

## Business Information Service

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### Comprehensive Business Report:

### AAA JOINT STOCK COMPANY

**Date of report:**

Apr 18, 2023

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**KEY INFORMATION**

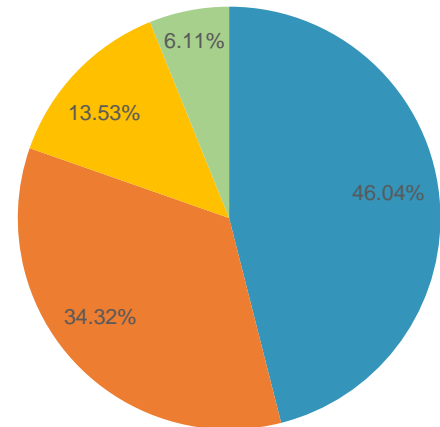
KEY FINANCIAL FY: 2020			Unit	VND Million
<b>Total Assets</b>	<b>Contributed Capital</b>	<b>Net Debts</b>	<b>Net Revenue</b>	<b>Net Profit</b>
5,361,578	2,599,000	1,640,527	1,504,454	40,757
-0.81% y-o-y	+52.97% y-o-y	-32.74% y-o-y	-39.06% y-o-y	+36.44% y-o-y
<b>Company Name</b>	<b>AAA JOINT STOCK COMPANY</b> CÔNG TY CỔ PHẦN AAA		<b>COMPANY RANK (*)</b> FY: 2020	<b>#24</b> By Revenue
<b>Registered Address</b>	NO 1, BAC NINH PROVINCE, VIETNAM		<b>TOP COMPANIES</b> FY: 2020	
<b>Tax Code</b>	0123456789		<b>Company name</b>	<b>Rank</b> <b>Revenue</b>
<b>Business Registration No.</b>	0123456789		GELEX GROUP JOINT STOCK COMPANY	1   18,086,263
<b>Date of Registration</b>	Jan 01, 2000		BRANCH OF GE VIETNAM LIMITED IN HAIPHONG	2   7,107,234
<b>Legal Form</b>	Joint Stock Company		NIDEC VIET NAM CORPORATION	3   5,408,541
<b>Ownership Type</b>	Non-state Joint Stock Company		BROAD - OCEAN MOTOR (HAI PHONG) COMPANY LIMITED	4   3,621,485
<b>Main Business Line</b>	Manufacturing electrical equipment, and industrial products; Investing and developing real estate projects;		MABUCHI MOTOR DANANG LIMITED	5   3,408,137
<b>Key Products</b>	Transformers, electrical cabinets, electronic cables, solenoid wire (coil or flat bar), metal packaging; Industrial and residential real estate projects		(*) FiinGroup Company/Bank Rankings are the performance tables that judge size of companies/banks which register to operate in Vietnam. We use typical indicators to provide general comparisons. Companies/Banks are basically grouped into registered industries, then ranked by scale to suggest the position of the subject among its peers. The result is for reference only.	
<b>Industry Classification (Main)</b>	Manufacture of electrical equipment	ICB: 2700 VSIC: 27	<b>FINANCIAL SUMMARY</b>	
<b>Sector (Main)</b>	Manufacture of electric motors, generators, transformers and electricity distribution and control apparatus	ICB: 2757 VSIC: 2710	<b>Profit Margin (FY: 2020)</b>	
<b>Listing Status</b>	Private Entity			
<b>Operating Status</b>	Active		<b>Cash Flow Breakdown (FY: 2020)</b>	
<b>Charter Capital</b>	VND 4,686,800 Million			
<b>Employees Size</b>	79 (2021)			
<b>Legal Representative</b>	<b>NGUYEN VAN A</b>			
<b>CONTACT INFORMATION</b>				
<b>Telephone</b>	+84 222 3741 xxx			
<b>Fax</b>	+84 222 3741 xxx			
<b>Website</b>	www.xxxx.com.vn			
<b>Email</b>	info@xxxx.com.vn			

## OWNERSHIP STRUCTURE

Name	Nationality / Country	Ownership	Update Date
NGUYEN VAN A	-	46.04%	02/2022
AAA CO., LTD	-	34.32%	02/2022
BBB - KOREA POWER CABLES JOINT STOCK COMPANY	South Korea	13.53%	02/2022
OTHERS	-	6.11%	N/A

Source: AAA Joint Stock Company's Minutes of Extraordinary General Meeting of Shareholders No.12.8/2022/BB-ĐHĐCĐ. Last updated on 18 Apr 2023

**Note:** The provided ownership structure is accordance with the charter capital of VND 3,687 trillion; the newest ownership structure in accordance with the current charter capital of VND 4,687 trillion is not available.



## MANAGEMENT INFORMATION

### BOARD OF DIRECTOR

Name	Position
NGUYEN VAN A	Chairman of Management Board
NGUYEN VAN A	Member of Management Board
NGUYEN THI B	Member of Management Board

### BOARD OF MANAGEMENT

Name	Position
NGUYEN VAN A	General Director
NGUYEN THI B	Deputy General Director

**BRANCHES & SUBSIDIARIES**

BRANCH(ES)					
Name	Tax Code	Address			
BRANCH OF AAA JOINT STOCK COMPANY	0123456789-001	No. 206, Doi Can Street , Doi Can Ward, Ba Dinh District, Ha Noi City, Vietnam			
AAA COMMERCE CENTER	0123456789-002	New Street , Dinh Bang Ward, Tu Son Town, Bac Ninh Province, Vietnam			
SUBSIDIARY(IES)					
Name	Tax Code	Address		Ownership (%)	
277 - YEN PHONG ROAD CONSTRUCTION COMPANY LIMITED	2300933xxx	AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Vietnam		100.00%	
	Financial Highlight (VND Million)				
	Balance Sheet	FY2020	Income Statement	FY2020	
	Current Assets	201,894	Revenue	100,865	
	Non-current Assets	37	Cost of Goods Sold	100,865	
	Total Assets	201,931	Interest Expenses	-	
	Liabilities	93,139	Selling & Administrative Expenses	-	
	Owner's Equity	108,792	Profit After Tax	-	
	VAN MON INFRASTRUCTURE CONSTRUCTION LIMITED LIABILITY COMPANY	2300973xxx	AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Vietnam		100.00%
		Financial Highlight (VND Million)			
Balance Sheet		FY2018	Income Statement	FY2018	
Current Assets		70,204	Revenue	-	
Non-current Assets		6	Cost of Goods Sold	-	
Total Assets		70,211	Interest Expenses	-	
Liabilities		2	Selling & Administrative Expenses	-	
Owner's Equity		70,208	Profit After Tax	-	
AAA - GIA BINH II INDUSTRIAL PARK AND URBAN DEVELOPMENT INVESTMENT JOINT STOCK COMPANY		2301202xxx	AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Vietnam		86.00%
		Financial Highlight (VND Million)			
	Balance Sheet	N/A	Income Statement	N/A	
	Current Assets	-	Revenue	-	
	Non-current Assets	-	Cost of Goods Sold	-	
	Total Assets	-	Interest Expenses	-	
	Liabilities	-	Selling & Administrative Expenses	-	
	Owner's Equity	-	Profit After Tax	-	
	LANDS AAA JOINT STOCK COMPANY	2301021xxx	AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Vietnam		99.00%
		Financial Highlight (VND Million)			
Balance Sheet		FY2018	Income Statement	FY2018	
Current Assets		9	Revenue	-	
Non-current Assets		-	Cost of Goods Sold	-	
Total Assets		9	Interest Expenses	-	
Liabilities		1	Selling & Administrative Expenses	1,252	
Owner's Equity		8	Profit After Tax	(1,252)	
SAI GON METAL, PACKAGING, ELECTRICAL		3603361xxx	AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Vietnam		79.36%
		Financial Highlight (VND Million)			

