	2,227,232,102,547	3,950,647
Net profit for the year	280,330,619,117	85,425,570,318
Capital contribution during the year	121,000,000,000	62,500,000,000
Increase due to change in ownership interests in subsidiaries	-	23,045,211,804
Disposal of a subsidiary	(212,630,224,062)	-
Dividend declared	(114,104,802,725)	(113,397,617,591)
Appropriation to bonus and welfare funds	(5,696,634,988)	(1,901,054,217)
Others	118,214,345	(664,598,068)
Ending balance	3,055,902,366,346	759,653,092,112



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

**26. OWNERS' EQUITY (continued)**

**26.5 Earnings per share**

Earnings per share are calculated as follows:

	<i>Current year</i>	<i>Previous year</i>
Net profit after tax attributable to ordinary equity holders (VND)	1,855,079,628,131	1,628,076,208,584
Net profit after tax attributable to ordinary equity holders for basic earnings (VND)	1,855,079,628,131	1,628,076,208,584
Weighted average number of ordinary shares	309,050,926	310,050,926
Earnings per share (VND/share)		
- Basic	6,003	5,251
- Diluted	6,003	5,251

There were no potential dilutive ordinary shares as at the balance sheet date.

**27. REVENUES**

**27.1 Revenues from sale of goods and rendering of services**

	<i>Current year</i>	<i>Previous year</i>
		VND
<b>Gross revenues</b>	<b>5,815,207,697,974</b>	<b>5,644,088,890,450</b>
<i>Of which:</i>		
Revenue from mechanical and refrigeration electrical engineering	1,821,846,603,638	3,478,558,819,570
Revenue from power and water	3,055,147,984,915	1,178,170,095,327
Revenue from real estate and office leasing	938,213,109,421	987,359,975,553
<b>Less</b>	<b>(5,396,769,153)</b>	<b>(4,336,164,483)</b>
Sales returns	(5,396,769,153)	(4,336,164,483)
<b>NET REVENUES</b>	<b>5,809,810,928,821</b>	<b>5,639,752,725,967</b>
<i>Of which:</i>		
Revenue from mechanical and refrigeration electrical engineering	1,816,449,834,485	3,474,222,655,087
Revenue from power and water	3,055,147,984,915	1,178,170,095,327
Revenue from real estate and office leasing	938,213,109,421	987,359,975,553

**27.2 Finance income**

	<i>Current year</i>	<i>Previous year</i>
		VND
Gains from disposal of investments (*)	270,352,009,087	17,947,490,046
Interest income	98,092,234,828	162,111,197,783
Foreign exchange gains	72,025,326,248	4,252,928,927
Dividends income	19,898,791,651	37,431,419,511
Others	5,676,016,902	62,823,994
<b>TOTAL</b>	<b>466,044,378,716</b>	<b>221,805,860,261</b>

(\*) Including in gains from disposal of investments is amount of VND 196,766,110,809 be recognized by the Group arising from disposal of equity interest of VIID, the Company's indirect subsidiary, in accordance with Resolution of the Board of Directors No. 17/2021/NQ-HDQT of the Company dated 4 August 2021.

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**28. COSTS OF GOODS SOLD AND SERVICES RENDERED**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Cost of mechanical and refrigeration electrical engineering	1,535,056,009,563	2,999,731,156,007
Cost of power and water	1,713,195,754,482	738,613,625,898
Cost of real estate and office leasing	251,528,555,442	295,542,275,272
<b>TOTAL</b>	<b>3,499,780,319,487</b>	<b>4,033,887,057,177</b>

**29. FINANCE EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Interest expense and allocation of bond issuance expenses	673,223,734,156	421,839,558,764
Foreign exchange losses	11,246,027,282	53,322,528,553
Loss from disposal of investments	57,483	313,895,454
Reversal of provision for investments	(532,334,956)	(3,748,212,013)
Others	23,539,529,576	2,797,748,852
<b>TOTAL</b>	<b>707,477,013,541</b>	<b>474,525,519,610</b>

