



thegioididong.com

ANNUAL REPORT

MOBILE WORLD INVESTMENT CORPORATION

2019

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AUDITED FINANCIAL STATEMENTS



MESSAGE FROM THE CHAIRMAN

MESSAGE FROM THE CHAIRMAN

Dear Valued Shareholders, Customers, and all Employees of Mobile World Group (MWG),

In 2019, Vietnam successfully maintained its GDP growth of more than 7%. Within this growth, the value of wholesale and retail sales increased by 8.8% compared to 2018. This positive trend is expected to continue in 2020. Key driving forces for consumption growth in Vietnam in the coming years are characterized by the stable political and macro situation in the country, the improvement in disposable incomes and living standards, well-controlled inflation, and an increase of the middle-class as well as the continuous rise of urbanization.

This year also marked a critical milestone for MWG – a full 15 years of establishment and robust development, originally starting from a small entity operating just a few stores with a modest number of employees, having grown since then to become the No. 1 retailer in Vietnam in terms of revenue and net profit. By end of 2019, the Company's market capitalization was over \$2.2 bn USD, having increased tenfold during the last 5 years since its listing date in the Ho Chi Minh City Stock Exchange (HSX) in 2014. With more than 3,000 chain stores nationwide, MWG recorded consolidated net revenue of VND 102.17 tn and a consolidated NPAT of VND 3.836 tn in FY2019, equivalent to 18% and 33% YoY growth for revenue and net profit respectively. Although MWG is not a pure e-commerce platform, the Company's online sales reached VND 12.68 tn, equivalent to more than 12% of net MWG turnover. As a result, MWG generated the largest online revenue in the Vietnamese internet by total retail sales value in 2019.

With the relentless efforts of more than 55,000 employees, we are proudly recognized as the only Vietnamese enterprise in the Top 100 Asia-Pacific Leading Retailers list as voted by Retail Asia Magazine, and the Champion in Vietnam's Top 50 best performing companies award, honored by Nhip Cau Dau Tu Magazine.

Although the Vietnam's technical consumer goods market did not perform well in 2019, MWG is still gaining market share thanks to outstanding growth of all main categories. Therefore, the Company continued to dominate with a 48% mobile phones market share and a 38% consumer electronics market share. In December 2019, Dien May Xanh pioneered in becoming the only consumer electronics retailer with virtually nationwide coverage of 1,000 stores in 63 cities and provinces in Vietnam. Under the devoted guidance of the new and energetic CEO of The Gioi Di Dong and Dien May Xanh – Mr. Doan Van Hieu Em, the phone and consumer electronic retail chains that generated more than VND 90 trillion had many “quality” changes, and made significant efforts to exceed expectations. Some of these breakthrough initiatives involved: (a) the layout upgrade completion of all Dien May Xanh mini stores to optimize display capability and sales enhancement; (b) experiment of new segment categories, such as watch retail, (c) driving deeper existing sales channels with previously limited market share through setting up the ‘shop-in-shop’ model in its current store network; (c) piloting the Super Cheap phone shops and The Gioi Di Dong mini stores to serve new customer segments; and (d) launching the first consumer electronics store – Bigphone Plus – in Cambodia after 3 years penetrating the phone retail business in that country.

Thanks to the dedicated leadership of MWG Group's CEO – Mr. Tran Kinh Doanh, Bach Hoa Xanh chain made a remarkable development, recording net revenue and store-count as high as 2.5 times as that in FY2018. After 4 years since its inception, with 1,008 stores in 21 provinces, Bach Hoa Xanh generated more than VND 10 trillion in sales, making up approx. 10% of the total group's topline performance. With effective economy of scale combined together with implementing a fresh produce supply chain and implementing superior spoilage control practices more effectively, has produced a synergy in which the grocery retail business has consistently improved its gross profit on a consecutive basis over a period of years. When the chain had passed a key milestone of its 700th store in the month of August – 4 months ahead of schedule – MWG decided to accelerate Bach Hoa Xanh store openings and to penetrate further into the South-Central region of Vietnam right in 2019. This decision resulted in the requirement to correspondingly invest in new distribution centers (DC)/warehouses. This was a pivotal foundation for effective operations, and often was prepared in months before opening new stores in new provinces. Due to the low density of the store-count in provincial markets, the new DCs were operated under designed capacity. Consequently, the profit generated at the store-level had not entirely covered operating expenses of these new DCs as of yet.

In 2020, the mobile phones and consumer electronics retail business will remain as the main pillar to generate sales for the Company. Meanwhile, the grocery retail business is expected to achieve more than 100% YoY growth.

In order to conquer these challenging goals, MWG will continue to open new Dien May Xanh stores in qualified locations, in parallel with efforts to optimize each store's revenue through conversion from high-performing The Gioi Di Dong stores to Dien May Xanh mini stores, upgrade store layouts to optimize display areas and capture more sales, and add new categories and diversified options for current product groups. MWG aims to achieve more than 55% market share for mobile phones, and more than 50% market share for the consumer electronics segment in Vietnam by the end of 2022. In addition, the Company will open more Bigphone Plus stores in Cambodia to become the No.1 consumer electronics retailer in this market over the next 3 years.

For Bach Hoa Xanh, the most important targets in 2020 are quickly increasing the store-count and density in the South and South-Central provinces of Vietnam, along with enhancing the gross profit margin by continuously optimizing the purchase procedure and controlling optimal spoilage of perishable goods. Moreover, the Company will develop more small-scale DCs to effectively serve a local proximity area spanning approximately 50-100 stores in provincial markets across the country. The value of the grocery retail market is estimated to equal to sevenfold to tenfold of total technical goods consumption in Vietnam. Therefore, the significant focus upon the grocery retail business will concretely set into place sustainable development for MWG in the long run.

MWG will continue to pursue omni-channel development, in which brick-and-mortar stores and online platforms cooperate closely to ensure effective operation and focus on fulfilling the revenue and NPAT goals at the company-wide level. Instead of merely competing on price alone, the Company's online business will focus on creating outstanding distinctiveness in terms of its customer service as compared to other online players in the market. Online retailing will continue to offer fast, convenient, and reliable shopping experiences for customers. The Bachhoaxanh.com online business will serve customers out of Ho Chi Minh City, targeting to improve sales and quality of shopping experiences.

In 2020, MWG will launch its customer loyalty program, the first step to introduce a "super app" to connect and bring benefits to more than 30 million of MWG retail chain customers. We believe that the Company will continue to maintain its leading position, and the gap between MWG and other retailers in Vietnam will become larger and larger in the future

Last but not least, I would like to express my gratitude to MWG Shareholders for your trust in Mobile World Group over the years. We will always endeavor to deserve your business and support with your belief. We commit to operate MWG with a high level of transparency and strive to bring sustainable values for our long-term investors.

We wish you all a happy, prosperous, and successful New Year.



Nguyen Duc Tai
Chairman of Board of Directors



GENERAL INFORMATION

OVERVIEW

- Trading name: MOBILE WORLD INVESTMENT CORPORATION
- Certificate of business registration No: 0306731335 issued by Binh Duong Department of Planning and Investment
- Charter Capital (till 31 Dec 2019): 4,435,461,780,000 VND
- Owner's capital (till 31 Dec 2019): 12,143,592,194,353 VND
- Address: 222 Yersin, Phu Cuong Ward, Thu Dau Mot, Binh Dương province, Vietnam.
- Tel: (+8428) 8125960
- Fax: (+8428) 8125962
- Website: www.mwg.vn
- Securities code: MWG



BUSINESS LINES AND LOCATIONS

The current principal activities of the Company and its subsidiaries ("the Group") consist of trading; providing repair and maintenance services of phones; information technology equipment and accessories; cameras; digital equipment; electronic equipment; household appliances and related accessories; and retailing at the Group's chain of stores including foods, beverages, products from meats, seafood, and vegetables.

MWG operates multiple retail chains under the following brands: The Gioi Di Dong (thegioididong.com), Dien May Xanh (dienmayxanh.com), Bach Hoa Xanh (bachhoaxanh.com), Bigphone (bigphone.com), and Dien Thoai Sieu Re (dienthoaisieure.com).



Thegioididong.com

Established in 2004, from the original inception of an e-commerce model with a simple website introducing product information, Thegioididong.com has developed to become the No.1 mobile phone retailer in Vietnam with an extensive brick-and-mortar store network to support its online business.

The stores, typically spanning an area ranging from 100 to 200 sqm, specialize in selling mobile phones, tablets, laptops, accessories, sim cards, network services, etc.

At the end of 2019, Thegioididong continued to affirm its leading position with 996 stores nationwide



Dienmayxanh.com

By the end of 2010, the consumer electronics retail chain was launched under the name of Dienmay.com

In May 2015, dienmay.com was renamed to Dien May Xanh. The stores, typically spanning an area ranging from 500 to 1000 sqm, specializes in selling TVs, refrigerators, washing machines, air conditioners, microwaves, home appliances, mobile phones, tablets, laptops, accessories, sim cards, network services, etc.

In July 2016, Dien May Xanh attained virtually nationwide store coverage across 63 provinces and cities. In addition, mini-store concept with a size of 350 – 500 m² helped Dien May Xanh to go where the customers are by the most convenient touchpoints, and allowed this chain to be easily accelerated during the expansion phase

At the end of 2019, the total store count of Dien May Xanh reached 1,018 all over the country.



Bachhoaxanh.com

In late 2015, the first Bach Hoa Xanh store focusing on selling fresh foods & FMCGs was officially launched, touting the slogan "Buy Fast – Buy Cheap".

By the end of 2016, Bach Hoa Xanh completed its pilot phase, with 40 stores located in the Tan Phu and Binh Tan districts in HCMC. These stores generated positive revenue and received positive reviews from customers.

In 2018, Bach Hoa Xanh found the "Winning Formula" thanks to strategic changes in location quality and diversified product assortment, focusing on fresh produce.

By the end of 2019, Bach Hoa Xanh had 1,008 stores, strategically located in HCMC, as well as 20 other provinces in Southern and South-Central regions of Vietnam.

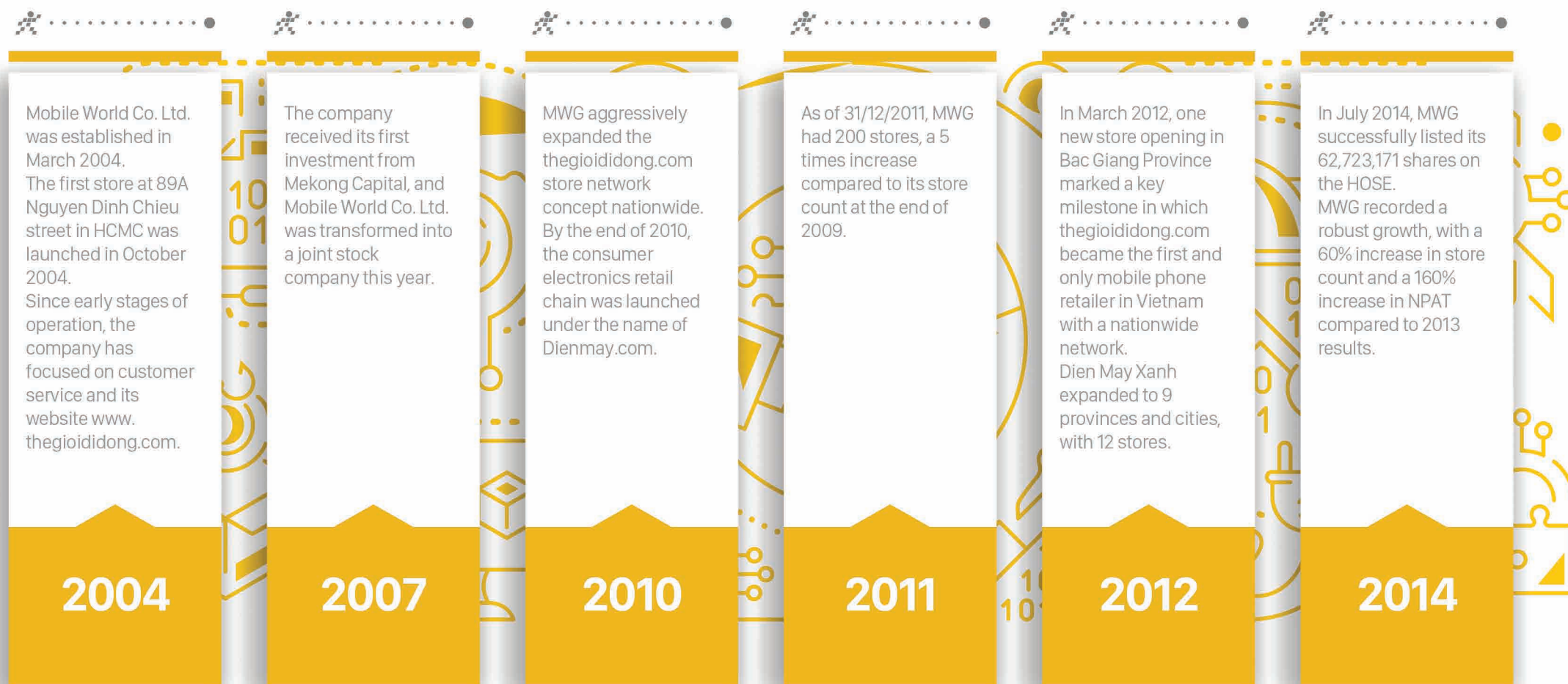
Bigphone.com

After 3 years since its inception, the retail chain of mobile devices, accessories, and telecommunication services in Cambodia had 18 stores in Phnom Penh, gaining more and more interest from local customers.

In December 2019, the first consumer electronics store named Bigphone Plus was opened in Cambodia.



HISTORY OF FORMATION AND DEVELOPMENT



Speed of opening new stores reached a new record with 5 new stores per week. Dien May Xanh became the retail chain of choice for consumer electronics in Vietnam, with the highest number of stores in the country, having covered 43/63 provinces and cities.

At the end of 2015, the company started a pilot phase of a grocery store chain, Bach Hoa Xanh.

2015

The Gioi Di Dong continued to dominate the mobile phone retail market, with 900 store outlets.

Dien May Xanh became the first nationwide consumer electronics retailer in Vietnam in July 2016. The chain reached more than 250 stores at the end of the year.

Bach Hoa Xanh grocery chain completed its pilot phase, with 40 stores at the end of 2016.

Business results were impressive, as NPAT jumped by 47% YoY.

The value of MWG reached \$1 bn USD at the end of the year.

2016

The Gioi Di Dong maintained its market leader position, and continued to improve customer service quality.

Dien May Xanh marked an aggressive expansion milestone, spanning over 640 stores covering all provinces and cities in Vietnam by the end of 2017.

Bach Hoa Xanh surged in terms of store count, with 300 stores by the end of the year.

MWG also piloted its mobile phone retail chain 'Bigphone' in the Cambodia market.

2017

The Gioi Di Dong and Dien May Xanh continued to dominate the Vietnam's technical consumer goods retailing market, with a 45% market share in mobile phones and a 35% market share of consumer electronics at the end of 2018.