BRANCH(ES)					
Name	Tax Code	Address		Ownership (%)	
EQUIPMENT - MANUFACTURING JOINT STOCK COMPANY	<b>Balance Sheet</b>		<b>FY2020</b>	<b>Income Statement</b>	<b>FY2020</b>
	Current Assets		2,989	Revenue	-
	Non-current Assets		32,383	Cost of Goods Sold	-
	Total Assets		35,372	Interest Expenses	-
	Liabilities		23,161	Selling & Administrative Expenses	2
	Owner's Equity		12,211	Profit After Tax	(2)
	2301037xxx	AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Vietnam		70.93%	
AAA 220-500KV POWER TRANSFORMER MANUFACTURING JOINT STOCK COMPANY	<b>Financial Highlight (VND Million)</b>				
	<b>Balance Sheet</b>		<b>FY2020</b>	<b>Income Statement</b>	<b>FY2020</b>
	Current Assets		49,624	Revenue	22,055
	Non-current Assets		24,586	Cost of Goods Sold	22,427
	Total Assets		74,210	Interest Expenses	-
	Liabilities		48,136	Selling & Administrative Expenses	315
Owner's Equity		26,074	Profit After Tax	(687)	
ASSOCIATE(S)					
Name	Tax Code	Address		Ownership (%)	
AAA INDUSTRIAL CONSTRUCTIONS AND CONSULTING DESIGN JOINT STOCK COMPANY	2300224xxx	AAA Industrial Park, Dong Nguyen Ward, Tu Son Town, Bac Ninh Province, Vietnam		45.00%	
	<b>Financial Highlight (VND Million)</b>				
	<b>Balance Sheet</b>		<b>FY2021</b>	<b>Income Statement</b>	<b>FY2021</b>
	Current Assets		79,208	Revenue	-
	Non-current Assets		2,697	Cost of Goods Sold	-
	Total Assets		81,905	Interest Expenses	-
Liabilities		80,696	Selling & Administrative Expenses	3	
Owner's Equity		1,208	Profit After Tax	(3)	
AAA COSMETIC JOINT STOCK COMPANY	2300993xxx	AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Vietnam		25.00%	
	<b>Financial Highlight (VND Million)</b>				
	<b>Balance Sheet</b>		<b>FY2020</b>	<b>Income Statement</b>	<b>FY2020</b>
	Current Assets		7	Revenue	-
	Non-current Assets		-	Cost of Goods Sold	-
	Total Assets		7	Interest Expenses	-
Liabilities		-	Selling & Administrative Expenses	3	
Owner's Equity		7	Profit After Tax	(3)	
AAA JOINT STOCK COMPANY	3602430xxx	AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Vietnam		20.00%	
	<b>Financial Highlight (VND Million)</b>				
	<b>Balance Sheet</b>		<b>N/A</b>	<b>Income Statement</b>	<b>N/A</b>
	Current Assets		-	Revenue	-
	Non-current Assets		-	Cost of Goods Sold	-
	Total Assets		-	Interest Expenses	-
Liabilities		-	Selling & Administrative Expenses	-	

**ASSOCIATE(S)**

Owner's Equity	-	Profit After Tax	-
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**RELATED COMPANY(IES)**

Name	Tax Code	Address	Link	Tel.
			<b>Co-director:</b>	
			• Mr. NGUYEN VAN A	
			<b>Co-owner:</b>	
	2300890xxx	AAA Industrial Park, Dong Nguyen Ward, Tu Son Town, Bac Ninh Province, Viet Nam	• Mr. NGUYEN VAN A (81.00%)	+84 222 2217xxx
			<b>Co-legal representative</b>	

AAA PACKAGING  
JOINT STOCK  
COMPANY

Financial Highlight (VND Million)			
Balance Sheet	FY2020	Income Statement	FY2020
Current Assets	65,953	Revenue	-
Non-current Assets	1,116	Cost of Goods Sold	-
Total Assets	67,068	Interest Expenses	-
Liabilities	3,413	Selling & Administrative Expenses	3
Owner's Equity	63,655	Profit After Tax	(3)

**Co-director:**

2300933xxx	AAA Industrial Park, Dong Nguyen Ward, Tu Son Town, Bac Ninh Province, Vietnam	• Mr. NGUYEN VAN A	+84 222 3741xxx
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**Co-legal representative**

AAA PACKAGING  
JOINT STOCK  
COMPANY

Financial Highlight (VND Million)			
Balance Sheet	FY2020	Income Statement	FY2020
Current Assets	201,894	Revenue	100,865
Non-current Assets	37	Cost of Goods Sold	100,865
Total Assets	201,931	Interest Expenses	-
Liabilities	93,139	Selling & Administrative Expenses	-
Owner's Equity	108,792	Profit After Tax	-

**Co-director:**

2300973xxx	AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Viet Nam	• Mr. NGUYEN VAN A	+84 222 6260xxx
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**Co-legal representative**

AAA PACKAGING  
JOINT STOCK  
COMPANY

Financial Highlight (VND Million)			
Balance Sheet	FY2018	Income Statement	FY2018
Current Assets	70,204	Revenue	-
Non-current Assets	6	Cost of Goods Sold	-

**RELATED COMPANY(IES)**

Total Assets	70,211	Interest Expenses	-
Liabilities	2	Selling & Administrative Expenses	-
Owner's Equity	70,208	Profit After Tax	-

**Co-director:**

- Mr. NGUEYN VAN A

**Co-owner:**

2301012877	AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Viet Nam	• AAA - KOREA POWER CABLES JOINT STOCK COMPANY (97.83%)	+84 222 6260133
		• Mr. NGUYEN VAN A (0.36%)	

AAA PACKAGING  
JOINT STOCK  
COMPANY

**Co-legal representative**

Financial Highlight (VND Million)			
Balance Sheet	FY2020	Income Statement	FY2020
Current Assets	208,110	Revenue	322,708
Non-current Assets	38,931	Cost of Goods Sold	289,893
Total Assets	247,041	Interest Expenses	-
Liabilities	229,776	Selling & Administrative Expenses	31,579
Owner's Equity	17,265	Profit After Tax	751

**Co-director:**

- Mr. NGUYEN VAN A

2301021920	Hong Kong Trade Center Building, Dong Ngan Ward, Tu Son City, Bac Ninh Province, Viet Nam	<b>Co-owner:</b>	+84 222 6260133
		• AAA CO., LTD (0.50%)	

LANDS AAA JOINT  
STOCK COMPANY

**Co-legal representative**

Financial Highlight (VND Million)			
Balance Sheet	FY2018	Income Statement	FY2018
Current Assets	9	Revenue	-
Non-current Assets	-	Cost of Goods Sold	-
Total Assets	9	Interest Expenses	-
Liabilities	1	Selling & Administrative Expenses	1,252
Owner's Equity	8	Profit After Tax	(1,252)

**Co-director:**

AAA PACKAGING  
JOINT STOCK  
COMPANY

2301037198	AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Viet Nam	• Mr. NGUYEN VAN A	+84 222 6260xxx

**RELATED COMPANY(IES)**
**Co-owner:**

- AAA - KOREA POWER CABLES JOINT STOCK COMPANY (20.66%)
- Mr. NGUYEN VAN A (0.44%)

**Co-legal representative**

Financial Highlight (VND Million)			
Balance Sheet	FY2020	Income Statement	FY2020
Current Assets	49,624	Revenue	22,055
Non-current Assets	24,586	Cost of Goods Sold	22,427
Total Assets	74,210	Interest Expenses	-
Liabilities	48,136	Selling & Administrative Expenses	315
Owner's Equity	26,074	Profit After Tax	(687)

**Co-director:**

- Mr. NGUYEN VAN A

3600795xxx AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Viet Nam

**Co-owner:**

- Mr. NGUYEN VAN A (19.50%)

+84 251 6280xxx

AAA COMPANY LIMITED

**Co-legal representative**

Financial Highlight (VND Million)			
Balance Sheet	N/A	Income Statement	N/A
Current Assets	-	Revenue	-
Non-current Assets	-	Cost of Goods Sold	-
Total Assets	-	Interest Expenses	-
Liabilities	-	Selling & Administrative Expenses	-
Owner's Equity	-	Profit After Tax	-

**Co-director:**

- Mr. NGUYEN VAN A

3600886018 AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Viet Nam

+84 913223xxx

ABC JOINT STOCK COMPANY

**Co-legal representative**

Financial Highlight (VND Million)			
Balance Sheet	FY2020	Income Statement	FY2020
Current Assets	80,068	Revenue	3,428
Non-current Assets	152,312	Cost of Goods Sold	4,674



**RELATED COMPANY(IES)**

Total Assets	232,380	Interest Expenses	428
Liabilities	92,323	Selling & Administrative Expenses	301
Owner's Equity	140,057	Profit After Tax	(1,938)

**Co-director:**

- Mr. NGUYEN VAN A

**Co-owner:**

3603361xxx AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Viet Nam +84 913718xxx

- Mr. NGUYEN VAN A (19.84%)