**30. SELLING EXPENSE AND GENERAL AND ADMINISTRATIVE EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
<b>Selling expenses</b>	<b>85,073,572,183</b>	<b>82,735,361,072</b>
Labour costs	50,528,912,312	51,075,800,309
Expenses for external services	16,084,963,271	13,368,630,579
Others	18,459,696,600	18,290,930,184
<b>General and administrative expenses</b>	<b>370,461,124,107</b>	<b>283,713,770,081</b>
Labour costs	207,657,504,297	155,171,831,730
Expenses for external services	71,776,819,761	33,197,674,986
Goodwill amortization	34,973,302,002	27,584,382,076
Provision for doubtful receivables	25,992,463,714	22,011,689,096
Others	30,061,034,333	45,748,192,193
<b>TOTAL</b>	<b>455,534,696,290</b>	<b>366,449,131,153</b>

**31. PRODUCTION AND OPERATING COSTS**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Raw materials and merchandise	1,036,743,169,292	2,269,863,886,095
Expenses for external services	818,125,132,659	794,864,292,523
Labour costs	587,957,359,806	551,985,969,936
Depreciation and amortisation (Notes 12, 13, 15 and 17)	892,770,160,161	321,516,852,418
Other expenses	417,050,079,484	288,235,699,180
<b>TOTAL</b>	<b>3,752,645,901,402</b>	<b>4,226,466,700,152</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

### 32. CORPORATE INCOME TAX

The Group has the obligation to pay corporate income tax ("CIT") at the rate from 5% to 20% of taxable profits earned.

The tax returns of the Group are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

#### 32.1 CIT expenses

		VND
	Current year	Previous year
CIT expense	271,727,132,037	199,252,483,820
Adjustment for (over) under accrual of tax from prior years	(739,163,379)	6,695,756,776
Current CIT expense	270,987,968,658	205,948,240,596
Deferred tax (income) expense	(6,569,186,967)	4,135,453,010
<b>TOTAL</b>	<b>264,418,781,691</b>	<b>210,083,693,606</b>

Reconciliation between CIT expense and the accounting profit multiplied by CIT rate is presented below:

		VND
	Current year	Previous year
<b>Accounting profit before tax</b>	<b>2,399,829,028,939</b>	<b>1,923,585,472,508</b>
At CIT rate of 20% applicable to the Group	479,965,805,788	384,717,094,502
<i>Adjustments to increase (decrease)</i>		
Share of profit of associates	(154,831,758,352)	(182,955,118,657)
Dividends income not subject to CIT	(3,979,758,330)	(7,486,283,902)
Non-deductible expenses	11,009,267,261	8,494,160,381
Adjustment related to Decree No. 132/2020/ND-CP	13,590,963,310	-
Tax losses of subsidiaries	-	9,654,943,815
Goodwill amortization	6,994,660,400	5,516,876,415
Tax loss of subsidiaries carried forward	(6,332,085,483)	(3,204,470,033)
Adjustment for (over) under accrual of CIT in prior years	(739,163,379)	6,695,756,776
Tax incentives at subsidiaries	(71,003,626,507)	-
Differences in tax rate of subsidiaries	(11,078,633,906)	(11,448,325,045)
Others	823,110,889	99,059,354
<b>CIT expense</b>	<b>264,418,781,691</b>	<b>210,083,693,606</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

**32. CORPORATE INCOME TAX** (continued)

**32.2 Current tax**

The current tax payable is based on taxable profit for the year. The taxable profit of the Group for the year differs from the profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

**32.3 Deferred tax**

The following are the deferred tax assets and liabilities recognised by the Group, and the movements thereon, during the current and previous year.