Bachhoaxanh expanded its store network to many districts in Ho Chi Minh City and neighboring provinces, officially having accomplished the EBITDA break-even point at the store level.

Furthermore, MWG completed acquisition of a majority stake in Tran Anh Digital JSC, one of the biggest consumer electronics retailers located in Northern Vietnam.

In addition, MWG acquired the minority shares of An Khang Retail JSC, which owned a pharmacy chain located in HCMC.

2018

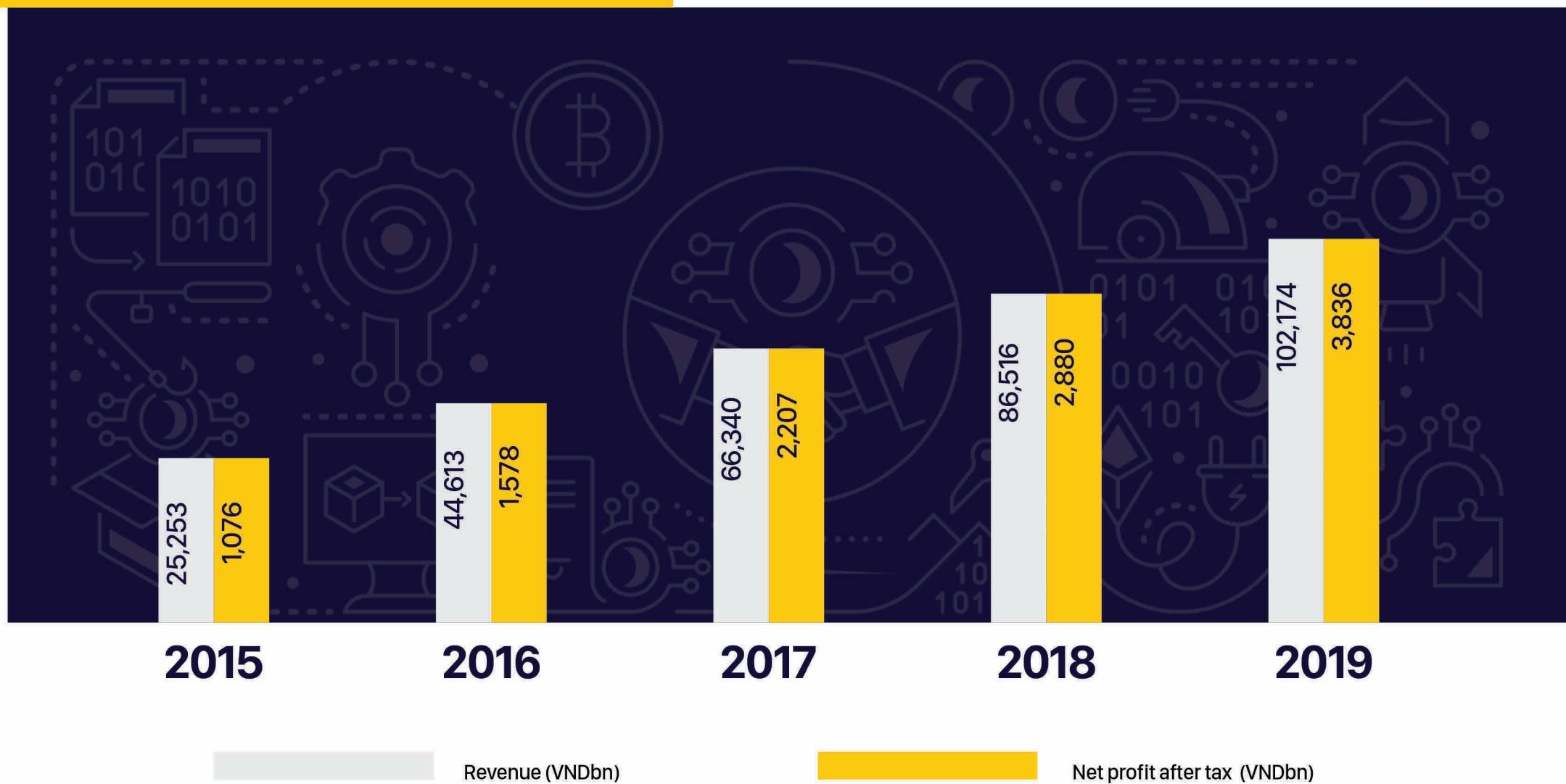
Market share of mobile phones as well as consumer electronics continued to improve to reach 48% and 38% respectively by the end of 2019. Store count was also positive at this time. By year-end 2019, The Gioi Di Dong had 996 stores and Dien May Xanh had 1,018 stores. Since March 2019, fashion watches were added into a number of The Gioi Di Dong and Dien May Xanh stores, and brought a very positive result.

In order to gain more market share from mom & pop shops, in August 2019 MWG launched its Super Cheap phone chain named Dien Thoai Sieu Re, and ended the year with 17 stores.

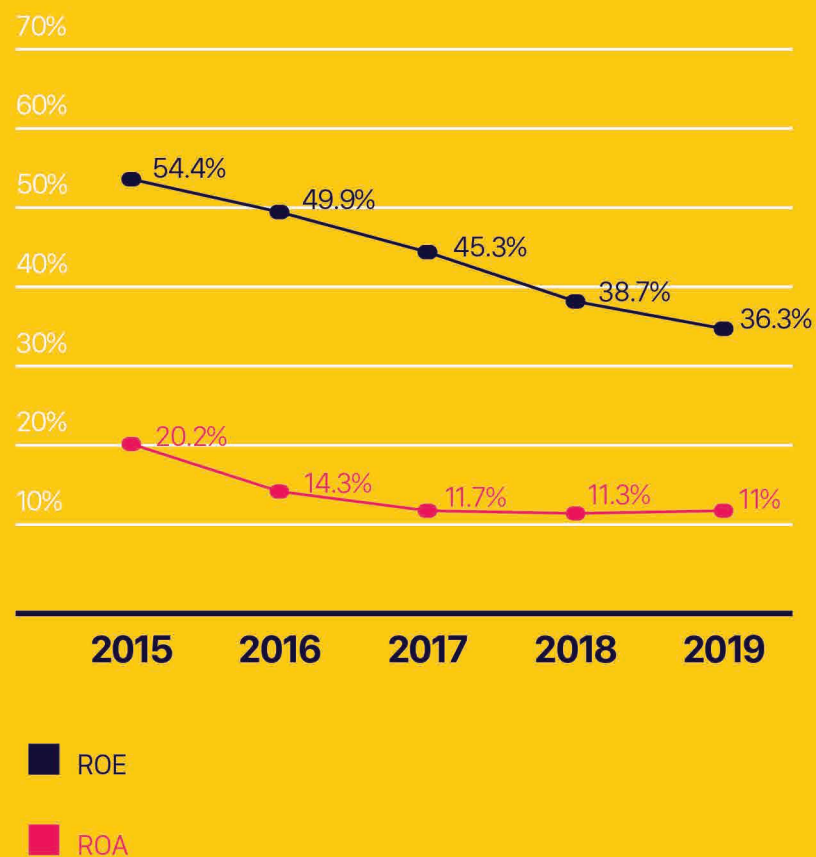
Bach Hoa Xanh had a year of opening a huge number of stores with more than 600 new stores, lifting the total number of Bach Hoa Xanh stores to 1,008.

2019

5 – YEAR PERFORMANCE

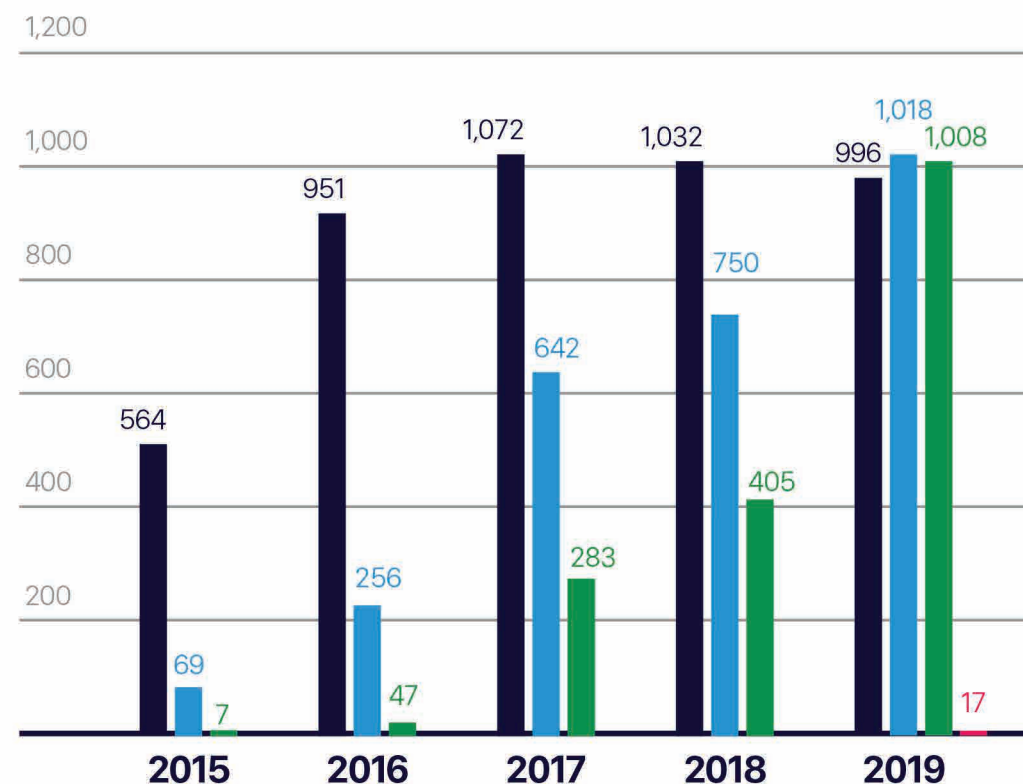


Profitability



YEAR	2015	2016	2017	2018	2019
Total store count	640	1,254	1,997	2,187	3,039
(*) Stores selling phones	633	1,207	1,714	1,782	2,031

Number of stores in Vietnam



ORGANIZATIONAL STRUCTURE AND COMPANY STRUCTURE

ORGANIZATIONAL STRUCTURE:



ORGANIZATIONAL STRUCTURE AND COMPANY STRUCTURE

COMPANY STRUCTURE

No.	Name of subsidiary	Address	Core business	Paid-in charter capital (VNDbn)	Ownership%
1	The Gioi Di Dong Information Technology Limited Company	Suite T2-1.2 , D1 Street, Saigon Hi-tech Park, Tan Phu Ward, District 9, HCMC	Information technology	538	100%
2	The Gioi Di Dong Joint Stock Company	128 Tran Quang Khai street, Tan Dinh ward, District 1, HCMC	Trading of electronic equipment	2,027	99.95%
3	Bach Hoa Xanh Trading Joint Stock Company	128 Tran Quang Khai street, Tan Dinh ward, District 1, HCMC	Trading of food	3,629	99.95%
4	Tran Anh Digital World Joint Stock Company	1174 Lang street, Lang Thuong ward, Dong Da District, Hanoi	Trading of electronic equipment	861	99.33%
5	Conscientious Installation - Repair - Maintenance Service Company Limited	128 Tran Quang Khai street, Tan Dinh ward, District 1, HCMC	Repair of machinery, equipment	Indirect investment	100%
6	MWG (Cambodia) Co., Ltd	8, 245, Phum 13, Tonle Basak, Chamkar Mon, Phnom Penh, 12301, Cambodia	Trading of electronic equipment	Indirect investment	99.95%

	Name of associate	Address	Core business	Paid-in charter capital (VNDbn)	Ownership%
	An Khang Retail Joint Stock Company	128 Tran Quang Khai street, Tan Dinh ward, District 1, HCMC	Trading of medicines	62	49%

DEVELOPMENT STRATEGIES

VISION

MWG is the most powerful retail group across diversified categories, and the market leader in B2C e-commerce.

Main targets in 2020-2022 for Thegioididong (TGDD) & Dien May Xanh (DMX) are to continue market share expansion in order to consolidate the Company's No.1 position, complete with a 55% mobile phone market share and 50% consumer electronics market share by the end of 2022.

The main objective for the 2020-2022 period for Bach Hoa Xanh (BHX) includes: Expanding store network, increasing location coverage, increasing market share, and improving profit margins. In 2022, BHX is expected to generate over 30% of MWG total revenue

MISSION

MWG continuously innovates to offer customers outstanding experiences, based on our customer-centric culture and integrity.

MWG brings prosperity to employees, provides high ROI for long-term investors, and contributes charitable funds to society.

CORE VALUES

Being wholehearted to customers

Make commitments and take responsibility

Mutual affection and teamwork

Be honest about money and relationships

Be passionate in working

GROWTH POTENTIAL



A young population of over 100 million people have been increasing consumption levels over the years.



Mobile phone manufacturers have captured the essence of customer demands much more comprehensively, which has enabled the Company in turn to constantly improve and launch new products. Flexible and simple financing options allow customers to easily own their favorite products.



The consumer electronics (CE) market is still fragmented. This creates opportunities for a couple of companies to gain more market share. Household penetration of customer electronics products (washing machines, refrigerators, air-conditioners, etc.) is still low, at about under 50%.



The market size of the grocery retail market is over \$70 bn USD, accounting for more than 60% of total retail value in Vietnam. More than 90% of the market demand is still served by traditional trade channels. There are not many companies participating in the mini-mart segment.



Online shopping has become a future consumption trend. Thus, online growth potential is huge, especially with the omni-channel model which has become an advantage of retailers which have an extensive physical store network.

RISKS

With the nature of its business activities centered in the field of phone, consumer electronics, fresh food, and FMCGs retail, MWG has the following main risks:

STRATEGIC RISKS

Risk of industry saturation

The growth of the domestic phone and consumer electronics retail industry is experiencing a slowdown, causing a great challenge in maintaining the company's double-digit growth rate.

To maintain high growth, the company has been proactive in increasing the number of new items in the mobile phone and consumer electronics categories. In addition, the company proactively expanded into new categories of food and FMCGs, which are estimated to reach \$60 bn - \$70 bn USD a year, much higher than the total scale of \$10 bn USD for mobile phone and consumer electronics. In addition, the company also actively approaches new customers and overseas markets.

Risk of competition with other retailers

As Vietnam is becoming more and more involved in many global economic agreements, conditions to limit the investment of foreign retail businesses in Vietnam are gradually being removed. As a result, the number of large foreign retailers participating in the Vietnamese market is increasing, causing competitive pressure upon MWG. This is especially the case when competitors with strong economic advantages and deep pockets are willing to bear losses in the short term to win a price war.

MWG maintains the business philosophy of putting customers first, and of maintaining the best service quality for customers to maintain the loyalty of not only its existing customers, but also in reaching new customers.

Macroeconomic risks

Risks of unstable exchange rate, natural disasters, epidemic diseases may affect disposable income of consumers in the future. These are the most difficult risks for the Company to control.