AAA JOINT STOCK COMPANY

**Co-legal representative**

Financial Highlight (VND Million)			
Balance Sheet	FY2020	Income Statement	FY2020
Current Assets	2,989	Revenue	-
Non-current Assets	32,383	Cost of Goods Sold	-
Total Assets	35,372	Interest Expenses	-
Liabilities	23,161	Selling & Administrative Expenses	2
Owner's Equity	12,211	Profit After Tax	(2)

**Co-owner:**

2300316456 AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Viet Nam • AAA CO., LTD (4.21%) +84 222 6260294

AAA JOINT STOCK COMPANY

Financial Highlight (VND Million)			
Balance Sheet	FY2020	Income Statement	FY2020
Current Assets	402,219	Revenue	461,003
Non-current Assets	1,227,627	Cost of Goods Sold	363,337
Total Assets	1,629,846	Interest Expenses	61,708
Liabilities	909,730	Selling & Administrative Expenses	28,788
Owner's Equity	720,115	Profit After Tax	6,827

**Co-owner:**

2300133244 AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Viet Nam • Mr. NGUYEN VAN A (99.08%) +84 222 1860xxx

AAA CO., LTD

**Co-legal representative**

Financial Highlight (VND Million)			
Balance Sheet	FY2020	Income Statement	FY2020
Current Assets	123,233	Revenue	-
Non-current Assets	1,132,112	Cost of Goods Sold	-
Total Assets	1,255,345	Interest Expenses	-

**RELATED COMPANY(IES)**

Liabilities	846,778	Selling & Administrative Expenses	375
Owner's Equity	408,567	Profit After Tax	(375)

**Co-owner:**

2301202684	AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Viet Nam	• Mr. NGUYEN VAN A (8.00%)	+84 222 6260xxx
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**AAA JOINT STOCK COMPANY**

Financial Highlight (VND Million)			
Balance Sheet	N/A	Income Statement	N/A
Current Assets	-	Revenue	-
Non-current Assets	-	Cost of Goods Sold	-
Total Assets	-	Interest Expenses	-
Liabilities	-	Selling & Administrative Expenses	-
Owner's Equity	-	Profit After Tax	-

**Co-owner:**

3602430615	AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Viet Nam	• Mr. NGUYEN VAN A (2.94%)	+84 251 6280xxx
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**AAA JOINT STOCK COMPANY**

Financial Highlight (VND Million)			
Balance Sheet	N/A	Income Statement	N/A
Current Assets	-	Revenue	-
Non-current Assets	-	Cost of Goods Sold	-
Total Assets	-	Interest Expenses	-
Liabilities	-	Selling & Administrative Expenses	-
Owner's Equity	-	Profit After Tax	-

## Z-SCORE

Altman Z-score is the output of a credit-strength test that predicts a company's likelihood of bankruptcy. The Altman Z-score is based on five financial ratios calculated from the data in the company's financial statements.

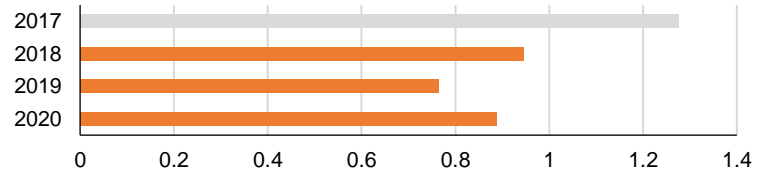
### Z-SCORE MODEL

$$Z = 0.717T1 + 0.847T2 + 3.107T3 + 0.420T4 + 0.998T5$$

### CALCULATION

	2020	2019	2018
T1	0.17	0.05	0.02
T2	-	-	(0.01)
T3	0.02	0.02	0.03
T4	0.97	0.47	0.63
T5	0.28	0.46	0.60
<b>ZScore</b>	<b>0.89</b>	<b>0.76</b>	<b>0.95</b>

ZScore in 04 years

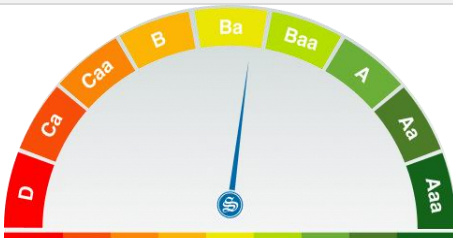


	"Safe" Zones - low default risk	$Z > 2.90$
	"Grey" Zones – medium default risk	$1.23 \leq Z \leq 2.90$
	"Distress" Zones - high default risk	$Z < 1.23$

### INTERPRETATION

Over the studied period, the Z-score of the Company did not change much, leveling out between 0.76 and 0.95. The Company constantly remained in the "Distress" Zone which theoretically implies a high probability of default. Such unfavorable result in Z-Core might be caused by excessive level of fixed assets, which includes value of projects during construction progress not yet generating revenue such as AAA industrial park project, Hong Kong shopping mall project, Man Xa Craft village industrial cluster. Accordingly, when these projects finished, the Company's Z-Core will be expected to improve in upcoming years.

## INTRINSIC CREDIT SCORE

INTRINSIC CREDIT SCORE		RISK INDICATORS							
<b>Summary</b>		<b>Factor</b>	<b>Sub factor</b>	<b>2020</b>	<b>Weight</b>	<b>Score</b>			
<b>Credit Score</b>	Ba+	<b>Scale</b>	<b>Revenue</b>	1504.45	20.00%	<b>AAA</b>			
<b>Probability of Default</b>	1.42%	<b>Profitability and Efficiency</b>	<b>EBIT Margin</b>	5.20%	5.00%	<b>B</b>			
<b>Risk Odometer</b>						<b>EBIT/Interest Expense</b>	0.92x	10.00%	<b>Caa</b>
		<b>Leverage and Coverage</b>	<b>RCF/Net Debt</b>	7.00%	10.00%	<b>Caa</b>			
			<b>FCF/Debt</b>	-44.20%	5.00%	<b>Ca</b>			
			<b>Debt/EBITDA</b>	17.76x	10.00%	<b>Ca</b>			
<b>Rating</b>	<b>Description</b>	<b>Business Profile</b>	<b>Business Profile</b>						
<b>AAA</b>	Best quality, subject to the minimal level of credit risk	<p>The Company has a strong and defensible market position in its core business segment – electrical equipment. In the observed years, the Company is expected to have moderately stable revenue and margins, which are supported by end markets that are characterized by solid long-term demand but subject to short-term volatility. In addition, the Company has a diverse portfolio of products and services, including real estate and metal packaging. Some segments are expected to have volatility in input costs, but cost management that substantially mitigates the margin impact.</p>			25.00%	<b>Baa</b>			
<b>Aa+</b>	High quality, subject to very low credit risk								
<b>Aa</b>	High quality, subject to low credit risk								
<b>Aa-</b>	High quality, subject to trivial credit risk								
<b>A+</b>	Upper-medium grade, subject to trivial credit risk								
<b>A</b>	Upper-medium grade, subject to tolerable credit risk								
<b>A-</b>	Upper-medium grade, subject to moderate credit risk								
<b>Baa+</b>	Medium-grade, subject to moderate credit risk and may possess very few speculative characteristics								
<b>Baa</b>	Medium-grade, subject to moderate credit risk and may possess few speculative characteristics								
<b>Baa-</b>	Medium-grade, subject to moderate credit risk and may possess certain speculative characteristics								
<b>Ba+</b>	Judged to be speculative, subject to substantial credit risk	<p>The Company is expected to have financial policies that favor creditors as it paid limited dividends to shareholders. However, the payment time for suppliers has been prolonged as Days of Payable Outstanding raised from 53 to 126 days. On the other hand, the Company showed a relatively good financial record. It tends to hold a balanced capital structure which is evidenced by the liabilities/equity decreased from 1.36 down to 0.91. In addition, the Company continuously make payment of borrowings to creditors, making the debt/total equity decreased from 1 down to 0.83, less than the industry average (0.75), illustrating that the Company is not really stressed in repayment of loan while its currently good liquidity position.</p>			15.00%	<b>Baa</b>			
<b>Ba</b>	Judged to be speculative, subject to more substantial credit risk								
<b>Ba-</b>	Judged to be speculative, subject to high substantial credit risk								
<b>B+</b>	Considered speculative, subject to intolerable credit risk								
<b>B</b>	Considered speculative, subject to more intolerable credit risk								
<b>B-</b>	Considered speculative, subject to high intolerable credit risk								
<b>Caa+</b>	Speculative of poor standing and subject to high credit risk								
<b>Caa</b>	Speculative of poor standing and subject to very high credit risk								
<b>Caa-</b>	Speculative of poor standing and subject to highest credit risk								
<b>Ca</b>	Currently highly vulnerable								
<b>D</b>	The lowest rated and typically in default, with little prospect for recovery of principal or interest								
		<b>Financial Policy</b>	<b>Financial Policy</b>						

We note that our credit analysis for ratings in this sector covers factors that are common across all industries such as ownership, management, liquidity, corporate legal structure, governance and country related risks which are not explained in detail in this document, as well as other factors that can be meaningful on a company-specific basis. Our ratings consider these and other qualitative considerations that do not lend themselves to a transparent presentation in a scorecard format. The scorecard used for this methodology reflects a decision to favor a relatively simple and transparent presentation rather than a more complex scorecard that would map scorecard-indicated outcomes more closely to actual ratings.