	<i>Consolidated balance sheet</i>		<i>Consolidated income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
<b>Deferred tax assets</b>				
Provision for doubtful receivables	13,934,050,661	13,934,050,661	-	6,408,529,916
Accrued operating expenses	11,874,629,505	9,703,964,422	2,170,665,083	(9,269,221,520)
Unrealised profit	10,126,216,301	6,647,612,355	3,478,603,946	6,332,235,142
Unbilled contract profit (loss)	6,447,175,247	3,227,325,409	3,219,849,838	(6,068,142,701)
Provision for obsolete inventories	882,161,155	1,179,469,311	(297,308,156)	(1,264,641,757)
Provision for investments	(2,352,720,841)	(999,195,630)	(1,353,525,211)	(245,469,052)
Others	71,930,262	157,017,289	518,068,372	(28,743,038)
	<b>40,983,442,290</b>	<b>33,850,243,817</b>		
<b>Deferred tax liabilities</b>				
Gains on revaluation of VSH's assets	(188,013,161,945)	-	-	-
Others	(1,167,166,905)	-	(1,167,166,905)	-
	<b>(189,180,328,850)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net deferred tax income (expense)</b>			<b>6,569,186,967</b>	<b>(4,135,453,010)</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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### 33. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related company transactions include all transactions undertaken with other companies to which the Group is related, either through the investor, investee relationship or because they share a common investor and thus are considered to be a part of the same corporate group.

Significant transactions with related parties during the year were as follows:

Related parties	Relationship	Transactions	VND	
			Current year	Previous year
Pha Lai Thermal Power Joint Stock Company	Associate	Dividend income	429,084,865,440	104,484,951,000
Thac Mo Hydropower Joint Stock Company	Associate	Dividend income	215,770,240,200	44,765,610,000
Song Ba Ha Hydropower Joint Stock Company	Associate	Dividend income	207,360,000,000	16,000,000,000
Central Hydropower Joint Stock Company	Associate	Dividend income	53,319,683,200	31,438,493,000
Thu Duc Water B.O.O Corporation	Associate	Dividend income Expert salary	51,642,932,000 85,893,913	46,948,120,000 143,281,366
Tan Hiep Water Investment Joint Stock Company	Associate	Dividend income	49,920,000,000	34,560,000,000
Saigon Real Estate Joint Stock Company	Associate	Dividend income	25,978,600,500	13,470,424,687
Saigon Water Investment and Trading Joint Stock Company	Associate	Dividend income Expert salary	23,999,800,000 262,859,065	6,000,000,000 -
Idico Srok Phu Mieng Hydropower Joint Stock Company	Associate	Dividend income	18,520,671,600	27,781,007,400
Khanh Hoa Water Supply Joint Stock Company	Associate	Dividend income	13,451,918,400	10,839,120,000
Ninh Binh Thermal Power Joint Stock Company	Associate	Dividend income	5,684,100,000	3,789,400,000
Southern Hydropower Joint Stock Company	Other investment	Dividend income	5,194,745,000	-
Thu Duc Water Supply Joint Stock Company	Associate	Dividend income	4,505,664,000	4,505,664,000

# Refrigeration Electrical Engineering Corporation

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

## 33. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Significant transactions with related parties in current year and prior year were as follows: (continued)

Related parties	Relationship	Transactions	VND	
			Current year	Previous year
Binh Dien Hydropower Joint Stock Company	Associate	Dividend income	3,947,960,000	2,368,776,000
Nha Be Water Supply Joint Stock Company	Associate	Dividend income	2,400,310,000	1,963,890,000
Gia Dinh Water Supply Joint Stock Company	Associate	Dividend income	1,904,688,000	1,904,688,000
Song Da Water Investment Joint Stock Company	Associate	Other Income	1,452,416,364	-
		Expert salary	1,389,128,693	-
Doan Nhat Mechanical Electrical Joint Stock Company	Associate	Dividend income	8,618,610,000	14,506,800,000
		Sales of goods	370,182,400	418,873,500
Vinh Son – Song Hinh Hydropower Joint Stock Company	Subsidiary from April 2021	Loan receivable	-	378,000,000,000
		Interest income	-	24,154,881,179

Amounts due to and due from related parties at the balance sheet dates were as follows:

Related parties	Relationship	Transactions	VND	
			Ending balance	Beginning balance
<b>Short-term trade receivable</b>				
Thac Ba 2 Hydropower Joint Stock Company	Associate	Service revenue	30,000,000	-
Thu Duc Water B.O.O Corporation	Associate	Others	-	94,626,645
<b>TOTAL</b>			<b>30,000,000</b>	<b>94,626,645</b>