Given these risks, MWG will try to minimize the impact of exchange rate fluctuations of business results by financial measures and contingency plan. In addition, the company regularly monitors the macroeconomic situation, and adjusts plans as needed.



LEGAL RISK

Risk of litigation

The possibility of being brought to court because an individual of the Company or the Company provides products or services that are not in accordance with the original commitment.

The Company takes measures to identify and minimize litigation risks, such as ensuring product safety and complying with all applicable laws and regulations.



OPERATIONAL RISKS

Risk of reducing inventory value

- Mobile phone, consumer electronics

When a new model is launched to the market, the price of the older model will be reduced by the manufacturer. If enterprises do not manage inventory well, they will not be guaranteed by manufacturer for obsolete inventory of the older model.

MWG has built an excellent ERP system to track the path of each phone separately according to IMEI (International Mobile Equipment Identity) to ensure strict FIFO (First in First out) inventory accounting control, thus most inventories are guaranteed by manufacturers.

- Food, FMCGs

Entering a new field of trading fresh food and consumer goods (FMCG), with strict methodologies to manage 'short' and 'very short' product life cycles for perishable goods. Fresh foods (vegetables) can only be stored until 21:00 every day; fruit holds up to 1-2 more days beyond that. If grocery businesses do not endeavor to effectively control the spoilage rate of perishable goods at an acceptable level, the reduction of inventory value would otherwise be quite high.

MWG has built an ERP system to manage expiry dates of consumer goods (FMCG), accurately reporting the remaining use time of each product, and thereby taking measures to promptly handle inventories.

For fresh food, the Company is building a control system to maintain the lowest rate of spoilage of perishable goods to minimize the loss of inventory value for the grocery chain.

Human resource risk

The increasing number of employees makes human resource management a more challenging endeavor, with such concerns such as loss prevention control through mitigating employee misappropriation incidents, as well as stemming the tide of instances of brain drain.

MWG has been taking a series of measures to make human resource management easier such as (i) building an honest culture for all employees; (ii) developing appropriate remuneration mechanisms; (iii) establishing an internal control team to assist IT with periodic inspection to prevent abnormalities; (iv) developing specific policies with third parties such as goods suppliers or customers.



OPERATION

HIGHLIGHTS IN 2019

Net Revenue: VND 102.17 tn

Net profit after tax: VND 3.836 tn

Scale of more than 3,000 stores, including: 996 The Gioi Di Dong stores, 1,018 Dien May Xanh stores, 1,008 Bach Hoa Xanh stores, 17 Dien Thoai Sieu Re stores, 18 Bigphone stores and 1 Bigphone Plus store in Cambodia.

On average, MWG opened 2 new stores per day in 2019.

Both Dien May Xanh and Bach Hoa Xanh reached a milestone of 1,000 stores for each chain in December 2019.

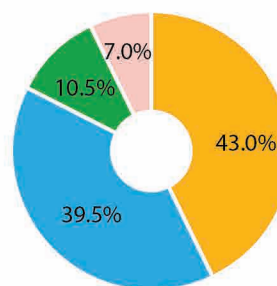
Online revenue reached VND 12.682 tn, occupying 12% of total revenue. With such results, MWG was the national leader in terms of online revenue by total retail sales value for the Vietnamese internet vs. its competitors in 2019.

Over 58,000 employees

BUSINESS PERFORMANCE

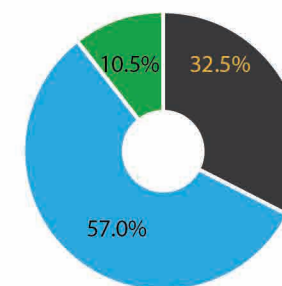
2019 actual results vs. targets

Items	Actual 2019 (VND tn)	Target 2019 (VND tn)	Actual vs. Target	Actual 2018 (VND tn)	Growth rate
Net revenue	102.174	108.468	94.2%	86.516	18.1%
Net Profit After Tax	3.836	3.571	107.4%	2.880	33.2%



- Phones, tablets, laptops & accessories
- Consumer electronics
- Fresh foods and FMCGs

(*) *Others including sim, cards, services,...



- thegioididong
- dienthoaiSIEU...
- Điện máy XANH
- Bách hóa XANH

HIGHLIGHTS IN 2019

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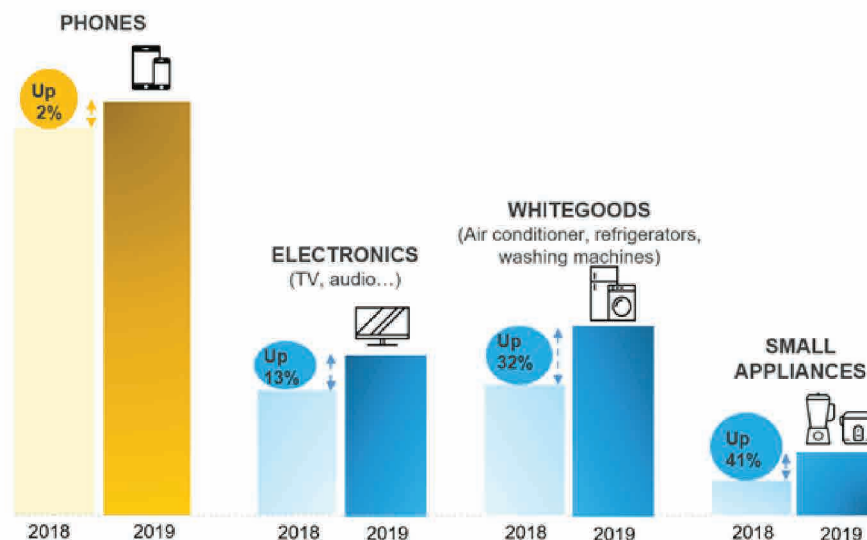
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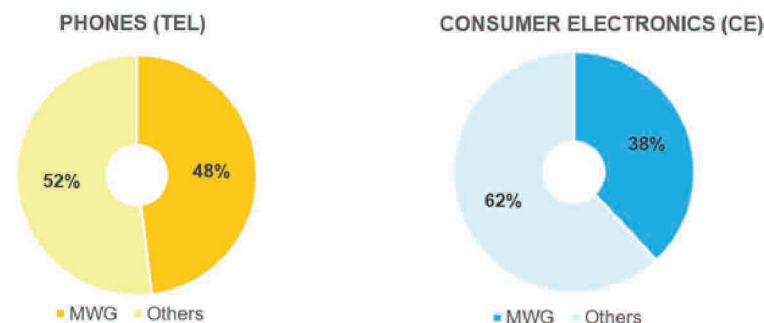
Over 58,000 employees

BUSINESS PERFORMANCE

The MAIN PRODUCT GROUPS
accounting for approx. 80% of MWG's Total Sales
recorded **HIGHER REVENUE GROWTH** vs. the overall market



MWG has **expanded the market share continuously**, thus **widening the gap with other peers in Vietnam**



(*) Estimation of the Company based on GFK's statistics 2019

GROWTH STRATEGIES IN 2019

TGDD and DMX had "QUALITY" changes, representing significant efforts to exceed expectations:

- While the general market overall has recorded a flat or declining trend for sales in terms of value in almost categories of Vietnam's technical consumer goods (excluding the 30% YoY growth for air conditioners and +10% for laptops), MWG has maintained a positive growth track record for all of its key products. Reflecting this trend, sales increased by 2% YoY for phones, 10%-20% YoY for laptops - electronics - other white goods and approx. 60% YoY for air conditioners. This has led towards MWG being able to continuously expand its market share, and thus in the process widen its gap with other peers in the market.
- Completed the layout upgrade for ~500 mini-DMX stores (the early 2019 plan was to upgrade 200 stores).
- Experimented in watch retail, with almost 430,000 timepieces sold in 253 stores (shop-in-shop model in TGDD and DMX) since Mar 2019. This business earned approx. VND 800 bn for MWG in just 10 months.
- Pushed sales for laptops in 26 laptop centers and ~500 stores of TGDD & DMX since Sept 2019. This category recorded over 30% YoY sales growth in the last 4 months of 2019.
- Piloted 17 "Super Cheap Phones" (DTSR) since Aug 2019 to focus on serving price-sensitive customers.
- Opened the first CE store named Bigphone Plus in Cambodia after 3 years of piloting the phone retail chain named Bigphone in that country.

Robust development of BHX:

- BHX revenue reached VND 10.77 trillion, 2.5 times higher than that in 2018. BHX surpassed its 700th store and attained a monthly revenue of 1 trillion VND by August (4 months earlier than target).
- Expanded its store network in 21 Southern and South-Central Coast provinces in Vietnam during 2019, a departure from the earlier strategy of only focusing on HCMC in 2018.
- On average for the whole year, monthly sales per store reached VND 1.3 billion in 2019, jumping by 45% compared to VND 900 million in 2018.
- Same-store-sales growth (SSSG) of BHX opened before 1 January 2018 recorded more than 20% YoY. All SSSG calculated stores located in HCMC was operated in a stable fashion and had average monthly sales per store of over VND 1.4 billion. Time is needed for customers in the provincial market to gradually switch from shopping in traditional stores to that of modern channels.
- Gross profit margin after spoilage and shrinkage in 2019 was over 19%, expanding more than 3% compared to that in 2018. GPM at year-end (Dec 2019) reached more than 20%.
- Fresh, chilled, and frozen foods comprised ~50% of total BHX revenue in 2019 (vs. approx. 40% in 2018).

Rewards and recognitions in 2019

MWG won the following national and international awards, as issued by prestigious institutions:

- The only Vietnamese representative in the Top leading 500 Asia-Pacific Retailers.
- The champion in Top 50 best performing companies in Vietnam in 2019 honored by The Business Review (Nhịp Cầu Đầu Tư) magazine.
- For the 5th time in a row, to be honored in Vietnam's 50 Best Listed Companies in 2019 by Forbes.
- The 2nd largest private enterprises in Vietnam 2019 (VNR 500) in 2019.

BUSINESS PLAN IN FY2020

TGDD & DMX: Mobile phones and consumer electronics will remain as the main pillar to generate sales for the Company in 2020, attributable to:

- Selectively picking qualified locations to open new DMX stores, converting well-performing TGDD stores to DMX mini-stores to gain more revenue.
- Changing layout format of DMX large stores in order to increase the display area for electric appliances and household appliances.
- Adding new product categories, and expanding more brands and SKUs for current product groups.
- Piloting the TGDD mini-store concept to be able to deeply penetrate to suburban districts and communes where economic conditions as well as population density or size are not viable enough for MWG to open TGDD standard-size stores.
- Continuing to open consumer electronics stores as well as mobile phones stores in Cambodia, targeting to gain the biggest market share in the next 3 years.

Bach Hoa Xanh: Fresh foods & FMCGs are expected to record a growth rate of over 100% YoY. The most important targets of BHX in 2020 includes: (i) accelerating the store opening in Southeast and South-Central region of Vietnam to gain more market share; (ii) Continuing to increase monthly sales/store and improving the gross margin.

Online: In 2020, MWG plans to continue applying the same sales pricing policy for both the online channel and offline stores to ensure the best operation of the MWG omnichannel, leveraging the convenience, and distinctiveness of MWG's superior customer service quality. The company maintains a target that Thegioididong.com and dienmayxanh.com continues to be the No.1 phone and consumer electronics shopping website in Vietnam. Meanwhile, Bachhoaxanh online is planned to expand to other locations outside of HCMC, with a focus on increasing revenue as well as customer service quality in 2020.

ORGANIZATION AND HUMAN RESOURCES

BOARD OF DIRECTORS



Mr. Nguyen Duc Tai
Co-founder
Chairman

- Graduated from University of Economics of Ho Chi Minh City, majoring in Finance and Accounting.
- MBA Degree from the Centre Franco-Vietnamien de formation à la Gestion – CFVG.
- Hold various key positions in the Company as Finance and Accounting, Marketing, Logistics, Store Network Development, and Executive Management.



Mr. Tran Kinh Doanh
Member of Board of Directors

- Graduated from the University of Economics of Ho Chi Minh City, majoring in Economics.
- Has held various key positions in the Business Development Division since 2007
- Led the successful expansion of thegioididong.com and Dien May Xanh systems in 63 provinces and cities.
- 2013 – Member of Board of Directors
- 2014 – 09/2018: CEO of Mobile World JSC
- 2016 – present: Executive Chairman of Bach Hoa Xanh Trading JSC
- 2018 – present: CEO of the Company



Mr. Dieu Chinh Hai Trieu
Co-founder
Member of Board of Directors

- Graduated from the University of Science, majoring in Information Technology
- Set up the initial platform for the information technology system of the Company



Mr. Dang Minh Luom
Member of Board of Directors

- Bachelor Degree of Business Administration, majoring in Human Resources Management
- Human Resources Director of Mobile World JSC since 2007
- Member of Board of Directors since May 2014.
- Currently: Human Resources Director of the Company

BOARD OF DIRECTORS



Mr. Thomas Lanyi
Member of Board of Directors

- Austrian citizen
- Director of CDH Investment Advisory Pte. Ltd.
- An independent member of Board of Directors.



Mr. Robert Alan Willett
Member of Board of Directors

- British citizen
- Former CEO of Best Buy International
- An independent member of Board of Directors and Senior Advisor of the Company since April 2013



Mr. Dao The Vinh
Member of Board of Directors

- Master of Science Numerous Prediction
- Chairman cum CEO (Golden Gate Trade and Service JSC)



Mr. Doan Van Hieu Em
Member of Board of Directors

- Bachelor Degree of Accounting
- General Director (Mobile World JSC)

BOARD OF MANAGEMENT



Mr.
Tran Kinh Doanh
CEO of Mobile World
Investment
Corporation



Mr.
Doan Van Hieu Em
CEO of Mobile World
JSC



Mr
Nong Van Dung
CEO of Bach Hoa Xanh
Trading JSC



Mr
Quach Vinh Nam
Head of TGDD –
DMX National Sales



Mr
Phung Ngoc Tuyen
Category Director
of ICT products



Mr
Tran Van Hoang
Category Director of
CE products



Mr
Dang Minh Luom
HR Director



Mr
Pham Van Trong
CEO of Mobile World
Information
Technology Ltd.