All ratios are based on 'Adjusted' financial data and incorporate FiinRating's Standard Adjustments for Non-Financial Corporations. This is Intrinsic Credit Score generated automatically via our internal simulation analytics platform developed and owned by FiinGroup.

This publication does not announce a credit rating action or any kind of rating required by law. The score represents FiinRating's forward view within 12 months, not the view of the issuer, and unless noted in the text, does not incorporate significant acquisitions and divestitures.

For any credit rating enquiry or question related to this publication, please assess <https://fiingroup.vn/RequestForServices>

## PRELIMINARY SCORING

CREDIT RATING OF THE ENTERPRISE		RATING RATIONALE	
<b>Summary</b>		<b>Factor</b>	<b>Rating</b>
<b>Rating</b>	BB	<b>Business Risk Position</b>	<b>Satisfactory (3/6)</b>
<b>Outlook</b>	Stable	<i>Industry risk</i>	<i>Intermediate risk (4/6)</i>
<b>Rating date</b>	21-Apr-2023	<i>Competitive Position</i>	<i>Satisfactory (3/6)</i>
<b>Industry</b>	Diversified   Utilities, Real estate	<b>Financial Risk Position</b>	<b>Aggressive (5/6)</b>
We expect growth trend utilities segment to remain stable as products are essentially non-discretionary. On the other hand, construction and real estate may continue to see failing demands due to the slowing down in real estate sector as well as in the whole economy.		<b>Preliminary Credit Rating</b>	<b>BB</b>
<b>Business Profile</b>	Satisfactory (3/6)	<b>Modifier Factors</b>	<b>No adjustment</b>
AAA is a moderately sized producer of electrical equipment, with a primary focus on electrical transformers. The company is also involved in the development of both residential and industrial real estate properties. With a normalized consolidated EBITDA margin of approximately 8.0% in the 2018-2020 period, we assess that the company to have a low operating efficiency and profitability.		<i>Diversity</i>	<i>No adjustment</i>
<b>Financial Risk</b>	Aggressive (5/6)	<i>Capital Structure</i>	<i>No adjustment</i>
We assess AAA's Financial Risk Profile (FRP) at Aggressive level, which reflects the company's high level of financial leverage, and anticipate that the company will maintain this level of risk in the near term. Although AAA's Debt/Equity decreased from 1.2x in 2018 to 0.6x in 2020 due to an equity injection, the company's consolidated Debt/EBITDA averaged around 12.2x over the past period 2018-2020, indicating a weak capability to cover its debts.		<i>Liquidity</i>	<i>No adjustment</i>
<b>Modifier Factors</b>	No adjustment (0)	<i>Financial Controls &amp; Management</i>	<i>No adjustment</i>
No adjustment		<b>Standalone Credit Rating ("SACP")</b>	<b>BB</b>
		<b>External Factors</b>	<b>No adjustment</b>
		<b>Issuer Credit Rating</b>	<b>BB</b>
		<b>Outlook</b>	<b>Stable</b>
		<i>The rating scale below by FiinRatings represents a forward-looking opinion on the relative credit risk of issuers in Vietnam. We employ below rating scale in assigning ratings for all issuers across industries and sectors that we cover in Vietnam. The rating scale used by FiinRatings is the national scale, therefore, it must not be equated with or represented as a rating on the scale used by any other rating agencies.</i>	
		<b>Rating</b>	<b>Definition and explanation</b>
		<b>AAA</b>	Group 1: Extremely strong capacity to meet financial obligation
		<b>AA+</b>	
		<b>AA</b>	Group 2: Very strong capacity to meet financial obligation
		<b>AA-</b>	
		<b>A+</b>	
		<b>A</b>	Group 3: Strong capacity to meet financial obligations but somewhat susceptible to adverse economic conditions and changes in circumstances
		<b>A-</b>	
		<b>BBB+</b>	
		<b>BBB</b>	Group 4: Adequate capacity to meet financial commitments but more vulnerable to adverse developments and economic conditions
		<b>BBB-</b>	
		<b>BB+</b>	
		<b>BB</b>	Group 5: Moderate capacity to meet financial obligations but less vulnerable than other speculative issuers
		<b>BB-</b>	
		<b>B+</b>	
		<b>B</b>	Group 6: Weak capacity to meet financial obligations. Sensitive to business, financial and economic conditions. High risk.
		<b>B-</b>	
		<b>CCC+</b>	
		<b>CCC</b>	Group 7: Very weak capability or very likely to get into default. Very sensitive to business, financial and economic conditions.
		<b>CCC-</b>	
		<b>CC</b>	Substantial risk.
		<b>C</b>	
		<b>D</b>	Group 8: Failure to pay debt obligations on time or in default. Also, applicable when a business files for bankruptcy or takes similar actions.

## COMPANY INSIGHT

### AAA JOINT STOCK COMPANY

IMPORTANT MILESTONES	
Year	Information
1994	The Company appeared as a factory of AAA Co., Ltd.
2007	The Company was officially established as an independent legal entity under Business Registration No. 2300296xxx with charter capital of VND 1,100 billion.
2018	The Company started expanding its business line to real estate, hotel, restaurant, office lease.
2019	The Company increased its charter capital to VND 1,699 billion.
2021	In January, the Company increased its charter capital to VND 2,599 billion.
	In October, the Company increased its charter capital to VND 3,687 billion.
2022	The Company increased its charter capital to VND 4,687 billion.

### BUSINESS NATURE

Started in 1994, AAA Joint Stock Company (hereinafter referred to as "AAA" or "the Company") originally operated as a small manufacturing facility of electrical equipment, wire and cables owned by AAA Company Limited (Tax Code: 2300133xxx). During this period, the factory was run by Mr. Nguyen Van A, Chairman of the Board of Directors of AAA Company Limited. At that time, the factory specialized in manufacturing and trading electrical supplies and materials, such as:

- Distribution transformers, dry transformers with voltage from 10-35 kV, capacity from 25 kVA - 15,000 kVA;
- Low voltage electrical panel cabinets;
- Kiosk stations;
- Electrical cables, copper wires and aluminum wires with diameters from 2.3 mm - 9.5 mm;
- Semi-finished products of transformers such as: cross-cut silicon corrugated iron core, heat sink fins.

In 2007, with an aim to expand the operation scale to different business fields, the factory was equitized and renamed as AAA Joint Stock Company, still led by Mr. Nguyen Van A. According to explanation of Mr. Nguyen Van A, "AAA" means blooming cherry blossom in Japanese, with the hope that the Company's brand will always shine like cherry blossom.