# Refrigeration Electrical Engineering Corporation

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

## 33. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Amounts due to and due from related parties at the balance sheet dates were as follows: (continued)

Related parties	Relationship	Transactions	Ending balance	VND Beginning balance
<b>Short-term loan receivable</b>				
Song Da Water Investment Joint Stock Company	Associate	Lending	21,000,000,000	-
Vinh Son – Song Hinh Hydropower Joint Stock Company	Subsidiary from April 2021	Lending	-	466,600,000,000
<b>TOTAL</b>			<b>21,000,000,000</b>	<b>466,600,000,000</b>
<b>Held-to-maturity investment</b>				
Vinh Son – Song Hinh Hydropower Joint Stock Company	Subsidiary from April 2021	Bonds	-	500,000,000,000
<b>Other short-term receivables</b>				
Idico Srok Phu Mieng Hydropower Joint Stock Company	Associate	Dividend income	18,520,671,600	27,781,007,400
Song Da Water Investment Joint Stock Company	Associate	Other income	63,287,671	-
Pha Lai Therma Power Joint Stock Company	Associate	Dividend income	-	27,088,691,000
Vinh Son – Song Hinh Hydropower Joint Stock Company	Subsidiary from April 2021	Interest income	-	36,129,108,579
<b>TOTAL</b>			<b>18,583,959,271</b>	<b>90,998,806,979</b>

*Terms and conditions of transactions with related parties:*

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Outstanding balances at 31 December 2021 are unsecured (except bond at note 16.2), interest free and will be settled in cash. For the year ended 31 December 2021 and 31 December 2020, the Company has not made any provision for doubtful receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through the examination of the financial position of the related party and the market in which the related party operates.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended

### 33. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

*Transactions with other related parties*

Remuneration of members of the Board of Directors and management:

	VND	
	Current year	Previous year
Remuneration and bonus of the Board of Directors	7,040,000,000	4,410,000,000
Salaries and bonus of management	12,556,742,220	13,336,284,172
<b>TOTAL</b>	<b>19,596,742,220</b>	<b>17,746,284,172</b>

### 34. COMMITMENTS

#### 34.1 Operating lease commitments – when the Group is a lessee

The Group leases plant for its plant in Tan Binh Industrial Zone, warehouse and offices under operating lease agreements. The minimum lease commitment as at balance sheet date under the operating lease agreements is as follows:

	VND	
	Ending balance	Beginning balance
Less than one year	11,962,092,176	14,699,569,417
From one to five years	1,846,246,191	3,974,537,779
Over five years	3,391,779,044	3,478,380,389
<b>TOTAL</b>	<b>17,200,117,411</b>	<b>22,152,487,585</b>

#### 34.2 Operating lease commitments – when the Group is a lessor

The Group leases out its assets under operating lease arrangements. The future minimum rental receivables as at the balance sheet date under the operating lease agreements is as follows:

	VND	
	Ending balance	Beginning balance
Less than one year	752,052,189,104	665,504,931,896
From one to five years	1,162,911,518,170	917,956,127,693
Over five years	267,606,669,789	311,777,804,373
<b>TOTAL</b>	<b>2,182,570,377,063</b>	<b>1,895,238,863,962</b>

#### 34.3 Capital expenditure commitments

As at 31 December 2021, the Group had commitments of VND 82,010,419,004 principally relating to construction and development the Group's projects in wind power, hydropower and office for lease.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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### 36. CONTINGENCIES

*The lawsuit at Vietnam International Arbitration Centre ("VIAC"), No. 76/19 HCM*

On 11 April 2019, Vinh Son-Song Hinh Hydropower Joint Stock Company ("VSH"), the Group's subsidiary, submitted the lawsuit against Hydrochina Huadong Engineering Corporation and China State Railway Group Company Limited ("Huadong CR18G Consortium") claiming breach of contract at VIAC.

On 5 July 2019, Huadong CR18G Consortium submitted the statement of defense, claiming the lawsuit cost of USD 1 million ("Statement of Defense 1").

On 15 November 2019, the VSH withdrew its lawsuit files.

On 28 November 2019, Huadong CR18G Consortium submitted a revised counterclaim ("Statement of Defense 2").