Mr
Doan Trung Hieu
CEO of Conscientious
Installation – Repair –
Maintenance Service
Company Limited



Ms
**Nguyen Thi
Ngoc Thuong**
Category Director of
Bach Hoa Xanh
(Foods and FMCGs)



Mr
Do Tuan Anh
Head of Logistics &
Supply chain



Mr
Vu Dang Linh
CFO



Mr
Bui Ngoc Tin
Head of IT



Ms
Le Thao Trang
Head of Marketing



Ms
Hoang Khanh Chi
Head of Customer
Experiences



Ms
Ly Tran Kim Ngan
Chief Accountant



Ms
Le Thi Thu Trang
Head of IR &
Investment

BOARD OF SUPERVISORS



Mr.
Tran Huy Thanh Tung
Chief of Board of Supervisors

2007 - 2013: Chief Accountant
and CFO of the Company

At the end of 2013 - Currently:
Chief of the Board of
Supervisors



Mr.
Hoan Huu Hung
Member of Board of Supervisors

Former-Assistant Manager,
Acting Manager - Audit of KPMG
Vietnam Company

Head of internal Control Depart-
ment of Mobile World JSC

Member of the Board of
Supervisors - term 2017 -2020



Mrs.
Do Thi Loan
Member of Board of Supervisors

Bachelor of Accounting in Nha
Trang University

Bachelor of Laws in Ho Chi Minh
City University of Law

Member of the Board of
Supervisors of Mobile World JSC
since March 2018

FINANCIAL STATUS

Financial figure (VND tn)	2017	2018	2019	% change 2019 vs. 2018
Total asset	22.823	28.123	41.708	48.3%
Net revenue	66.340	86.516	102.174	18.1%
Profit from operating activities	2.988	4.126	5.259	27.5%
Profit before tax	2.809	3.786	5.053	33.5%
Profit after tax	2.207	2.880	3.836	33.2%



FINANCIAL STATUS

Benchmarks	2017	2018	2019
SOLVENCY RATIO			
Current ratio	1.2	1.3	1.2
Quick ratio	0.4	0.3	0.3
Net debt/EBITDA	1.0	0.6	1.0
Inventory days	70.8	75.6	95.3
Receivable collection period	4.6	3.8	1.1
Payable payment period	39.9	40.0	44.8
Cash conversion cycle	35.6	39.4	51.7
CAPITAL STRUCTURE RATIO			
Total liabilities/Total assets	0.7	0.7	0.7
Total liabilities/Owners' Equity	2.9	2.1	2.4
Debt/Equity	1.2	0.8	1.2
OPERATION CAPABILITY RATIO			
Inventory turnover	5.2	4.8	3.8
Total asset turnover	3.5	3.4	2.9
PROFITABILITY			
Gross profit margin	16.8%	17.7%	19.1%
Operating margin	4.5%	4.8%	5.1%
Selling expenses/ Net revenue	10.6%	11.2%	12.2%
Administration expense/Net revenue	2.0%	2.0%	2.0%
Net profit margin	3.3%	3.3%	3.8%
ROE	45.3%	38.7%	36.3%
ROA	11.7%	11.3%	11.0%
ROIC	22.4%	22.4%	20.2%

FINANCIAL STATUS

► Notes:

- a. Current ratio as well as quick ratio continued to be stable in 2019.
- b. Inventory days increased from 75 days to more than 95 days due to the following reasons: (i) The number of MWG stores increased sharply from 2187 stores in 2018 to 3039 stores at the end of 2019, not including Bigphone; (ii) electronics products have become increasingly important towards total revenue, and CE has increased from 37% in 2018 to 39.5% of total revenue in 2019. Note that the average inventory days of consumer electronics is often higher than that of phones; (iii) Lunar New Year 2020 was in January 2020, thus the company proactively stocked more inventories in December to serve for the highly anticipated Tet season. Meanwhile, Lunar New Year 2019 fell on February last year.
- c. Total liabilities to total assets ratio is stable, at 0.7x in 2019. However, the net debt to equity ratio increased from 0.8 times to 1.2 times as the Company took advantage of short-term borrowings to stock inventory for the Tet season. This ratio is completely within the control of the company.
- d. Net profit margin increased significantly on a YoY basis, mainly due to the improvement of the gross profit margin. The gross profit margin increased sharply thanks to economy of scale, as well as from a well-managed product portfolio.
- e. ROE decreased by 2.4 percentage points compared to 2018 to remain at 36.2%. This was partly due to an increase of equity which is driven by higher retained earnings from 2018. In addition, while the TGDD and DMX chains continued to generate profit growth, the Bach Hoa Xanh chain – the main growth driver for the Company since 2022 – was still in the investment phase for expansion and not yet generating profit.

SHAREHOLDERS STRUCTURE & CHANGE IN OWNER'S EQUITY

SHARE ISSURANCE & CHANGE IN OWNER'S EQUITY

In 2019, the Company completed the issuance of 50,000 ordinary shares to its key employees in accordance with the Shareholders' Resolution dated 22 March 2019 and the Board of Directors' Resolution dated 23 August 2018. On 24 October 2019, the Company received the amended ERC issued by the DPI of Binh Duong Province, approving the increase in charter capital from VND 4,434,961,780,000 to VND 4,435,461,780,000



SHARES IN 2019

- . Total issued shares: 443,546,178 shares
- . Treasury shares: 856,236 shares. In 2019, the Company purchased 486,951 treasury shares mainly from withdrawing ESOP shares from employees.
- . Outstanding shares: 442,689,942 shares.



SHAREHOLDER STRUCTURE, CHANGE OF OWNER'S CAPITAL

SHAREHOLDERS STRUCTURE



NO	SHAREHOLDERS	NO. OF SHARES	Proportion of ownership (%)	No. of shareholders	Shareholder structure	
					Institutional	Individuals
1.	Founders	21,555,197	4.9%	4		4
	Domestic	21,555,197	4.9%	4		4
	Foreign					
2.	Big shareholders	140,365,955	31.6%	12	12	
	Domestic	90,151,445	20.3%	2	2	
	Foreign	50,214,510	11.3%	10	10	
3.	MWG's Managers and Employees	52,174,958	11.8%	3,835		3,835
	Domestic	52,174,958	11.8%	3,835		3,835
	Foreign					
4.	Other shareholders	228,593,832	51.5%	8,190	200	7,990
	Domestic	61,470,715	13.9%	8,044	87	7,957
	Foreign	167,123,117	37.7%	146	113	33
5.	Treasury shares	856,236	0.2%			
	Total	443,546,178	100.0%	12,041	212	11,829

REPORT OF THE COMPANY'S RELATED IMPACTS ON THE ENVIRONMENT AND SOCIETY

COMMUNITY CONTRIBUTIONS

- Mai Am The Gioi Di Dong charity fund was granted establishment license No. 25 / QD-UBND dated January 5, 2019 by the People's Committee of Binh Duong Province, and was recognized as a Fund eligible to operate under Decision No. 575 / QD-UBND dated 18 / 03/2019. Mai Am The Gioi Di Dong is a non-profit organization and a 100% financially transparent fund aiming to: (i) support living expenses for students in the form of non-refundable scholarships or non-interest loans which allowed to repay after graduation and working; (ii) Building and operating charity houses to orphans and helpless children.



- In 2019, MWG launched 3 blood donation initiatives from internal staff. As a result, 800 blood bags were collected and sent to hospitals to support patients.
- On the occasion of the New Year of the Rat and the milestone of 1,000 Dien May Xanh stores nationwide, Dien May Xanh accompanied Panasonic, Midea, Kangaroo, Sunhouse and Happycook to give 10,000 rice cookers to disadvantaged families nationwide. The list of local poor households to be given gifts have to meet specific criteria as certified by the local government.



REPORT OF THE COMPANY'S RELATED IMPACTS ON THE ENVIRONMENT AND SOCIETY

ENVIRONMENTAL CONSCIOUSNESS

• Energy savings

MWG continued to maintain its activities and campaigns to improve energy saving awareness at its head office and all stores nationwide.

All of its stores are equipped with energy saving and environment friendly equipment such as equipment made from recyclable materials, led lights, auto-off timers, and each location fully meets requirements on fire prevention best practices.

Since 2013, all MWG stores have been equipped with an automatic sensors for sign board lights. These turn on at 6:00 PM or when it is dark enough, and turn off automatically at 10:00 PM.

In addition, a smart system was designed to automatically turn on lights and air conditioners at 7:00 AM and automatically turn off at 11:00 PM every day at MWG's stores.

• Increasing usage of biodegradable plastic packages

As a retail company, MWG uses many bags during point-of-sale for its customers. In order to mitigate the use of plastic bags for environmental reasons, the Company has mandated that The Gioi Di Dong and Bach Hoa Xanh chains use bags made of biodegradable plastic.

REPORT OF THE COMPANY'S RELATED IMPACTS ON THE ENVIRONMENT AND SOCIETY

POLICIES RELATED TO EMPLOYEES

• Number of employees, remuneration for employees

By the end of 2019, total number of MWG employees was more than 58,000 employees. The following is the specific number of employees for each division:

Division	2018	2019
Online	596	490
IT	370	412
Logistics	2,485	10,609
Administration – Human resources	94	151
Enterprise development	897	1,221
Offline stores	36,139	44,981
Finance & Accounting	444	548
Grand Total	41,025	58,412



MWG always fulfills its obligations to pay taxes and compulsory insurance for all employees of the Company.

In addition to the monthly salary, the sales staff also has bonuses based on sales productivity, service rewards, and one-time rewards from motivational programs.

Attractive year-end bonuses: Employees received from 3x to 12x average monthly income depending on position, rank as well as contribution portion to complete annual plan of the Company. Store managers received not only cash bonus but also stock bonuses.

Internal promotion policies: only after 6 months, MWG employees can be eligible to serve at manager level positions.



REPORT OF THE COMPANY'S RELATED IMPACTS ON THE ENVIRONMENT AND SOCIETY

ENVIRONMENTAL CONSCIOUSNESS

• Labor policies to ensure health, safety and wealfare of workers

Employees are entitled to a discount from the company's products (TGDD, DMX).

In addition to the social insurance regime in accordance with Vietnam government regulations, employees are also entitled to health insurance for themselves and their families, as well as accident insurance.

Team-building tourism

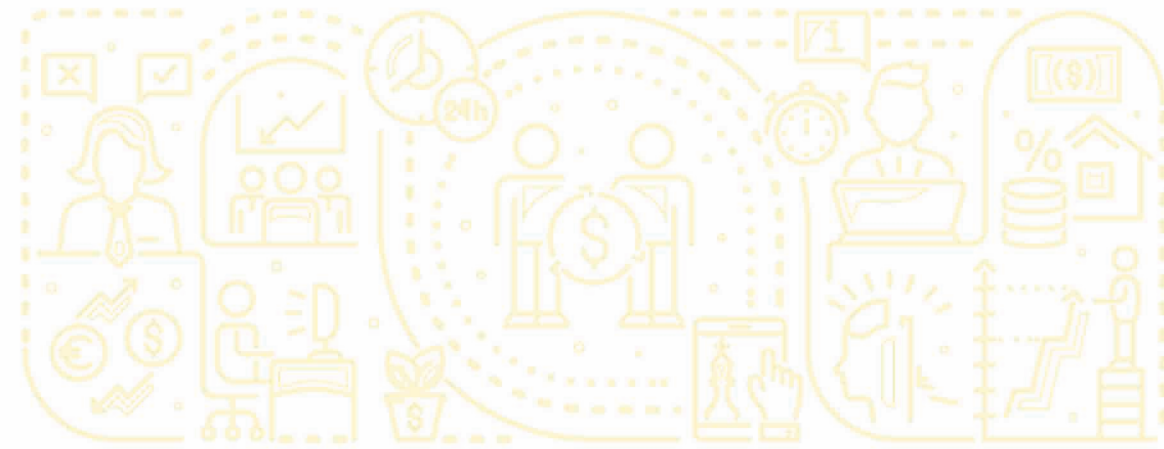
Union members have Tet gifts, birthday gifts, mid-autumn festival gifts, and many other activities.

Other policies related to marriage, funeral benefits, etc.

• Activities of training employees

The training department of the Company always strives to design specialized courses as well as soft skills courses to suit each department. In 2019, the training department organized a total of 1,632 training courses, attracting 93,240 attendance counts among all MWG employees, equivalent to an average training time of 10 hours per employee.

The labor relations division and Company union always accompanies and listens to the thoughts and aspirations of employees at all levels and departments in order to solve problems, timely support, and to call for help to solve difficult family circumstances.





CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

1. REPORT OF BOARD OF DIRECTORS

A. BOARD OF DIRECTORS REPORT ON COMPANY PERFORMANCE IN 2019

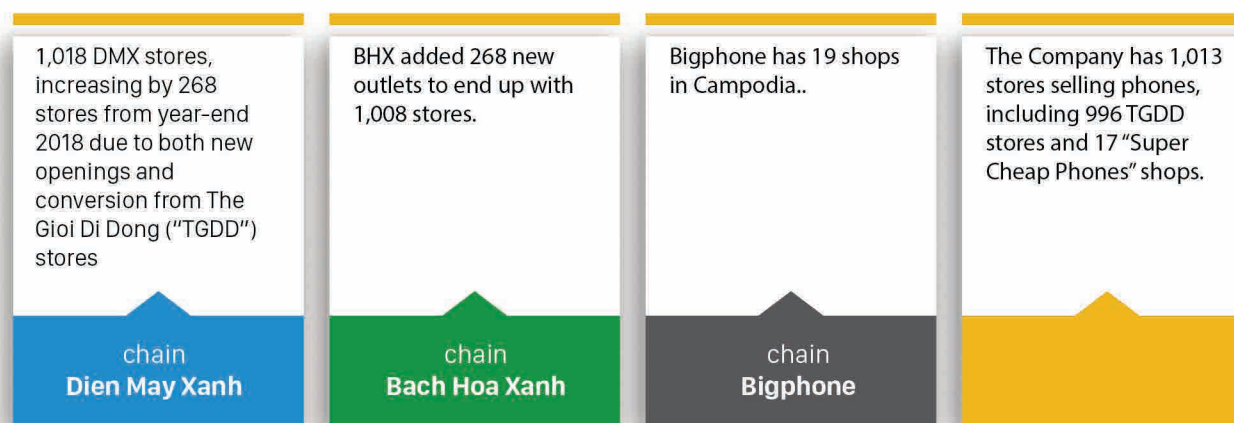
MWG recorded a consolidated net revenue of VND 102.174 tn (+18% y-o-y growth) and net profit after tax of VND 3.836 tn (+33% YoY growth) for the whole year of 2019. As a result, MWG achieved 94% of its revenue target and fulfilled 107% of the net profit target for FY2019. MWG has continued to be the No.1 retailer in Vietnam, and is the only Vietnamese representative in the Top 100 Asia-Pacific Retailers list.

Online revenue for the 12 months of 2019 reached VND 12.68 tn, equivalent to more than 12% of MWG total net revenue. MWG had the biggest online revenue in the Vietnamese internet by total retail sales value in 2019.

The gross profit margin for 2019 was recorded at 19.1% (adding 1.4% to the gross profit margin in 2018). This has been the highest-ever gross profit margin MWG has recorded in the Company's history.

The gross profit margin of all product segments has been improved from Q3 2019 thanks to MWG proactiveness in expanding its product assortment and pushing sales from diversified brands, SKUs, as well as price ranges. Many low to mid-end products were consumed by a large volume, and brought good profit to the Company.

The total store-count of MWG reached 3,058 at year-end 2019, equivalent to more than 2 new stores opened per day. Of which, Dien May Xanh ("DMX") and Bach Hoa Xanh ("BHX") officially passed the milestone of 1,000 store each chain in Dec 2019. In particular:



Regardless of the impact on the Company's net profit caused by higher operation cost/revenue ratio in an aggressive expansion period, the net profit margin of MWG still reached 3.8% in 2019, considerably higher than the NPM of 3.3% during the same period last year.