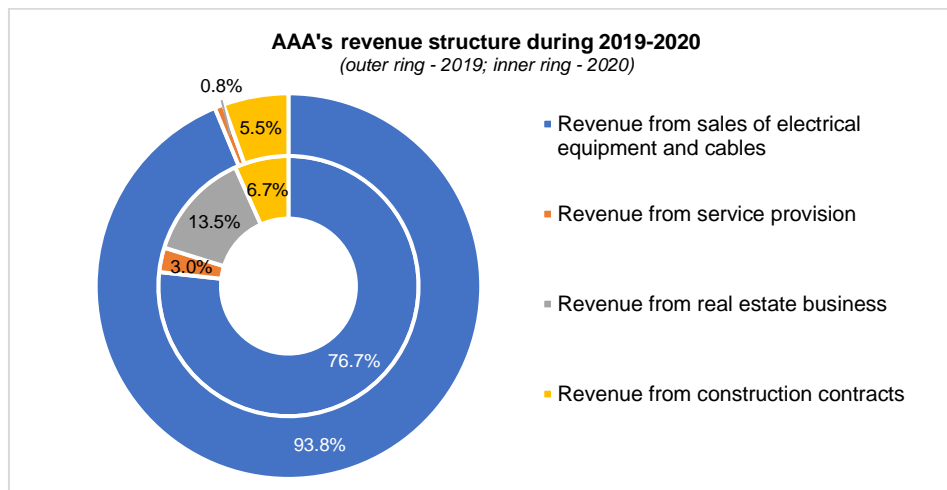
Currently, the Company is held by 3 major shareholders as following:

Name	%	Note
Mr. Nguyen Van A	46.04%	Mr. Nguyen Van A serves as both the Chairman and Legal Representative of AAA and AAA Company Limited.
AAA Company Limited	34.32%	AAA Company Limited is a privately held company specializing in wholesales of electrical supplies & materials. Mr. Nguyen Van A holds 99.08% of the company's shares.
AAA-Korea Power Cables Joint Stock Company (*)	13.53%	AAA-Korea Power Cables produces power cables for the electrical industry.

(\*) It should be note that AAA-Korea was formerly a subsidiary of AAA with a 96.3% ownership. In December 30, 2020, the Company transferred its shares in AAA-Korea to Mr. Man Ngoc Hong Kong (son of Mr. Nguyen Van A), Mrs. Nguyen Thi Minh Phuong (wife of Mr. Nguyen Van A) and Mr. Nguyen Van A (son of Mr. Nguyen Van A) at 36,000,000 shares (equivalent to VND390.59 billion); 10,000,000 shares (equivalent to VND108.50 billion) and 10,000,000 shares (equivalent to VND108.50 billion) respectively, equivalent to total 79.62%.

At present, **AAA is a large-sized corporation operating in 02 key business segments, including (1) manufacture of electrical equipment, wires and cables, and (2) industrial & residential real estate investment and construction.** Beside core businesses, it also engages in other business fields including cosmetics distribution, metal packaging manufacture.

From 2019 to 2021, the Company continuously increased its charter capital from VND1,100 billion to VND4,687 billion, implying the expansion in business scale which is predicted to develop further real estate projects.



Source: AAA's Financial Statement for FY2020

According to the chart illustrated above, **sales revenue from its key product segment - electrical equipment and cables - contributed to the majority of AAA's total sales** during 2019-2020. However, **there has been a gradual change in its turnover structure** as revenue from electrical equipment and cable declined from 93.8% down to 76.7% while that from real estate raised from 0 to 13.5%. This is because AAA started to recognize revenue from the AAA Paris Ocean Park urban area project in Bac Ninh Province which was completed the first phase in 2020. With the number of ongoing real estate projects at present, it is expected that the real estate segment will contribute greater revenue to the Company in the future.

#### **Electrical equipment, electric wires and cables**

In our view, AAA is among large players operating in the field of manufacturing and installing electrical equipment, electric wires and cables. The Company has certain strengths in terms of designs and competitive price compared to its peer, including Dong Anh Electrical Equipment, Hitachi Energy (formerly known as ABB Vietnam), CADIVI, LS Vina, etc. Those are large-scaled companies with over years of experience in manufacturing power transmission products such as transformers and cables like AAA. In addition, the Company is highly appreciated for its customer care services with fast delivery time, quick procedures, and good promotion campaigns. However, compared to quality (durability, reliability, ability to meet specifications and ability to operate), the Company is not rated as high as other brands.

As observed, AAA's transformers, wires and cables products are significantly recognized in local market, particularly in the North and Central regions. One of the competitive advantages of AAA is its ability to build a positive relationship with major power corporations in Vietnam. Along with the great financial position, these have brought about many favorable conditions for its product supply and distribution, especially when participating in the bidding packages.

All of AAA's products are committed according to IEC76-1993 and TCVN 6306-1997 quality standard. Thanks to the high quality and applicability, AAA's electrical equipment can serve for large- and small-scale power generation and supply, such as nuclear power plants, wind power, hydroelectricity, thermal power plants, solar power plants, civil electricity.

AAA's product offerings and notable supplying projects:

Products	Detail	Key customers
Transformers	Dry transformers, Oil distribution transformers (voltage up to 35kV, capacity 25kVA-15,000kVA), Transmission transformers (voltage up to 500kV, capacity of up to 450MVA);	<ul style="list-style-type: none"> <li>Supplying 2500kVA dry transformer station at No. 7 Nguyen Canh Chan Ward, Quan Thanh District, Ba Dinh, Hanoi (Office of the Party Central Committee's address);</li> <li>Supplying variety of transformers and 3x24kV underground cable systems for 1000th anniversary of Thang Long – Hanoi and 10th National Congress of the Communist Party of Vietnam;</li> </ul>
Substations, cabinets	Kiosk transformer substations, Electrical cabinets of low-voltage transformer substations;	<ul style="list-style-type: none"> <li>Supplying 473 transformers for RD-6P project of Central Power Corporation (EVNCPC);</li> </ul>
Wires & cables	Low to medium voltage underground wires and cables, aluminum wires, copper wires; enameled electronic wires, copper busbar	<ul style="list-style-type: none"> <li>Supplying cables and 533 transformers for renovation projects of rural electricity networks for some Northern provinces and cities;</li> <li>Supplying 35kV and 22kV medium voltage wire for grid power project of Bac Ninh Power Company;</li> <li>Supplying 110kV transformers for Northern Power Corporation</li> </ul>

Aside from domestic distribution, AAA's products and trademarks are also affirmed in the international market, through the export of 800 transformers for the upgrading of the Laos power network, and thousands of tons of power cables for the reconstruction of Iraq, or exporting power transformers to Ghana market.

Regarding production capacity, AAA currently possesses a factory for manufacture of 220-500kV transmission transformers with a capacity of 450 MVA, constructed in 2009 with a total investment of VND 1,081 billion. The factory consists of 5 workshops, including an electromagnetic wires workshop, an insulated wires workshop, a mechanical processing workshop, an assembly workshop, and a testing laboratory. In addition, the Company has a XLPE insulated underground cable factory with a total investment capital of VND 150 billion which was put into operation in 2013. All factories are applied advanced technology lines from Germany, Italy, and Japan.

As collected, AAA uses high quality input materials from leading corporations in the world for production, such as silicon steel of Nippon Steel (Japan), steel plate of Steelco (South Korea), transformer oil of Castrol (UK), electrics insulating paper from PUCARO (Germany), accessories from Comem (Italy), electromagnetic wires from Pacific (Thailand), copper (Chile), aluminum (Australian). However, with little involvement in import activity, the Company seems to primarily source the materials from third-party local suppliers, which minimizes the volatility in supply chain in case of unanticipated events, as well as the fluctuation in exchange rate when converting purchase prices.

Besides, with the wide network of AAA's related parties, the Company can take huge benefits from this to support its operation as well as diversify its portfolio of electrical equipment and cables, specified as below:

- AAA 220-500KV Power Transformer Manufacturing Joint Stock Company (AAA's subsidiary with 70.93% ownership): operating in manufacturing power transformer and electrical cabinets which serves for power plants;
- Sai Gon Metal, Packaging, Electrical Equipment - Manufacturing Joint Stock Company (under management of Mr. Nguyen Van A): operating in manufacturing electrical equipment and metal packaging);
- Hanna - Korea Power Cables JSC (AAA's shareholder): one of the Company's key suppliers of electric cables;
- Te Be A SVN Gloves-Electrical Equipment Manufacturing Joint Stock Company (co-director Mr. Nguyen Van A, Hanna – Korea Power Cables JSC's subsidiary): operating in manufacturing electric motors - one of the Company's suppliers.

#### **Real estate:**

As the second follow-up business of AAA, both industrial and residential real estate projects of the Company are concentrated in Bac Ninh Province, where AAA - AAA Co., Ltd was established, and is also the hometown of the Company's leader - Mr. Nguyen Van A. Thanks to its geographical advantage in the growth triangle area of Hanoi - Hai Phong - Bac Ninh, Bac Ninh is one of the leading provinces in industrial development and attracting foreign investment in recent years, which also promotes and heats up the province's real estate market both resident and industrial. In addition, the event of "promoting" Tu Son Town to Tu Son City in late 2021 has contributed to the rise in Tu Son real estate prices over the past few years.