On 14 February 2020, the VIAC Arbitration Committee announced the Award regarding the jurisdiction as:

- The Statement of Defense 1 dated 5 July 2019 was under the jurisdiction of the VIAC Arbitration Committee; and
- The Statement of Defense 2 dated 28 November 2019 was not under the jurisdiction of the VIAC Arbitration Committee.

On 20 March 2020, the VSH filed a Complaint to Hanoi People's Court related to the Arbitration Committee announcement that they have jurisdiction to settle the lawsuit files withdrawn by VSH and request the Court to reject the jurisdiction of the VIAC Arbitration Committee.

On 10 April 2020, the VIAC Arbitration Committee issued Procedure Order No. 1 and on 14 April 2020, VSH submitted its objection to Procedural Order No. 1.

On 3 June 2020, Huadong CR18G Consortium sent the Self-defense Statement and requested an additional counterclaim.

On 30 July 2020, Hanoi People's Court announced Decision 08/2020/QD-GQKN, approved the jurisdiction of the VIAC Arbitration Committee to continue on the lawsuit.

On 7 September 2020, VSH continued to file a Complaint to Hanoi People's Court related to the Arbitration Committee announcement that they have jurisdiction to settle the lawsuit files withdrawn by VSH.

On 22 October 2020, VSH filed request to Hanoi People's Court and the Hanoi People's Procuracy to explain Decision 08/2020/QD-GQKN.

On 21 December 2020, Hanoi People's Court issued a document to explain Decision 08/2020/QD-GQKN.

On 29 December 2020, VSH filed a request to the VIAC Arbitration Committee to reject the jurisdiction of the VIAC Arbitration Committee.

On 7 January 2021, VIAC Arbitration Committee decided that the hearing was re-scheduled to take place from 23 August 2022 to 27 August 2022.

On 2 August 2021, VIAC Arbitration Committee announced that the hearing was taken place from 15 August 2021 to 19 August 2022.

*The lawsuit at Binh Dinh People's Court*

On 25 August 2020, VSH submitted the lawsuit against Hydrochina Huadong Designing Institute and China State Railway Group Company Limited ("the constructors") claiming the compensation cost of VND 2,320,959,156,044 at Binh Dinh People's Court.

On 23 November 2020, the lawsuit was accepted by Binh Dinh People's Court.

On 18 March 2021, VSH filed a request to Binh Dinh People's Court to reject the written opinion dated 30 December 2020 of the KonTom Executive Office, and the written opinion dated 18 January 2021 of the constructors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2021 and for the year then ended**36. CONTINGENCIES (continued)***The lawsuit at Ha Noi People's Court*

On 30 July 2020, the VSH submitted a lawsuit to Ha Noi People's Court to request People's Court to force PetroVietnam Insurance Corporation for a claim of VND 43,150,320,450.

On 25 January 2021, the lawsuit was accepted by Ha Noi People's Court.

As at the date of these consolidated financial statements, the management assesses the risk of losses from these lawsuits as low and therefore, the Group has yet to make any provision.

**37. EVENT AFTER THE BALANCE SHEET DATE**

On 22 February 2022, the Company's Board of Directors issued Decision No. 09/2022/QD-HDQT regarding the establishment of REE Digital Company Limited ("REE Digital") with a registered charter capital of VND 1,000,000,000. The principle activities of REE Digital are building and developing a centralized data platform, providing a shared service model, commercialising REE's digital products and services, finding a startup model, and expanding the digital ecosystem for REE.

On 24 February 2022, according to the Enterprise Registration Certificate No. 2100673348 issued by the Department of Planning and Investment of Tra Vinh Province, the Company established REE Tra Vinh Wind Power Company Limited ("REE DGTV") with a registered charter capital of VND 868,000,000,000. Accordingly, REE DGTV has become a subsidiary of the Company since that date.

Except for above events, there have been no significant events that has arisen since the balance sheet date that requires adjustment or disclosure in the consolidated financial statements of the Group.



Pham Thi Uyen Phuong  
Preparer



Ho Tran Dieu Lynh  
Chief Accountant



Huynh Thanh Hai  
General Director

4 March 2022