Thanks to the dedicated leadership of the new CEO of TGDD/DMX, these two chains had many "quality" changes, making significant efforts to exceed market expectations:

- While the general market overall recorded flat or declining trend for sales value across almost categories for Vietnam's technical consumer goods (excluding YoY growth of +30% for air conditioners and +10% for laptops), MWG has maintained positive growth for all of its key product lines. Of which, sales increased by 2% YoY for phones and 10%-20% YoY for laptops – electronics – white goods, while sales surged by approx. 60% for air conditioners. This fact helps MWG to expand its market share continuously and widen the gap with other peers in the market.
- Completed the layout upgrade for ~500 mini-DMX stores (the early 2019 plan was upgrading 200 stores).
- Experimented in watch retailing, with almost 430,000 timepieces sold in 253 stores (shop-in-shop model in TGDD and DMX) since Mar 2019. This business raked in approx. VND 800 bn for MWG in just 10 months time.
- Aggressively promoted sales of laptops in 26 laptop centers and ~500 stores of TGDD & DMX since Sept 2019. This category recorded over 30% YoY sales growth in the last 4 months of 2019.
- Piloted 17 "Super Cheap Phones" (DTSR) since Aug 2019 to focus on serving price-sensitive customers.
- Opened the first CE store named Bigphone+ in Cambodia after 3 years of piloting its Bigphone retail chain in that country.

The revenue of BHX attained VND 10.77 trillion, 2.5x higher than that in 2018. As such, BHX has continuously maintained the highest growth among all the Company's chains. From 405 stores mostly located in HCMC, there has been a rapid expansion of store chains. Indeed, by year-end 2018, BHX operated 1,008 stores as of 31st Dec 2019, of which consisted of:

- 575 provincial stores, making up approx. 57% of the total store-count (compared to 8% by Dec 2018)
- 188 large-stores, equivalent to approx. 19% of the total store-count (vs. 8% the same period last year)

In 2019, BHX achieved many robust developments, such as the following:

- BHX surpassed its 700th store, with a total monthly revenue of VND 1 trillion by August (4 months ahead of schedule). This was an important milestone for the chain to confidently accelerate its expansion and penetration to Central Vietnam this year. Due to expanding the network, the Company had to build additional warehouses/distribution centers (DCs) to serve logistics activities in an efficient manner. The warehouses/DCs are considered a critical foundation element for effective store operations, and are often prepared months in advance before opening new stores in new provinces. After 4 years since its inception, BHX had more than 1,000 retail outlets. It recorded EBITDA profit at the store level to partially cover operating expenses of warehouses/DCs.
- Expanded its store network in 21 Southern and South-Central Coast provinces in 2019 instead of only focusing on HCMC in 2018. Piloted the "double-shop" model which sold kitchenwares within BHX shops.
- On average for the whole year, monthly sales per store reached VND 1.3 billion in 2019, jumping by 45% compared to VND 900 million in 2018.
- Same-store-sales growth (SSSG) of BHX opened before 1 January 2018 recorded more than 20% YoY. All SSSG calculated stores located in HCMC were operated in a stable manner, and possessed an average monthly sales per store of over VND 1.4 billion. Time is needed for customers in provincial markets to gradually switch from shopping in traditional stores and convert their purchasing habit preferences to modern channels.
- The gross profit margin after factoring in spoilage of perishable goods and inventory shrinkage in 2019 was over 19%. This was more than 3% compared to that in 2018. The year-end 2019 GPM level stood at more than 20%.
- Fresh, chilled, and frozen foods comprised ~50% of total BHX revenue in 2019 (vs. approx. 40% in 2018).

The Board of Management and all employees have strongly committed to pursue a "Customer-centric" culture and focus. Every idea and action aim to bring excellent experiences to MWG's customers.

MWG won national and international awards by prestigious institutions such as:

- The only Vietnamese representative in the Top leading 500 Asia-Pacific Retailers.
- The champion in the Top 50 best performing companies in Vietnam in 2019, as honored by The Business Review (Nhịp Cầu Đầu Tư) magazine.
- For the 5th time in a row, to be honored in Vietnam's 50 Best Listed Companies in 2019 by Forbes.
- The 2nd largest private enterprises in Vietnam 2019 (VNR 500) in 2019.

BUSINESS RESULTS IN 2019:

Items	Actual 2019 (VND tn)	Target 2019 (VND tn)	Actual vs. Target	Actual 2019 (VND tn)	Growth rate
Net revenue	102.174	108.468	94.2%	86.516	18.1%
Net Profit After Tax	3.836	3.571	107.4%	2.880	33.2%

B. REPORT ON ACTIVITIES OF BOD IN 2019

No	BOD member	Position	Number of meetings	Attendance rate
1	Nguyen Duc Tai	Chairman	12	100%
2	Tran Le Quan	BOD member	2	17%
3	Tran Kinh Doanh	BOD member	12	100%
4	Dieu Chinh Hai Trieu	BOD member	12	100%
5	Robert Willett	BOD member	12	100%
6	Thomas Lanyi	BOD member	12	100%
7	Dang Minh Luom	BOD member	12	100%
8	Doan Van Hieu Em	BOD member	10	83%
9	Dao The Vinh	BOD member	10	83%

(Independent members: 3/8, non-executive members: 4/8)

Through regular/extraordinary AGM meetings and obtaining shareholders' votes in the form of written ballots, the BOD issued the following resolutions/decisions in 2019

No	Resolutions/Decisions No	Issued Date	Content
1	01/NQ/HĐQT-2019	8/1/2019	Approval of organizing Annual Shareholders Meeting 2019
2	02/2019/HĐQT/NQ-TGDĐ	8/1/2019	Approval of the election of the Board of Management of Mai Am TGDD Charity Fund, based on the Resolution of the General Meeting of Shareholders on 12/09/2014
3	03/NQ/HĐQT-2019	22/02/2019	Approval on raising charter capital for Bach Hoa Xanh Trading JSC.
4	01_2019/NQĐHCĐ/TGDĐ	22/3/2019	Approval on resolution and meeting minutes of 2019 AGM.
5	04/NQ/HĐQT-2019	26/3/2019	Approval on the appointment of General Director.
6	05/NQ/HĐQT-2019	01/04/2019	Approval on selecting audit firm for 2019 financial year.
7	06/2019/HĐQT/NQ-MWG	23/04/2019	Approval on issuing stock options.
8	07/2019/HĐQT/NQ-MWG	23/4/2019	Approval on documents prepared for issuing stock options.

No	Resolutions/Decisions No	Issued Date	Content
10	09/NQ/HĐQT-2019	23/08/2019	Approval on Employee Stock Ownership Plan (ESOP) issuance.
11	10/NQ/HĐQT-2019	23/08/2019	Approval on documents prepared for ESOP issuance.
12	11/NQ/HĐQT-2019	17/09/2019	Approval on result of issuing 50,000 shares.
13	12.1/NQ/HĐQT-2019	18/10/2019	Approval on releasing for unearned ESOP shares of deads according to 2016, 2017 ESOP regulations.
14	12.2/NQ/HĐQT-2019	22/10/2019	Approval on list of deads whose ESOP shares allowed to be released.
15	12/NQ/HĐQT-2019	27/11/2019	Approval on issuing ESOP shares.
16	13/NQ/HĐQT-2019	27/11/2019	Approval on documents prepared for ESOP issuance.
17	14/NQ/HĐQT-2019	13/12/2019	Approval on 2020 business plan.
18	15/NQ/HĐQT-2019	13/12/2019	Approval on withdrawing ESOP shares.

Thus, the Company successfully completed all missions in 2019 which were assigned by General Meeting of Shareholders

C. ACTION PLAN OF BOD IN 2020

In 2020, the BOD has a general action plan, as follows:

- Supervise Board of Management activities to achieve 2019 business plan.
- Enhance capability of monitoring and inspecting Board of Management activities in order to comply with professional standards of a public company.
- Continue to hold regular and extraordinary meetings to get timely feedbacks from CEO and executive Board members, in so that the Board of Directors will give appropriate recommendations for the Board of Management's execution.

2. REPORT OF BOARD OF SUPERVISORS

A. OPERATION OF THE BOARD OF SUPERVISORS

- Supervise the execution of General Meeting of Shareholders Resolutions. Ensure the business activities aligning with the Resolutions of AGM 2019;
- Supervise management activities of both the Board of Directors and Board of Management;
- Check the rationality, legality and prudence in accounting practices and preparing financial statements;
- Supervise the risk management activities.

In 2019, the Board of Supervisors held meetings to assess the accounting and financial activities, business results and corporate governance. The activities of the Board of Supervisors do not incur any operational expenses.

B. REPORT ON OPERATIONAL RESULTS OF THE BOARD OF SUPERVISORS

- To supervise the execution of General Meeting of Shareholders' Resolution:

Resolutions approved by Annual General Meeting of Shareholders 2019 that are fully executed.

Payment of cash dividend with the ratio of 15% (VND 1,500 per share) for existing shareholders.

Completed issuance of shares under the ESOP program for employees: MWG has issued 10,520,045 shares (equivalent to 2.4% of outstanding shares at date of issuance) to 4,072 employees in December 2019 and January 2020.

Having increased charter capital for Bach Hoa Xanh Trading JSC by 1 trillion VND (22/02/2019) for expansion of the Bach Hoa Xanh chain.

- To supervise the operation and management of the Board of Directors and Board of Management

The Board of Directors held 12 meetings in 2019, of which there was full attendance as per Company's regulations.

Strictly complying with MWG corporate governance and regulations.

Optimizing revenue per store of thegioididong.com, Dien May Xanh, and Bach Hoa Xanh chains.

improving gross profit margin for all chains.

Continuously improving customer services as the Company's top priority.

Conclusion: The Board of Directors has executed properly the resolutions of the Annual General Meeting of Shareholders in 2019. The Board's issued resolutions and its contents were in line with AGM's resolutions as well as compliant according to the relevant laws and regulations in Vietnam.

- On ensuring integrity of the Company's financial statements:

The Board of Supervisors has agreed with audited company named Ernst & Young Co., Ltd regarding its assessment of the Company's financial statements prepared for the fiscal year ending on 31/12/2019. The financial statements have been presented prudently and reasonably, and in accordance with Vietnamese Accounting Standards and provisions of current laws.

Performance highlights (VND tn)

Income Statement	2019	2018	Growth rate
Net Revenue	102.174	86.516	18.1%
Profit before tax	5.053	3.786	33.5%
Net Profit after tax	3.836	2.880	33.2%

Balance sheet	31/12/2019	1/1/2019
Current assets	35.012	23.372
Non – current assets	6.696	4.751
Total assets	41.708	28.123

Current liabilities	28.442	17.929
Long-term liabilities	1.122	1.210
Liabilities	29.565	19.139
Equity	12.144	8.983
Total resources	41.708	28.123

The company accomplished 94% of its revenue plan and 107% of its NPAT plan.

- To supervise the risk management activities

Risk management

Risk management of the Company in 2019 has improved significantly, and more closely connected with business operations. The Board of Supervisors has participated fully in the Board of Directors' meetings and meeting amongst key management teams to assess risks at the company level, to assess process-related risks, and to regularly discuss and give prescribed recommendations to the Board of Management as necessary.

Inspection of the Internal Audit Faction

The Internal Audit Faction continues to be led by the Board of Directors. The Internal Audit unit has necessary resources and the right to access to Company information for the purpose of auditing. The Internal Audit team also has right to directly approach the Chairman of the Board and the Board of Supervisors to report about the audited results.

Assessment of the compliance with laws, provisions and regulations

The Board of Supervisors acknowledges that there is no material risk in the internal control system as well as in compliance with laws, provisions, and regulations of the Company's employees and management team. In 2019, the audit findings have been identified and included in criteria for evaluating the performance of each related staff member to enhance significantly the awareness of compliance of management team and employees. Action plans to improve the control system as recommended by the Internal Audit Function are also executed by the Company's departments.

3. TRANSACTIONS, REMUNERATIONS AND INTERESTS

A. TRANSACTIONS OF INTERNAL SHAREHOLDERS

No.	Transactions	Relationship to internal shareholders	Opening owned shares		Closing owned shares		Reason for increase/decrease (buy, sell, transfer, bonus,...)
			No. of shares	Percentage	No. of shares	Percentage	
I	Nguyen Duc Tai						
1	Nguyen Duc Tai		11,462,808	2.57%	11,582,178	2.61%	Buy
2	Nguyen Thi Le Thanh	Sister	-	0.00%	590	0.00%	Buy
3	Nguyen Thi Thu Thao	Sister	236,041	0.05%	136,041	0.03%	Sell
4	Nguyen Thi Thu Tam	Sister	160,095	0.04%	160,095	0.04%	
5	Phan Thi Thu Hien	Wife	2,933,186	0.66%	2,453,186	0.55%	Sell
II	Đieu Chinh Hai Trieu						
1	Đieu Chinh Hai Trieu		3,810,013	0.86%	3,810,013	0.86%	
2	Nguyen Xuan Doai	Wife	2,439,018	0.55%	2,439,018	0.55%	

No.	Transactions	Relationship to internal shareholders	Opening owned shares		Closing owned shares		Reason for increase/decrease (buy, sell, transfer, bonus,...)
			No. of shares	Percentage	No. of shares	Percentage	
III	Tran Kinh Doanh						
1	Tran Kinh Doanh		3,142,290	0.71%	3,642,290	0.82%	Buy
IV	Dang Minh Luom						
1	Dang Minh Luom		960,810	0.22%	960,810	0.22%	
V	Robert Alan Willett						
1	Robert Alan Willett		2,666,808	0.60%	2,666,808	0.60%	
VI	Doan Van Hieu Em						
1	Doan Van Hieu Em		381,800	0.09%	381,800	0.09%	
VII	Tran Huy Thanh Tung						
1	Tran Huy Thanh Tung		6,162,998	1.39%	6,162,998	1.39%	
2	Nguyen Thi Thu Huong	Wife	2,131,154	0.48%	2,131,154	0.48%	
3	Tran Huy Thanh Dai	Brother	63,535	0.01%	43,535	0.01%	Sell
4	Tran Huy Dong	Brother	26,918	0.01%	26,918	0.01%	

No.	Transactions	Relationship to internal shareholders	Opening owned shares		Closing owned shares		Reason for increase/decrease (buy, sell, transfer, bonus,...)
			No. of shares	Percentage	No. of shares	Percentage	
VIII	Hoang Huu Hung						
1	Hoang Huu Hung		41,200	0.01%	41,200	0.01%	
VIII	Do Thi Loan						
1	Do Thi Loan		1,620	0.00%	1,620	0.00%	
IX	Vu Dang Linh						
1	Vu Dang Linh		380,354	0.09%	330,354	0.07%	Sell
X	Ly Tran Kim Ngan						
1	Ly Tran Kim Ngan		225,576	0.05%	182,576	0.04%	Sell

B. REMUNERATIONS AND INTERESTS

	Remuneration approved by General Meeting of Shareholders 2019	Actual remuneration paid
Non-executive Board members	VND 2,300,000,000	VND 2,089,237,500
Members of Board of Supervisors	VND 0	VND 0



AUDITED FINANCIAL STATEMENTS

GENERAL INFORMATION

THE COMPANY

Mobile World Investment Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Enterprise Registration Certificate ("ERC") No. 0306731335 issued by the Department of Planning and Investment ("DPI") of Binh Duong Province on 16 January 2009, as amended.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange ("HOSE") with code "MWG" in accordance with the Decision No. 253/QĐ-SGDHCM issued by the HOSE on 7 July 2014.