To benefit from this real estate heat, most real estate projects in Bac Ninh are subdivisions for sale without completing the infrastructure, which could create real estate bubbles in the province. AAA was also accused of doing this trick with its industrial park project, which will be detail



explained further. However, from 2022, real estate liquidity in Bac Ninh has slowed down, following a series of policies and actions by regulatory agencies on credit supervision in the real estate sector, especially the corporate bond market. This can adversely affect the Company's real estate business in the short term.

**Industrial real estate:**

Name	Detail	
AAA Industrial Park	<b>Address</b>	Dong Nguyen Commune, Yen Phong District, Bac Ninh Province
	<b>Investor/Developer</b>	AAA
	<b>Area</b>	55.29 hectares
	<b>Investment Capital</b>	VND 400 billion
	<b>Detail</b>	Land fund: Acquired under the handling of local authorities; Purpose of use: Less-pollution industries - Electronics, Mechanical, Machinery manufacture, Garment, Handicrafts, etc; 100% using coverage
	<b>Status</b>	Operating in 2017; 50-year duration
Man Xa - Van Mon Craft Village Industrial Cluster	<b>Address</b>	North of Man Xa Village, Van Mon Commune, Yen Phong District, Bac Ninh Province
	<b>Investor/Developer</b>	AAA
	<b>Area</b>	26.54 hectares, including 555 land lots
	<b>Investment Capital</b>	VND 490 billion
	<b>Detail</b>	Land fund: Acquired under the handling of local authorities; Purpose of use: relocating small-scale production and business households in Man Xa craft village to concentrated production zones, minimizing environmental pollution
	<b>Status</b>	Basically completed construction items; waiting for site clearance of power station items and wastewater treatment area
Gia Binh II Industrial Park	<b>Address</b>	Nhan Thang Commune - Binh Duong - Thai Bao - Van Ninh, Gia Binh District, Bac Ninh Province
	<b>Investor/Developer</b>	AAA
	<b>Area</b>	250 hectares
	<b>Investment Capital</b>	VND 3,957 billion (including investor's capital of VND 1,201 billion, remaining is loans)
	<b>Detail</b>	Land fund: Acquired under the handling of local authorities; Purpose of use: Manufacturing and processing industries, Warehousing
	<b>Status</b>	In progress of infrastructure construction

Bac Ninh Province is considered to have a favorable location which connects the two major cities of the North, Hanoi and Hai Phong, close to Noi Bai Airport (Hanoi) and Hai Phong seaport. This facilitates air and sea transportation activities to both domestic and international markets, which is the key reason for foreign investors to choose to set up their manufacturing facilities here. With this huge potential to develop industrial real estate, it is understood that AAA chooses to develop its projects in this area.

However, this high geographic concentration can put the Company's industrial real estate segment under fierce competition in this province. By the end of 2022, the province has established 31 industrial clusters and 16 industrial parks; in which, 21 industrial clusters and 10 industrial parks have been put into operation. This indicates the considerable competitive pressure from this area for the remaining ongoing industrial park projects of AAA.

The land funds for industrial park construction are mainly acquired through compensation for people for site clearance under the handling of local authorities. Therefore, depending on the size of the project, the progress of site clearance may take a long time, affecting the construction process of industrial park. Furthermore, with the land fund supported by the locality, the Company must follow the provincial industrial park planning and management policies to ensure favorable construction and business activities.

Further information about AAA's industrial park projects:

- **AAA Industrial Park:**  
AAA is the investor of this 55ha-area industrial park (adjusted reducing the planned area from 74.22 hectares to 55.29 hectares in 2017) in Dong Nguyen Commune, Yen Phong District, Bac Ninh Province, which started to put into operation from 2017 with the duration of 50 years (2009-2059). However, it is worth mentioning that according to the industrial planning scheme of Bac Ninh Province to 2030, the current location of AAA Industrial Park will be converted for planning purposes into urban land, at the same time,

AAA Industrial Park will be adjusted to a new location as it is located quite close to a crowded residential area. This will adversely affect the activities of businesses operating in this industrial park, especially AAA and its related firms, as most of their main offices and factories are located in this industrial park for years; the relocation of the production lines will cost a lot as well as affect the stable business at present.

- *Man Xa - Van Mon Craft Village Industrial Cluster:*

The Company also invested in Man Xa - Van Mon Craft Village Industrial Cluster on an area of 29.6 hectares, with the purpose of gathering all small businesses in the aluminum recycling craft village of Man Xa Commune, hence reduce the pollution in the area. However, under our research from possible media sources, AAA has not yet completed the infrastructure, particularly the power station and waste treatment area of 3.1 hectares. More specifically, this area has been cleared and compensated for 0.9 hectares; the remaining 2.2 hectares faces difficulties as the local people have not yet accepted compensation and land handover. Even so, many businesses in the cluster were allowed to put into operation and discharge industrial waste directly into environment, the unconstructed area now becomes a place to steal slag and waste from production households. On 17 March 2021, Economic and Infrastructure Department of Yen Phong District made a record of administrative violations for AAA. Besides, many people complained that at the time of land acquisition to establish an industrial cluster, AAA promised that people in Man Xa village would rent land at a preferential price of 4 million VND/m<sup>2</sup>, but in reality the rental price is many times higher than the committed one. The reason is that the project investor AAA is reported to have illegally divided and leased the project land as soon as the land has been recovered from the people. These has greatly affected the reputation of the Company when engaging in further projects.

- *Gia Binh II Industrial Park:*

AAA is also the owner of Gia Binh 2 Industrial Park which was approved by People Committee of Bac Ninh Province on 12 April 2021, locating in Gia Binh District, Bac Ninh Province in an area of 250 ha with total investment capital of VND 3.956,8 billion and duration of 50 years (from 2021 to 2071). This project has been in the first stage of construction and compensation for site preparation.

***Residential real estate:***

AAA is the investor of some housing projects in Bac Ninh Province that should be mentioned including AAA Paris City (also known as AAA Paris Ocean Park), Hongkong London Complex, AAA Paris Phu Quy - Van Mon Urban Area, which all have close distance to major industrial parks in Bac Ninh. According to experts, currently, the land fund in the central areas of Hanoi and Ho Chi Minh City is gradually being depleted, causing the supply of real estate to become scarce which has helped Bac Ninh become a bright spot to attract residents from the already overcrowded Hanoi. Furthermore, in regions where industrial park projects are developed such as Bac Ninh Province, the blooming of the residential real estate market near the industrial park is inevitable, which demand for housing mostly comes from experts and engineers working in industrial parks for convenient living, as well as a number of industrial park workers with average living standards or higher. Given that the current number of housing projects near the industrial zones cannot meet the demand from a large number of employees for industrial parks, AAA can certainly take advantage of the high market demand to invest in its housing projects in this area.

However, it can be seen that **the Company's ongoing housing projects are focusing mainly on the mid-range segment, along with a modest proportion of the high-end segment**; which the Company could become less approachable to the larger customer base of local residents with low and near-middle income.

The table below describes the detail about AAA's residential projects:

Name	Detail	
AAA Paris Ocean Park	<b>Address</b>	Nguyen Van Cu Street, Dong Nguyen Ward, Tu Son District, Bac Ninh Province
	<b>Investor/Developer</b>	AAA
	<b>Area</b>	81.5 hectares
	<b>Investment Capital</b>	Nearly VND 2 trillion
	<b>Detail</b>	Land fund: Exchanging the land use right from the participation in implementing Build-Transfer (BT) contract of TL277 road construction from Tu Son Town, Yen Phong District (Bac Ninh Province). Including: Shophouses, detached villas, duplex villas Location: Close to Yen Phong Industrial Park, Tien Son Industrial Park
	<b>Status</b>	Phase 1 covering 19.8 hectares was launched in 2020; Phase 2 including 61 hectares will be started soon in the future.
Hongkong London Complex	<b>Address</b>	Dong Ngan Ward, Tu Son District, Bac Ninh Province
	<b>Investor/Developer</b>	AAA
	<b>Area</b>	1.7 hectares
	<b>Investment Capital</b>	VND 800 billion
	<b>Detail</b>	Including: Commercial center, office for rent, luxury apartments for sale and service facilities Location: Close to VSIP, Yen Phong Industrial Park
	<b>Status</b>	In construction
Hakana Paris Phu Quy - Van Mon	<b>Address</b>	Van Mon Commune, Yen Phong District, Bac Ninh Province
	<b>Investor/Developer</b>	AAA
	<b>Area</b>	26.5 hectares
	<b>Investment Capital</b>	VND 500 billion
	<b>Detail</b>	Including 700 townhouses, villas, shophouses Location: Close to Van Mon craft village, Yen Phong Industrial Park, VSIP
	<b>Status</b>	In construction

- AAA Paris Ocean Park:* This is the first residential real estate project of AAA, with an aim of creating reciprocal capital to pay for the investment project of TL277 road from Tu Son Town to Cho Town, Yen Phong District, In the form of Build-Transfer (BT) contract. However, the construction of this road was behind schedule, only completed more than 60% and People's Committee of Bac Ninh Province has repeatedly urged the construction progress. Besides, People's Committee of Bac Ninh Province also received petitions denouncing signs of illegality at this project. Particularly, buyer had to deposit VND 100 million and sign with AAA in the form of "Capital Contribution Contract" to create reciprocal capital for the investment project of TL.277 road construction. The "capital contribution contract" stated that by 31 March 2019, the infrastructure must be completed and handed over the land plot after 15 days. However, in fact, up to now, the project has not completed the infrastructure and no land lots have been handed over. In July 2019, this urban area project was inspected by the Bac Ninh Provincial People's Committee due to this sign of illegality. On the other side, AAA insisted that the Company was the victim of unverified information and even denunciations with forged signatures; therefore, the Company also filed a denunciation and requested the signature examination of the Investigation Police Department of Bac Ninh Provincial Police.
- Hongkong London Complex:* The project of Hong Kong commercial center, hotel, apartment for sale and apartment for rent is one of the leading long-term, slow-moving projects of Bac Ninh Province. Bac Ninh's land fund is quite limited as it is the smallest province in the country, therefore, investors having property here must make efficient use of their resources. However, this project has been on hold and delayed for unknown reasons for nearly 20 years. It is noted that previously, Tu Son City People's Committee had fined AAA an amount of VND 75 million for the violation of putting construction items and works into use without written approval of the test and acceptance results from the competent state management agency. In January 2023, this project was under inspection for compliance with policies and laws during the implementation and construction.
- AAA Paris Phu Quy – Van Mon:* Up to now, there is limited public information about this project. It is noteworthy that the project has been actively sold as subdivision plots in the period of 2020-2021, when the real estate market in Bac Ninh is at its most exciting.

It can be seen that although the Company has just entered the field of residential real estate since 2018, it has encountered many controversies. Despite no public statements was released after this series of inspections, this has significantly affected AAA's prestige and reputation in the real estate sector, as well as raising concerns about the Company's real estate quality and AAAs's ability of investment management when many violations occur from the very first projects invested.

It is worth noting noted that AAA also owns some subsidiaries and associates that can actively support the Company's real estate segment, including:

- 277-Yen Phong Road Construction Company Limited (100% ownership): operating in construction activity - related to the TL277 road construction project;
- Van Mon Infrastructure Construction Company Limited (100% ownership): also operating in construction field – related to Man Xa - Van Mon Craft Village Industrial Cluster project and Hakana Paris Phu Quy - Van Mon Urban Area project;
- Lands AAA Joint Stock Company (99% ownership): engaging in trading of own or rented property – related to AAA's residential real estate business;
- AAA – Gia Binh II Industrial Park and Urban Development Investment Joint Stock Company (86% ownership): engaging in trading real estate business – related to the Gia Binh II Industrial Park project;
- AAA Industrial Constructions and Consulting Design Joint Stock Company (45% ownership): specializing in site preparation for construction.

**Other business fields:**

With the orientation to become a multi-industry group, the Company also allocates its investment in some associates engaging in other business sectors. However, the strength of AAA in electrical equipment and industry will still be the focus of development to serve as a premise for the expansion and development of sideline areas.

- AAA Joint Stock Company: specializing in manufacturing mental bottle cap products with capacity of 1 millions products per day, which serves 150 customers in beverage industry such as Aaa Joint Stock Corporation, Bbb Trading-Service Company Limited, Ccc Joint Stock Company.
- AAA Cosmetic Joint Stock Company: operating in trading cosmetic products.

**Risk assessment****Company prospects:**

- According to the policy of the Ministry of Industry and Trade, in the period from 2015 to 2025, the electrical equipment manufacturing industry will have to invest and develop to meet 70% of the domestic demand for line equipment and substations; 55% of demand for electric motors and some common generators. Also, according to the plan, by 2025, domestic products can provide a complete set of electrical equipment for power lines, substations, etc. With the plans proposed by the Government above, this is a great opportunity for businesses in the electrical equipment manufacturing industry.
- Vietnam wires and cables market size is projected to grow at a CAGR of 7.6% during 2022-2027. The primary reason for market growth can be attributed to rapidly growing investment by the government towards the development of energy and power projects to support the future energy demand in the rapidly developing economy. This provides great chances for cable and wire manufacturers, such as CADIVI and THIBIDI to gain more market share.
- The recovery of Vietnam's economy post-Covid-19 is anticipated to drag along the return of the heated real estate market. Along with the high speed of urbanization (more than 40%) and the ascending number of people in the middle class, there would be a lot of room for the development of real estate. Specifically, the industrial real estate sector has very bright prospects in the long term thanks to (i) the uprising investment of foreign real estate investors, (ii) the gradual recovery of FDI capital inflows, (iii) the trend of shifting supply chains to Vietnam, and (iv) the signing of free trade agreements such as CPTPP and EVFTA, there will be opportunities for the Company to further develop in the long run.
- With the development of industrial zones in Bac Ninh Province thanks to the excellent geographical advantages, along with the province's efforts in creating an open business environment, promoting administrative reform, creating many specific support mechanisms, these will help Bac Ninh continue to hold a great attraction for domestic and foreign manufacturing enterprises to invest in production facilities. Recently, the People's Committee of Bac Ninh Province has just issued Directive No. 06/CT-UBND, requiring the review of real estate development programs as a basis for approving investment policies in housing development projects, increasing supply for the market. The province focuses on promoting the auction of land use rights; bidding for projects using land; approve the project investment policy; select investors, determine land prices, calculate use fees, allocate and lease land to implement housing projects to increase supply for the real estate market. This creates favorable conditions for investment in industrial parks as well as housing projects serving the demand in the province to develop in the long run.
- Nonetheless, the fact that the State management agency has taken actions to strictly handle real estate businesses with mistakes in the bond market, it is more difficult to access loans in the context of rising interest rates has made short-term prospects of both residential real estate and industrial real estate less positive.

**Regulatory risk:*****Electric equipment, electric wires and cables:***

- Since the Company's products include equipment and cables utilized in the electrical industry, the Company needs to comply with the National technical requirements to ensure safety and quality of products. In detail, under Circular No.21/2016/TT-BKHCHN of the Ministry of Science and Technology, all wires and cables must be managed in accordance with the national technical regulation QCVN1:2016/BKHCHN. They must be certified to registration, with the tag on the products (origins, signs of identification including voltage, conductor, insulating materials, section and code or type) in accordance with the law on technical standards and the law on good quality. The Government also promulgates Decree No. 43/2017/ND-CP on good labels specifying that electrical equipment must present necessary information of manufacturing year, warning signs, technical specifications, and instructions for use.
- Environmental pollution (air and water pollution, in particular) is an inevitable problem in electrical equipment and cable production, which manufacturing process releases heavy metals and chemicals that are harmful to water resources and air quality in production areas. To cope with these dire issues, environmental protection in Vietnam is called for with various actions, in which policies in terms of waste processing are becoming more stringent. Therefore, the Company must conform to Law No. 72/2020/QH14 which regulates environment protection and contamination, along with regulations (Circular No. 36/2015/TT-BTNMT, QCVN 05:2013/BTNMT, Decree No.38/2015/ND-CP, QCVN 26:2010/BTNMT, etc) on waste and noise management. These rules oblige enterprises to reprocess waste water, air, etc. before discharging to the surrounding environment and the substances in waste must be kept lower maximum levels described in the laws.
- The Company needs to comply with Law on Science and Technology, which governs organizations, individuals participating in science and technology activities, conduct and implementation of science and technology. It is also prohibited activities that damage

the environment and human health. Therefore, the Company should follow the law strictly to not violate regulations of the government in the field of science and technology.