The Company's head office is located at No. 222, Yersin Street, Phu Cuong Ward, Thu Dau Mot Town, Binh Duong Province, Vietnam and operating office is located at MWG Tower, Lot T2-1.2, D1 Street, Saigon Hi-tech Park, District 9, Ho Chi Minh City, Vietnam.

The current principal activities of the Company and its subsidiaries ("the Group") are trading, providing repair and maintenance services of phones, information technology equipment and accessories, cameras, digital equipment, electronic equipment; household appliances and related accessories; and retailing at the Group's chain of stores including foods, beverages, products from meats, seafood, vegetables.

BOARD OF DIRECTORS

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

Mr Nguyen Duc Tai	Chairman	
Mr Dieu Chinh Hai Trieu	Member	
Mr Thomas Lanyi	Member	
Mr Tran Kinh Doanh	Member	
Mr Robert Willet	Member	
Mr Dang Minh Luom	Member	
Mr Doan Van Hieu Em	Member	appointed on 22 March 2019
Mr Dao The Vinh	Member	appointed on 22 March 2019
Mr Tran Le Quan	Member	resigned on 22 March 2019

BOARD OF SUPERVISION

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

Mr Tran Huy Thanh Tung	Head
Mr Hoang Huu Hung	Member
Ms Do Thi Loan	Member

MANAGEMENT

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

Mr Tran Kinh Doanh	General Director	appointed on 26 March 2019
Mr Nguyen Duc Tai	General Director	resigned on 26 March 2019
Mr Pham Van Trong	Technology Director	
Mr Vu Dang Linh	Finance Director	

LEGAL REPRESENTATIVE

The legal representative of the Company from 1 January 2019 to 4 April 2019 is Mr Nguyen Duc Tai and from 5 April 2019 to the date of this report is Mr Tran Kinh Doanh.

AUDITORS

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

REPORT OF MANAGEMENT

Management of Mobile World Investment Corporation ("the Company") is pleased to present this report and the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2019.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Group and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing those consolidated financial statements, management is required to:

- . 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 is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT BY MANAGEMENT

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 2019 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 management:



Trần Kinh Doanh
General Director

Bình Dương Province, Vietnam

2 March 2020

Reference: 61110221/21073758-HN

INDEPENDENT AUDITORS' REPORT

To: The Shareholders and the Board of Directors of Mobile World Investment Corporation

We have audited the accompanying consolidated financial statements of Mobile World Investment Corporation ("the Company") and its subsidiaries ("the Group") as prepared on 2 March 2020 and set out on pages 5 to 36, which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

The Group'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 auditors' 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 auditors consider 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 2019, 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



Ernest Young Chin Kang
Deputy General Director
Audit Practicing Registration Certificate
No. 1891-2018-004-1

Ly Hong My
Auditor
Audit Practicing Registration Certificate
No. 4175-2017-004-1

Ho Chi Minh City, Vietnam

2 March 2020

CONSOLIDATED BALANCE SHEET
as at 31 December 2019

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		35,011,896,908,246	23,371,994,756,394
110	II. Cash and cash equivalents		3,115,236,816,468	3,749,550,258,212
111	1. Cash	4	2,024,347,938,868	3,363,717,276,954
112	2. Cash equivalents		1,090,888,877,600	385,832,981,258
120	III. Short-term investment		3,137,000,000,000	50,922,451,739
123	1. Held-to-maturity investments	5	3,137,000,000,000	50,922,451,739
130	III. Current accounts receivable		1,815,085,561,979	1,542,529,736,073
131	1. Short-term trade receivables	6	262,268,362,817	369,573,657,457
132	2. Short-term advances to suppliers	7	195,016,846,986	21,007,291,749
136	3. Other short-term receivables	8	1,357,800,352,176	1,151,948,786,867
140	IV. Inventories	9	25,745,428,436,580	17,446,005,298,981
141	1. Inventories		26,195,934,673,884	17,821,137,643,753
149	2. Provision for obsolete inventories		(450,506,237,304)	(375,132,344,772)
150	V. Other current assets		1,199,146,093,219	582,987,011,389
151	1. Short-term prepaid expenses	10	487,030,591,956	283,034,716,902
152	2. Value-added tax deductible		709,225,135,972	298,109,345,560
153	3. Tax and other receivables from the State		2,890,365,291	1,842,948,927

CONSOLIDATED BALANCE SHEET
as at 31 December 2019

Code	ASSETS	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		6,696,198,636,637	4,750,536,730,462
210	I. Long-term receivable		374,563,598,474	313,775,645,332
216	1. Other long-term receivables	11	374,563,598,474	313,775,645,332
220	II. Fixed assets		5,403,776,988,921	3,333,147,659,602
221	1. Tangible fixed assets	12	5,375,279,172,974	3,304,923,529,470
222	Cost		9,148,455,989,525	5,788,326,331,676
223	Accumulated depreciation		(3,773,176,816,551)	(2,483,402,802,206)
227	2. Intangible fixed assets	13	28,497,815,947	28,224,130,132
228	Cost		34,852,200,200	33,838,423,144
229	Accumulated amortisation		(6,354,384,253)	(5,614,293,012)
240	III. Long-term asset in progress		87,430,438,310	256,831,997,207
242	1. Construction in progress	14	87,430,438,310	256,831,997,207
250	IV. Long-term investment		56,464,479,744	59,937,763,115
252	1. Investment in an associate	15	56,464,479,744	59,937,763,115
260	V. Other long-term assets		773,963,131,188	786,843,665,206
261	1. Long-term prepaid expenses	16	104,029,473,910	84,768,088,475
262	2. Deferred tax assets	27.3	178,798,680,331	149,548,727,665
269	3. Goodwill	17	491,134,976,947	552,526,849,066
270	TOTAL ASSETS		41,708,095,544,883	28,122,531,486,856

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CONSOLIDATED BALANCE SHEET
as at 31 December 2019

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Code	ASSETS	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		29,564,503,350,530	19,139,496,155,514
310	I. Current liabilities		28,442,366,683,873	17,929,433,003,626
311	1. Short-term trade payables	18	12,055,385,483,995	8,244,614,243,810
312	2. Short-term advances from customers		81,194,129,529	38,061,594,053
313	3. Statutory obligations	19	374,623,269,110	217,699,643,883
314	4. Payables to employees		258,242,266,298	149,774,991,802
315	5. Short-term accrued expenses	20	1,851,966,958,655	2,173,064,879,414
318	6. Short-term unearned revenues		333,585,179	-
319	7. Other short-term payables	21	717,884,730,756	1,208,214,263,090
320	8. Short-term loans	22	13,031,015,620,192	5,836,454,637,089
321	9. Short-term provision		71,690,522,406	56,568,632,732
322	10. Bonus and welfare fund		30,117,753	4,980,117,753
330	II. Non-current liabilities		1,122,136,666,657	1,210,063,151,888
338	1. Long-term loans	22	1,122,136,666,657	1,208,167,140,389
341	2. Deferred tax liabilities	27.3	-	1,896,011,499
400	D. OWNERS' EQUITY		12,143,592,194,353	8,983,035,331,342
410	I. Capital		12,143,592,194,353	8,983,035,331,342
411	1. Share capital	23.1	4,435,461,780,000	4,434,961,780,000
411a	- Shares with voting rights		4,435,461,780,000	4,434,961,780,000
412	2. Share premium	23.1	555,206,995,486	551,451,995,486
414	3. Other capital	23.1	1,130,494,084	1,130,494,084
415	4. Treasury shares	23.1	(5,658,924,500)	(808,864,500)
417	5. Foreign exchange differences reserve	23.1	(28,377,933)	446,572,898
421	6. Undistributed earnings	23.1	7,149,694,161,602	3,989,603,910,055
421a	- Undistributed earnings by the end of prior year		3,315,424,614,555	1,138,290,716,709
421b	- Undistributed earnings of current year		3,834,269,547,047	2,851,313,193,346
429	7. Non-controlling interests		7,786,065,614	6,249,443,319
440	TOTAL LIABILITIES AND OWNERS' EQUITY		41,708,095,544,883	28,122,531,486,856

Ly Tran Kim Ngan

Preparer

Ngày 2 tháng 3 năm 2020

Vu Dang Linh

Finance Director



Tran Kinh Doanh
General Director

Mobile World Investment Corporation
CONSOLIDATED BALANCE SHEET
as at 31 December 2019

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Code	ASSETS	Notes	Ending balance	Beginning balance
01	1. Revenue from sale of goods and rendering of services	24.1	103,485,046,672,447	87,738,378,978,636
02	2. Deductions	24.1	(1,310,802,695,724)	(1,222,091,976,137)
10	3. Net revenue from sale of goods and rendering of services	24.1	102,174,243,976,723	86,516,287,002,499
11	4. Cost of goods sold and services rendered	26	(82,686,444,673,012)	(71,224,159,239,435)
20	5. Gross profit from sale of goods and rendering of services		19,487,799,303,711	15,292,127,763,064
21	6. Finance income	24.2	631,177,854,351	342,083,875,229
22	7. Finance expenses	25	(569,754,844,844)	(436,573,150,236)
23	- In which: Interest expense		(568,136,717,134)	(436,416,577,674)
24	8. Share of loss of the associate	15	(3,473,283,371)	(2,100,986,885)
25	9. Selling expenses	26	(12,437,282,718,212)	(9,659,741,188,756)
26	10. General and administrative expenses	26	(2,073,782,880,058)	(1,761,613,900,080)
30	11. Operating profit		5,034,683,431,577	3,774,182,412,336
31	12. Other income		41,557,041,541	33,233,337,382
32	13. Other expenses		(22,793,268,422)	(21,097,180,800)
40	14. Other profit		18,763,773,119	12,136,156,582
50	15. Accounting profit before tax		5,053,447,204,696	3,786,318,568,918
51	16. Current corporate income tax expense	27.1	(1,248,353,081,834)	(933,836,738,446)
52	17. Deferred tax income	27.3	31,145,964,165	27,827,229,661
60	18. Net profit after tax		3,836,240,087,027	2,880,309,060,133
61	19. Net profit after tax attributable to shareholders of the parent		3,834,269,547,047	2,878,724,130,907
62	20. Net profit after tax attributable to non-controlling interests		1,970,539,980	1,584,929,226
70	21. Basic earnings per share	28	8,665	6,689
71	22. Diluted earnings per share	28	8,665	6,689

Ly Tran Kim Ngan
Preparer
Ngày 2 tháng 3 năm 2020

Vu Dang Linh
Finance Director



Trần Kinh Doanh
General Director

Mobile World Investment Corporation
CONSOLIDATED BALANCE SHEET
as at 31 December 2019

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Code	ASSETS	Notes	Ending balance	Beginning balance
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		5,053,447,204,696	3,786,318,568,918
02	Adjustments for			
	Adjustments for of fixed assets (including amortisation of goodwill)	12, 13		
		17	1,442,826,938,954	1,222,868,683,717
03	Provisions		90,495,782,206	126,083,626,828
04	Foreign exchange gains arisen from revaluation of monetary accounts denominated in foreign currency		(27,160,364)	(107,059,306)
05	Profits from investing activities		(341,194,613,832)	(84,857,279,584)
06	Interest expense	25	568,136,717,134	436,416,577,674
08	Operating profit before changes in working capital		6,813,684,868,794	5,486,723,118,247
09	(Increase) decrease in receivables		(675,979,882,201)	1,246,646,823,981
10	Increase in inventories		(8,374,797,030,131)	(4,672,944,194,460)
11	Increase in payables		2,823,942,311,184	1,331,042,865,781
12	(Increase) decrease in prepaid expenses		(227,805,034,461)	126,753,313,780
14	Interest paid		(537,997,464,046)	(427,564,376,510)
15	Corporate income tax paid		(1,092,128,547,184)	(829,523,019,750)
17	Other cash outflows for operating activities		(15,000,000,000)	-
20	Net cash flows (used in) from operating activities		(1,286,080,778,045)	2,261,134,531,069
	II. LCASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(3,066,921,164,140)	(1,495,931,919,038)
22	Proceeds from disposals of fixed assets		1,290,807,344	1,339,965,525
23	Term deposits		(8,997,469,863,015)	(85,922,451,739)
24	Collections of term deposits		5,911,392,314,754	-
25	Payments for investments in other entities (net of cash hold by entity being acquired)		-	(828,166,470,141)
27	Interest received		278,946,264,804	64,286,835,061
30	Net cash flows used in investing activities		(5,872,761,640,253)	(2,344,394,040,332)

Mobile World Investment Corporation
CONSOLIDATED BALANCE SHEET
as at 31 December 2019

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Code	ASSETS	Notes	Ending balance	Beginning balance
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of new shares and capital contribution from noncontrolling interest		90,454,820,000	705,355,067,200
32	Shares repurchased		(4,850,060,000)	(729,700,000)
33	Drawdown of borrowings		45,905,952,301,242	31,893,805,156,672
34	Repayment of borrowings		(38,801,961,791,867)	(31,690,848,740,269)
36	Dividends paid		(665,093,453,185)	(485,862,426,827)
40	Net cash flows from financing activities		6,524,501,816,190	421,719,356,776
50	Net (decrease) increase in cash and cash equivalents		(634,340,602,108)	338,459,847,513
60	Cash and cash equivalents at beginning of year		3,749,550,258,212	3,410,983,351,393
61	Impact of exchange rate fluctuation		27,160,364	107,059,306
70	Cash and cash equivalents at end of year	4	3,115,236,816,468	3,749,550,258,212


Ly Tran Kim Ngan
Preparer
Ngày 2 tháng 3 năm 2020


Vu Dang Linh
Finance Director




Tran Kinh Doanh
General Director

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2019 end for the year then ended

1. CORPORATE INFORMATION

Mobile World Investment Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Enterprise Registration Certificate ("ERC") No. 0306731335 issued by the Department of Planning and Investment ("DPI") of Binh Duong Province on 16 January 2009, as amended.

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The Company's head office is located at No. 222, Yersin Street, Phu Cuong Ward, Thu Dau Mot Town, Binh Duong Province, Vietnam and operating office is located at MWG Tower, Lot T2-1.2, D1 Street, Saigon Hi-tech Park, District 9, Ho Chi Minh City, Vietnam.

The current principal activities of the Group are trading, providing repair and maintenance services of phones, information technology equipment and accessories, cameras, digital equipment, electronic equipment; household appliances and related accessories; and retailing at the Group's chain of stores including foods, beverages, products from meats, seafood, vegetables.

The number of the Group's employees as at 31 December 2019 was 57,608 (31 December 2018: 40,756).

Corporate structure

The Company has 6 subsidiaries, which are consolidated into the Group's consolidated financial statements:

Name of subsidiary	Location	Principal activities	Ownership interest and voting rights (%)	
			Ending balance	Beginning balance
The Gioi Di Dong Joint Stock Company	Ho Chi Minh City, Vietnam	Trading of electronic equipment	99.95	99.95
Bach Hoa Xanh Trading Joint Stock Company	Ho Chi Minh City, Vietnam	Trading of food	99.95	99.95
Tran Anh Digital World Joint Stock Company	Hanoi City, Vietnam	Trading of electronic equipment	99.33	99.33
The Gioi Di Dong Information Technology Limited Company	Ho Chi Minh City, Vietnam	Information technology	100.00	100.00
MWG (Cambodia) Co., Ltd.	Phnom Penh, Campuchia	Trading of electronic equipment	99.95	99.95
Conscientious Installation - Repair - Maintenance Service Company Limited	Ho Chi Minh City, Vietnam	Repairment of machinery, equipment	99.95	-

2. BASIS OF PREPARATION

2.1 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); and
- 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 General 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 parent Company and its subsidiaries for the year ended 31 December 2019.

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, separately from parent shareholders' equity.

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

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 Receivables

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

The provision for doubtful debts 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.

3.3 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.

Mobile phones and laptops	-	actual cost on a specific identification basis
Digital and electronic equipment	-	actual cost on a specific identification basis
Accessories	-	actual cost on a weighted average basis
Household appliances	-	actual cost on a weighted average basis
Foods, beverages	-	actual cost on a weighted average basis
Others	-	actual cost on a weighted average basis.

Provision for obsolete inventories

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

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

3.4 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.

The following types of expenses are recorded as long-term prepaid expense and are amortised to the consolidated income statement:

- Prepaid rental;
- Stores's layouts; and
- Tools and supplies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Business combinations 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 years period on a straight-line basis. 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.

3.6 Investments

Investment in an associate

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that is neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment. Goodwill is not amortised and subject to annual review for impairment. The consolidated income statement reflects the share of the post-acquisition results of operation 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. Dividend/profit sharing received or receivable from associates reduces 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-to-maturity investment

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 financial statements and deducted against the value of such investments.

Provision for diminution in value of investment

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 or decreases to the provision balance are recorded as finance expenses in the consolidated income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 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.

3.8 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

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

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

When intangible 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.

Land use rights

Land use rights are recorded as intangible fixed assets when the Company has the land use rights certificates. The costs of land use rights comprise all directly attributable costs of bringing the land to the condition available for use and is not amortised as having indefinite useful life.

3.9 Depreciation and amortisation

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

Building and structures	5 years
Computer software	4 years
Means of transportation	6 years
Office equipment	3 - 8 years

3.10 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and are recorded as expense in the consolidated income statement during the year in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 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.

3.12 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;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment; and
- Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the balance sheet dates 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 are taken to the consolidated income statement.

3.13 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, issue or cancellation of the Group's own equity instruments.

3.14 Appropriation of net profits

Net profit after tax is available for appropriation to shareholders after approval 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 shareholders at the annual general meeting.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Rendering of services

Revenue is recognised upon the completion of the services provided.

Interest income

Interest income is recognised as the interest accrues unless collectability is in doubt.

3.16 Operating leases

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

3.17 Earnings per share

Basic earnings per share amount is computed by dividing net profit for the year attributable to ordinary shareholders of the Company, after appropriation for bonus and welfare fund, by the weighted average number of ordinary shares outstanding during the year, where applicable.

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.

3.18 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior years 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Taxation (continued)

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 purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

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 profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised.

The carrying amount of deferred 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 tax asset to be utilised. Previously unrecognised deferred 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 the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when they relate to income taxes levied on the same taxable entity by the same taxation authority.

3.19 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 enterprise or individual, including close members of the family of any such individual.

3.20 Segment information

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

As the Group's revenue and profit are derived mainly from trading, providing repair and maintenance services of phones, information technology equipment, cameras, digital equipment, electronic equipment; household appliances and related accessories business in Vietnam while other sources of revenue are not material as a whole, management accordingly believed that the Group operates in a sole business segment of trading, providing repair and maintenance services of phones, information technology equipment, cameras, digital equipment, electronic equipment; household appliances and related accessories and material geographical segment of the Group is in Vietnam.

4. CASH AND CASH EQUIVALENTS

	Ending balance	VND Beginning balance
Cash on hand	690,431,092,521	1,475,214,891,085
Cash in banks	1,274,493,571,437	1,787,504,805,657
Cash in transit	59,423,274,910	100,997,580,212
Cash equivalents (*)	1,090,888,877,600	385,832,981,258
TOTAL	3,115,236,816,468	3,749,550,258,212

(*) Cash equivalents represent term deposits with maturity terms of less than 3 months and earning interest at the applicable rates.

5. HELD-TO-MATURITY INVESTMENT

Held-to-maturity investment represents term deposits and bonds with maturity terms from 3 months to less than 1 year and earning interest at the rates ranging from 7.3% to 8.4% per annum.

6. SHORT-TERM TRADE RECEIVABLES

	Ending balance	VND Beginning balance
Receivables from other parties	260,783,205,179	369,573,657,457
- Home Credit Vietnam Finance Company Limited	125,939,442,577	142,746,694,060
- Vietnam Prosperity Joint Stock Commercial Bank	23,185,634,606	121,475,120,993
- Others	111,658,127,996	105,351,842,404
Receivables from related parties (Note 29)	1,485,157,638	-
TOTAL	262,268,362,817	369,573,657,457

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7. SHORT-TERM ADVANCES TO SUPPLIERS

	Ending balance	VND Beginning balance
Advances to other parties	195,016,846,986	19,882,739,814
- Nhat Thien Import Export Company Limited	54,942,025,774	-
- Cong Nghe So Import Export Co., Ltd.	26,711,078,199	-
- HGTV Company Limited	24,137,253,846	-
- Others	89,226,489,167	19,882,739,814
Advance to a related party (Note 29)	-	1,124,551,935
TOTAL	195,016,846,986	21,007,291,749

8. OTHER SHORT-TERM RECEIVABLES

	Ending balance	VND Beginning balance
Receivables from suppliers (i)	1,241,677,377,485	1,090,399,532,158
- Samsung Electronics HCMC CE Complex Limited	209,669,080,322	99,270,165,996
- Panasonic Vietnam Company Limited	162,039,890,707	89,527,581,160
- Sony Electronics Vietnam Company Limited	157,552,930,802	229,314,874,870
- LG Electronics Vietnam Hai Phong Co., Ltd.	127,603,956,038	46,718,393,423
- Samsung Electronics Viet Nam Thai Nguyen Company Limited	122,646,595,872	210,678,174,261
- Others	462,164,923,744	414,890,342,448
Interest income	85,203,204,107	733,824,658
Advances to employees	12,571,421,526	-
Receivables from employees	4,280,229,843	13,260,843,199
Others	14,068,119,215	47,554,586,852
TOTAL	1,357,800,352,176	1,151,948,786,867
In which:		
Receivables from other parties	1,357,503,412,461	1,151,948,786,867
Receivable from a related party (Note 29)	296,939,715	-

(i) Receivables from suppliers mainly comprise trade discounts, early payment discounts and price protection.

9. INVENTORIES

	Ending balance	VND Beginning balance
Electronic equipment	11,231,685,060,829	8,093,520,536,583
Mobile phones	7,227,058,678,320	5,575,201,490,528
Home appliances	2,918,296,843,508	1,854,149,173,341
Grocery merchandise	1,639,223,336,342	619,216,942,867
Accessories	1,349,126,486,481	851,177,889,554
Laptops	786,555,617,315	331,470,400,564
Watches, Sunglasses	573,950,618,899	-
Tablets	181,539,686,893	230,987,789,548
Installment items	146,113,590,466	33,065,224,542
Scratch cards	19,100,171,315	140,104,491,868
Goods in transit	5,813,877,959	9,011,116,270
Others	117,470,705,557	83,232,588,088
TOTAL	26,195,934,673,884	17,821,137,643,753
Provision for obsolete inventories	(450,506,237,304)	(375,132,344,772)
NET	25,745,428,436,580	17,446,005,298,981

Movements of provision for obsolete inventories:

	Current year	VND Previous year
Beginning balance	(375,132,344,772)	(259,792,810,947)
Add: Provision created during the year	(450,506,237,304)	(375,132,344,772)
Less: Utilisation and reversal of provision during the year	375,132,344,772	259,792,810,947
Ending balance	(450,506,237,304)	(375,132,344,772)

10. SHORT-TERM PREPAID EXPENSES

Short-term prepaid expenses represent rental and set up expenses of offices, stores and distribution centres.

11. OTHER LONG-TERM RECEIVABLES

Other long-term receivables represent rental deposits for offices, stores and distribution centres.

12. TANGIBLE FIXED ASSETS

	Buildings and structures	Means of transportation	Office equipment	VND Total
Cost				
Beginning balance	4,773,087,444,577	157,628,559,882	857,610,327,217	5,788,326,331,676
New purchase	2,390,282,774,167	121,369,302,726	443,008,321,978	2,954,660,398,871
Transfer from construction in progress	474,279,491,387	709,090,909	25,076,855,831	500,065,438,127
Disposal	(83,181,202,377)	(641,278,183)	(10,773,698,589)	(94,596,179,149)
Ending balance	7,554,468,507,754	279,065,675,334	1,314,921,806,437	9,148,455,989,525
<i>In which:</i>				
<i>Fully depreciated</i>	426,477,239,047	8,004,588,334	213,100,949,347	647,582,776,728
Accumulated depreciation				
Beginning balance	(1,985,749,442,377)	(63,013,821,499)	(434,639,538,330)	(2,483,402,802,206)
Depreciation for the year	(1,130,409,978,959)	(31,203,728,858)	(219,081,267,777)	(1,380,694,975,594)
Disposal	81,426,388,607	641,278,183	8,853,294,459	90,920,961,249
Ending balance	(3,034,733,032,729)	(93,576,272,174)	(644,867,511,648)	(3,773,176,816,551)
Net carrying amount				
Beginning balance	2,787,338,002,200	94,614,738,383	422,970,788,887	3,304,923,529,470
Ending balance	4,519,735,475,025	185,489,403,160	670,054,294,789	5,375,279,172,974

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13. INTANGIBLE FIXED ASSETS

	Land use rights	Computer software	VND Total
Cost			
Beginning balance	25,998,878,500	7,839,544,644	33,838,423,144
New purchase	-	1,013,777,056	1,013,777,056
Ending balance	25,998,878,500	8,853,321,700	34,852,200,200
Accumulated amortisation			
Beginning balance	-	(5,614,293,012)	(5,614,293,012)
Amortisation for the year	-	(740,091,241)	(740,091,241)
Ending balance	-	(6,354,384,253)	(6,354,384,253)
Net carrying amount			
Beginning balance	25,998,878,500	2,225,251,632	28,224,130,132
Ending balance	25,998,878,500	2,498,937,447	28,497,815,947

14. CONSTRUCTION IN PROGRESS

	Ending balance	VND Beginning balance
Construction costs for stores and distribution centres	83,674,549,223	9,692,607,213
Office construction costs	-	247,139,389,994
Others	3,755,889,087	-
TOTAL	87,430,438,310	256,831,997,207

15. INVESTMENT IN AN ASSOCIATE

	VND
An Khang Retail Joint Stock Company	
Cost of investment	
Beginning and ending balances	62,038,750,000
Accumulated share loss of the associate	
Beginning balance	(2,100,986,885)
Share loss of the associate for the year	(3,473,283,371)
Ending balance	(5,574,270,256)
Net carrying amount	
Beginning balance	59,937,763,115
Ending balance	56,464,479,744

An Khang Retail Joint Stock Company ("An Khang") is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the ERC No. 0314587300 issued by the DPI of Ho Chi Minh City on 21 August 2017, as amended. An Khang's registered office is located at No. 128, Tran Quang Khai Street, Tan Dinh Ward, District 1, Ho Chi Minh City, Vietnam. The current principal activities of An Khang are to trade medicines and consumers goods.

16. LONG-TERM PREPAID EXPENSES

	VND	VND
	Ending balance	Beginning balance
Stores rental	48,175,101,674	25,941,124,248
Stores' layout	12,681,905,344	47,023,024,097
Others	43,172,466,892	11,803,940,130
TOTAL	104,029,473,910	84,768,088,475

17. GOODWILL

	VND Amount
Cost	
Beginning and ending balances	613,918,721,185
Accumulated amortisation	
Beginning balance	(61,391,872,119)
Amortisation for the year	(61,391,872,119)
Ending balance	(122,783,744,238)
Net carrying amount	
Beginning balance	552,526,849,066
Ending balance	491,134,976,947

18. SHORT-TERM TRADE PAYABLES

	VND Ending balance	VND Beginning balance
Sony Electronics Vietnam Co., Ltd.	1,223,262,408,476	1,238,909,187,337
Samsung Electronics Viet Nam Thai Nguyen	1,281,985,861,314	1,028,501,685,728
LG Electronics Vietnam Hai Phong Co., Ltd.	839,166,842,803	466,286,802,652
Others	8,710,970,371,402	5,510,916,568,093
TOTAL	12,055,385,483,995	8,244,614,243,810

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19. STATUTORY OBLIGATIONS

	Beginning balance	Increase	Decrease	VND Ending balance
Corporate income tax	191,092,523,932	1,248,353,081,834	(1,092,078,712,882)	347,366,892,884
Value-added tax	21,588,461,648	13,572,052,575,357	(13,589,681,743,280)	3,959,293,725
Personal income tax	1,866,631,646	527,977,422,424	(507,550,503,183)	22,293,550,887
Others	3,152,026,657	19,655,296,472	(21,803,791,515)	1,003,531,614
TOTAL	217,699,643,883	15,368,038,376,087	(15,211,114,750,860)	374,623,269,110

20. SHORT-TERM ACCRUED EXPENSES

	Ending balance	VND Beginning balance
Employees bonus	1,381,629,784,303	1,802,106,384,970
Payables to employees	115,429,735,544	67,622,692,702
Interest supporting expenses	84,002,927,200	151,545,159,391
Marketing expenses	75,405,852,278	14,649,245,341
Transportation expenses	56,517,465,115	29,483,125,592
Utilities	49,473,623,652	39,280,477,170
Interest expenses	48,333,997,724	27,282,518,604
Warranty costs	18,812,667,951	21,232,132,110
Others	22,360,904,888	19,863,143,534
TOTAL	1,851,966,958,655	2,173,064,879,414

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21. OTHER SHORT-TERM PAYABLES

	Ending balance	VND Beginning balance
Charges received on behalf	439,435,994,167	1,042,059,390,385
Advances received for shares issuance (*) (Note 31)	85,719,580,000	-
Deposits received	56,386,635,126	33,499,443,205
Social and health insurances and trade union fee	33,962,017,460	25,017,709,725
Instalment payments received on behalf	32,522,239,000	36,449,047,741
Discount vouchers	28,214,097,975	24,736,136,521
Others	41,644,167,028	46,452,535,513
TOTAL	717,884,730,756	1,208,214,263,090

22. LOANS

	Beginning balance	Increase	Decrease	Reclassification	VND Ending balance
Short-term	5,836,454,637,089	45,690,847,426,072	(38,632,142,153,633)	135,855,710,664	13,031,015,620,192
Loans from banks (Note 22.1)	5,700,598,926,425	45,690,847,426,072	(38,360,430,732,305)	-	13,031,015,620,192
Current portion of long-term loan	135,855,710,664	-	(271,711,421,328)	135,855,710,664	-
Long-term	1,208,167,140,389	219,644,875,166	(169,819,638,234)	(135,855,710,664)	1,122,136,666,657
Domestic straight bonds (Note 22.2)	1,117,596,666,661	4,539,999,996	-	-	1,122,136,666,657
Loans from banks	90,570,473,728	215,104,875,170	(169,819,638,234)	(135,855,710,664)	-
TOTAL	7,044,621,777,478	45,910,492,301,238	(38,801,961,791,867)	-	14,153,152,286,849

22. LOANS (continued)

22.1 Loans from banks

The Group obtained these unsecured short-term loans with floating rates to finance its working capital requirements, details are as follows:

Bank	Ending balance VND	Principal and interest repayment term
Vietnam Joint Stock Commercial Bank for Industry and Trade – Tan Binh Branch	1,698,092,992,315	From 14 January 2020 to 7 February 2020
Sumitomo Mitsui Banking Corporation – Ha Noi Branch	1,149,432,322,830	From 2 January 2020 to 31 March 2020
HSBC Bank (Singapore) Limited	1,093,997,895,405	From 7 January 2020 to 26 March 2020
Bank of Investment and Development of Vietnam – Ho Chi Minh Branch	861,380,132,463	From 6 January 2020 to 2 March 2020
HSBC Bank (Vietnam) Limited	857,845,562,309	From 2 January 2020 to 30 March 2020
ANZ Singapore Limited	765,186,785,000	From 10 January 2020 to 28 February 2020
Mizuho Bank Ltd. – Ha Noi Branch	705,000,000,000	From 10 January 2020 to 21 February 2020
Sumitomo Mitsui Banking Corporation – Ho Chi Minh Branch	694,447,126,718	From 6 February 2020 to 27 March 2020
Joint Stock Commercial Bank for Foreign Trade of Vietnam	683,748,856,303	From 19 February 2020 to 23 March 2020
ANZ Bank (Vietnam) Limited – Ho Chi Minh Branch	667,089,434,914	From 6 January 2020 to 2 March 2020
Citibank N.A Vietnam – Hanoi Branch	625,282,413,785	From 6 January 2020 to 19 March 2020
Mizuho Bank Ltd. – Ho Chi Minh Branch	563,772,884,692	From 11 February 2020 to 5 March 2020
Military Commercial Joint Stock Bank	492,429,885,796	From 30 January 2020 to 31 January 2020
TOTAL	13,031,015,620,192	

22. LOANS (continued)

22.2 Domestic straight bonds

Details of domestic straight bonds are as follows:

Holder	Ending balance VND	Interest % p.a	Principal repayment term
Prudential Vietnam Assurance Private Limited	470,000,000,000	6.55	17 November 2022
Manulife (Vietnam) Limited	450,000,000,000		
AIA (Vietnam) Life Insurance Company Limited	100,000,000,000		
Chubb Life Insurance Vietnam Company Limited	45,000,000,000		
Sun Life Insurance Company Limited	40,000,000,000		
Shinhan Securities Vietnam Co., Ltd.	30,000,000,000		
Bonds issuance expenses	(12,863,333,343)		
TOTAL	1,122,136,666,657		

Domestic straight bonds are arranged by Standard Chartered Bank (Vietnam) Limited and guaranteed by Credit Guarantee and Investment Facility - a trust fund of the Asian Development Bank with guarantee fee rate of 1.5% per annum to finance the Group's working capital.

23. OWNERS' EQUITY

23.1 Movements in owners' equity

	Share capital	Share premium	Treasury shares	Foreign exchange differences	Undistributed earnings	Other capital	VND Total
Previous year:							
Beginning balance	3,169,884,370,000	36,717,698,286	(79,164,500)	(86,063,365)	2,698,572,748,459	1,130,494,084	5,906,140,082,964
Net profit for the year	-	-	-	-	2,878,724,130,907	-	2,878,724,130,907
Shares issuance	189,105,950,000	514,734,297,200	-	-	-	-	703,840,247,200
Shares repurchase	-	-	(729,700,000)	-	-	-	(729,700,000)
Equity transactions inside Group with non-controlling interests shareholders	-	-	-	-	(27,410,937,561)	-	(27,410,937,561)
Dividends declared	-	-	-	-	(484,310,571,750)	-	(484,310,571,750)
Stock dividends	1,075,971,460,000	-	-	-	(1,075,971,460,000)	-	-
Foreign exchange differences	-	-	-	532,636,263	-	-	532,636,263
Ending balance	4,434,961,780,000	551,451,995,486	(808,864,500)	446,572,898	3,989,603,910,055	1,130,494,084	8,976,785,888,023
Current year:							
Beginning balance	4,434,961,780,000	551,451,995,486	(808,864,500)	446,572,898	3,989,603,910,055	1,130,494,084	8,976,785,888,023
Net profit for the year	-	-	-	-	3,834,269,547,047	-	3,834,269,547,047
Shares issuance (*)	500,000,000	3,755,000,000	-	-	-	-	4,255,000,000
Shares repurchase	-	-	(4,850,060,000)	-	-	-	(4,850,060,000)
Dividends declared (**)	-	-	-	-	(664,179,295,500)	-	(664,179,295,500)
Funds appropriation	-	-	-	-	(10,000,000,000)	-	(10,000,000,000)
Foreign exchange differences	-	-	-	(474,950,831)	-	-	(474,950,831)
Ending balance	4,435,461,780,000	555,206,995,486	(5,658,924,500)	(28,377,933)	7,149,694,161,602	1,130,494,084	12,135,806,128,739

23. OWNERS' EQUITY (continued)

23.1 Movements in owners' equity (continued)

(*) On 17 September 2019, the Company completed the issuance of 50,000 ordinary shares to its key employees in accordance with the Shareholders' Resolution dated 22 March 2019 and the Board of Director's Resolution dated 23 August 2018. On 24 October 2019, the Company received the amended ERC issued by the DPI of Binh Duong Province, approving the increase in charter capital from VND 4,434,961,780,000 to VND 4,435,461,780,000.

(**) During the year, the Company declared and paid dividend amounting to VND 664,179,295,500 from undistributed earnings to its existing shareholders in accordance with the Shareholders' Resolution dated 22 March 2019.

23.2 Capital transactions with owners

	Number of shares
Beginning balance	443,496,178
Increase in capital	50,000
Ending balance	443,546,178

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

23.3 Shares - ordinary shares

	Number of shares	
	Ending balance	Beginning balance
Authorised shares	443,546,178	443,496,178
Issued and paid-up shares		
<i>Ordinary shares</i>	443,546,178	443,496,178
Treasury shares		
<i>Ordinary shares</i>	(856,236)	(369,285)
Shares in circulation		
<i>Ordinary shares</i>	442,689,942	443,126,893

24. REVENUES

24.1 Revenue from sales of goods and rendering of services

	Current year	Previous year
	VND	
Gross revenue	103,485,046,672,447	87,738,378,978,636
In which:		
Sale of goods	102,690,897,379,315	87,029,254,963,723
Rendering of services	794,149,293,132	709,124,014,913
Less	(1,310,802,695,724)	(1,222,091,976,137)
Sales returns	(1,310,802,695,724)	(1,222,091,976,137)
Net revenue	102,174,243,976,723	86,516,287,002,499
In which:		
Sale of goods	101,380,094,683,591	85,807,162,987,586
Rendering of services	794,149,293,132	709,124,014,913

24.2 Finance income

	Current year	Previous year
	VND	
Interest income	343,579,024,388	84,857,279,584
Discounts received from early payments	287,234,164,431	255,850,966,106
Foreign exchange gains	364,665,532	1,375,629,539
TOTAL	631,177,854,351	342,083,875,229

25. FINANCE EXPENSES

	Current year	Previous year
		VND
Interest expense	568,136,717,134	436,416,577,674
Foreign exchange losses	35,984,155	1,514,702
Others	1,582,143,555	155,057,860
TOTAL	569,754,844,844	436,573,150,236

26. TRADING AND OPERATING COSTS

	Current year	Previous year
		VND
Cost of goods sold and service rendered	82,686,444,673,012	71,224,159,239,435
Labour costs	7,929,092,857,295	6,289,900,986,436
Depreciation and amortisation (Notes 12, 13 and 17)	1,442,826,938,954	1,222,868,683,717
Others	5,139,145,802,021	3,908,585,418,683
TOTAL	97,197,510,271,282	82,645,514,328,271

27. CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") rate applicable to the Company and its subsidiaries are as follows:

- The statutory CIT rate applicable to the Company is 20% of taxable income;
- The statutory CIT rate applicable to The Gioi Di Dong Information Technology Limited Company ("CNTT TGDD"), the Company's subsidiary is 10% of taxable income in 15 years from the date of CNTT TGDDs commencement of new investment project in the High-Tech zone and entitled applicable normal CIT rate for the following years. CNTT TGDD is entitled to an exemption from CIT for 4 years commencing from the year in which a taxable profit is earned, and a 50% reduction of the applicable CIT rate for the following 9 years. For other activities of CNTT TGDD, the applicable CIT rate is 20% of taxable income.

The Group's tax returns are subject to examination by the tax authorities. As the application of tax laws and regulations 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.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2019 end for the year then ended

27. CORPORATE INCOME TAX (continued)

27.1 CIT expense

	Current year	Previous year
		VND
Current CIT expense	1,248,226,781,874	921,349,811,577
Adjustment for under accrual of tax from prior years	126,299,960	12,486,926,869
	1,248,353,081,834	933,836,738,446
Deferred tax income	(31,145,964,165)	(27,827,229,661)
TOTAL	1,217,207,117,669	906,009,508,785

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

	Current year	Previous year
		VND
Accounting profit before tax	5,053,447,204,696	3,786,318,568,918
At CIT rate of 20%	1,010,689,440,939	757,263,713,784
Adjustments		
Losses of subsidiaries not yet recognised deferred tax	207,512,389,408	114,559,216,155
Goodwill allocation	12,278,374,424	12,278,374,424
Non-deductible expenses	4,838,942,989	9,001,080,176
Loss from an associate	694,656,674	420,197,377
Adjustment for under accrual of tax from prior years	126,299,960	12,486,926,869
Tax loss carried forward	(2,042,981,573)	-
Tax exempted	(16,890,005,152)	-
CIT expense	1,217,207,117,669	906,009,508,785

27. CORPORATE INCOME TAX (continued)

27.2 Current tax

The current tax payable is based on taxable profit for the current year. The taxable profit of the Group for the year differs from the accounting 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.

27.3 Deferred tax

The following are the deferred tax assets and deferred tax liability recognised by the Group, and the movements thereon, during the current and previous years:

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
Deferred tax assets				
Provision for obsolete inventories	90,101,247,456	75,026,468,954	15,074,778,502	23,067,906,765
Accrued expenses	74,364,760,471	63,210,600,900	11,154,159,571	3,477,600,900
Provision for warranty	14,338,104,477	11,313,726,546	3,024,377,931	2,148,818,600
Foreign exchange differences	(5,432,073)	(2,068,735)	(3,363,338)	(16,072,208)
TOTAL	178,798,680,331	149,548,727,665		
Deferred tax liability				
Change of fair value of net assets after business combination	-	(1,896,011,499)	1,896,011,499	(851,024,396)
Deferred tax income			31,145,964,165	27,827,229,661

28. EARNINGS PER SHARE

The Group used following data to calculate the basic and diluted earnings per share:

	Current year	Previous year
Net profit attributable to ordinary shareholders of the Company (VND)	3,834,269,547,047	2,878,724,130,907
Weighted average number of ordinary shares for basic earnings per share	442,482,496	430,372,609
Basic and diluted earnings per share (VND/share)	8,665	6,689

There have been no potential dilutive ordinary shares during the year and up to the date of these consolidated financial statements.

29. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with its related parties during the current and previous years were as follows:

Related party	Relationship	Nature of transaction	Current year	VND Previous year
Thanh Phat Import Export One Member Limited	Common key personnel	Purchase of merchandise	17,562,316,948	1,250,492,196,813
			3,669,558,297	-
An Khang Retail Joint Stock Company	Associate	Sale of goods	347,892,772	-
		Rendering of services	250,613,890	-
		Purchase of goods		
Mr Robert Willet	Member of the Board of Directors	Consultant fee	2,146,976,781	2,188,855,166

29. TRANSACTIONS WITH RELATED PARTIES (continued)

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

Related party	Relationship	Nature of transaction	Ending balance	VND Beginning balance
Short-term trade receivable				
An Khang Retail Joint Stock Company	Associate	Sale of goods	1,485,157,638	-
Short-term advance to supplier				
Thanh Phat Import Export One Member Limited	Common key personnel	Purchase of merchandise	-	1,124,551,935
Other short-term receivable				
An Khang Retail Joint Stock Company	Associate	Payments on behalf	296,939,715	-
Other short-term payable				
An Khang Retail Joint Stock Company	Associate	Payments on behalf	3,580,127,275	-

Remuneration to members of the Board of Directors and Management:

	Current year	VND Previous year
Salaries and bonus	13,127,973,800	10,366,492,400

30. OPERATING LEASE COMMITMENT

The Group leases its office premises, stores and distribution centres under operating lease agreements. The minimum lease commitments as at the balance sheet dates under the operating lease agreements are as follows:

	Ending balance	VND Beginning balance
Less than 1 year	2,314,846,596,565	1,824,274,093,337
From 1 to 5 years	7,920,194,732,060	5,999,533,912,690
More than 5 years	3,705,993,575,108	2,653,513,133,360
TOTAL	13,941,034,903,733	10,477,321,139,387

EVENTS AFTER THE BALANCE SHEET DATE

Issuance of new ordinary shares in accordance with the Employee Stock Ownership Plan

- At 6 January 2020, the Company has completed aforementioned transaction with total 10,520,045 shares issued to its key employees at the price of VND 10,000 per share as 856,236 treasury shares and issuance of 9,663,809 new shares. Accordingly, the Company's registered share capital has been increased from VND 4,435,461,780,000 to VND 4,532,099,870,000. On 12 February 2020, the Company received the amended ERC issued by the DPI of Binh Duong Province for the above issuance of shares.
- Except for the above event, there is no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the consolidated financial statements of the Group.



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