**Real estate:**

- Engaging in residential and industrial real estate investment, the Company needs to comply with the provisions of the Law on Real Estate Business 2014 and its supporting documents to determine comprehensive development direction for other sectors in the Vietnamese economy. Besides, it should adhere to Circulars 10/2021/TT-BXD which were promulgated by the Ministry of Construction to control quality management and maintenance of construction projects. Hence, the Company must strictly conform to these regulations to avoid being rejected license and suspended.
- In Decree 16/2022/ND-CP, effective from January 28, 2022, many regulations in the real estate business have been tightened. Most fines for violations in the real estate business are doubled, while there are even acts with fines increased to more than 06 times. The sharp increase in the fine level of Decree 16 shows a strong move of the Government in tightening management over the real estate market, to limit violations and ensure the interests of buyers. Therefore, the Company must be more careful in executing activities to avoid being fined.
- Circular 106/2021/TT-BTC (effective from January 10, 2022) amends regulations on a number of fees falling under the decision-making authority of the People's Councils of the provinces and centrally run cities. Based on the size of the land plot, the complexity of each type of application, the purpose of land use, and the specific conditions of the locality, the fee rate is determined for each case. Since the current Circular 85/2019/TT-BTC only stipulates "issuance" of certificates, while the new Circular 106/2021 divides it into "first-time" and "new", the Company must keep up with new certificates or procedures to avoid late payments and inappropriate documents used.
- Cases in which the Company mobilizes capital in the form of receiving deposits for projects, which are not eligible for capital mobilization, this case is considered a form of capital mobilization without in accordance with the provisions of the law. The Company may be sanctioned for administrative violations by the investor according to the provisions of Clause 3, Article 57 of Decree 139/2017/ND-CP of the Government.
- The Government has officially issued a new land price bracket for the period of 2020 - 2024 with an overall increase of 20% compared to the period of 2015 - 2019. The increased land price has significantly affected on the financial obligations of businesses when compensation and ground clearance prices increase; accordingly, the cost of real estate is also higher, leading to an increase in the general selling price of real estate.
- Credit capital is one of the factors driving the growth of the real estate market. Therefore, the tightening or loosening of credit policies directly affects the real estate market. Circular No. 22/2019/TT-NHNN and No. 08/2020/TT-NHNN, which tightens regulation on credit loans and consequently limits enterprises to access bank credit funds, aiming at creating market sustainability. Besides, Circular 16/2021/TT-NHNN prohibits credit institutions from buying corporate bonds issued for debt restructuring, capital contribution, buying shares of other enterprises, increasing working capital and Circular 39/2016/TT-NHNN bans credit institutions loans for capital contribution, business cooperation or deposit for future projects. At the same time, Document No. 3029/NHNN-TTGSNH was promulgated in April 2021, which requires credit institutions to tighten and control lending to the real estate field. Consequently, there might be more difficulties for the Company in raising capital for its investment.

**Operation risk:****Electric equipment, electric wires and cables:**

- Warranted policies are usually applied to electrical equipment. If there is something wrong with the products, the Company has to take responsibility for all repairing services without expense charged (or cover a part of repairing fee); and in many cases, a new product is replaced. Hence, the Company should have a good quality control system to avoid defective products and ensure to meet technical standards. As a result, to ensure the production line and output products meet the required standards, the Company might spend higher costs that will possibly lower Company's profit margin.
- Demand for electrical products might be heavily affected by general economic trends in the countries or regions. If the economy worsens contrary to the Company's expectation, the Company's business results may be adversely influenced. Specifically, the Covid 19 pandemic might create a negative influence on Company's business activities when the demand for electrical equipment decreased, which could eventually cause a deterioration in the Company's sales performance.
- Due to the impact of the Covid-19 pandemic, the transportation of goods also faced many difficulties. It takes a long time and incurs more costs, causing congestion of goods and disrupting supply. This requires the Company to have a timely and flexible response plan to ensure its business activities.



- As the Company's business activities involve trading in international currencies with international suppliers, the Company is fully exposed to the risk of exchange rate volatility, which may exert an adverse influence on the Company's profitability. In order to limit the negative effects that lead to changes in the prices of inputs and raw materials, the Company should have reasonable business policies, appropriate inventory, and diversified suppliers. Nevertheless, manufacturers must ensure that introducing cost control measures does not significantly reduce cable quality and increases the risk to the end-user.
- In addition, being a holding company with a number of subsidiaries and associates under its control, the Company needs an efficient and transparent management mechanism to effectively deploy and keep up with new evolving market requirements.

**Real estate:**

- As both the Company's main business sectors have heavy ties with interest rates, either through financing or borrowings, the Company would need to be alerted before any signs of volatility in interest rates, which may affect the Company's interest expenses, interest income, and the value of financial assets and liabilities. High interest rates can increase the cost of borrowing and reduce a company's ability to finance investments. Conversely, low-interest rates can encourage borrowing but can also result in inflation and reduced purchasing power.
- Furthermore, real estate financial policies, including taxes, fees, and capital channels, do not yet have a feasible implementation plan or roadmap. Foreign exchange rates, gasoline prices, and construction materials prices have shown upward trends in recent times, leading to an increase in costs for real estate enterprises.
- Risks of legal procedures and site clearance raise concerns and suspense of the most real estate businesses due to its influence in projects' implementation process. Land clearance poses great challenge for real estate developers, with a large number of households to deal with and high required compensation that delay the project's construction progress. In many projects, legally, the land recall process can only be done by the authorities and the company can only wait and pay for the collected areas. With the complicated and asynchronous real estate legal system, as well as high expenses incurred in connection with site clearance are due to the high price of land and taxes, carry out procedures can last for many years.
- For real estate projects, project implementation capital often exceeds the estimated capital, significantly affecting the Company's profits. Besides, the quality and timing of the construction may lag behind expectations, causing a delay in the opening of the project and delivering products to customers. This emphasizes the necessity of careful contractor selection and robust contractual guarantees against poor quality and project delays.
- Since entering the real estate business, AAA has been involved in several mistakes during the implementation of the real estate projects. This has greatly affected the reputation of the Company in the market, requiring the Company to enhance the management apparatus, comply with legal requirements as well as improve the quality of its projects on the market.

**Competition risk:**

- Overall, by engaging in multiple industries, AAA is able to lessen its exposures to any particular industry cycle, thus, reducing the performance fluctuation. With a wide range of products & services in the field of electric equipment and cables, the Company can expand its customer base and effectively raise its brand awareness in the domestic market. Competitive advantages (mentioned above) could somewhat safeguard the Company from intense competition in the domestic market. Nonetheless, the Company still faces some challenges due to competition with foreign manufacturers with innovative production technology and products, such as GE, Schneider, Hitachi Energy, etc. As electronics and electrical equipment manufacturing is characterized to be a fast-moving industry with a variety of product offerings for customers, the Company is forced to invest heavily in R&D to keep in tune with its large competitors.
- Regarding the real estate industry, this market is considered to have fierce competition with effective entry barriers. The fiercer competition among real estate developers in Vietnam may result in price competition, higher costs for labor and raw materials, delays in the government agencies' licensing processes for new real estate developments, higher costs for land acquisition, or a lack of suitable land for the project. Furthermore, the legal corridor regulating the real estate market, from construction investment, and real estate transactions to real estate management and use, is still incomplete and overlaps, while mechanisms and policies on land finance, compensation, support, and resettlement are inconsistent and unclear, along with the tightened credit policies might create higher barriers. Worth mentioning that current real estate projects invested by AAA are all situated in Bac Ninh Province, which concentrates a huge number of industrial parks that brings about fierce competition pressure. As a medium player in this sector, all the above factors could have a negative impact on the business, financial position, and operational results of AAA.

**Financial report quality:**

- The Company's Financial Statements for 03 years are audited with unqualified audit opinion, which ensures the confirmed quality of financial information.

**Financial risk:**

- The Company is assessed to have a medium financial risk, which was indicated by: (1) Z-Score has stayed in the Distress zone for 3 consecutive years as a result of high level of fixed assets derived from projects in construction; (2) the preliminary scoring was at BB (Moderate capacity to meet financial obligations but less vulnerable than other speculative issuers); (3) the intrinsic credit score stayed at Ba+ which subject to substantial credit risk. Nonetheless, this might be a temporary phenomenon; the Company's financial health is expected to improve in the upcoming years if its real estate projects can come into operation.

**TRADING ACTIVITIES**

Table 1: Suppliers information

Name	Product supply	Address	Tel.
VMRC JOINT STOCK COMPANY	Equipments	No. 64, Tran Quoc Toan Street, Tran Hung Dao Ward, Hoan Kiem District, Ha Noi City, Vietnam	+84 24 3636 9326
AAA - KOREA POWER CABLES JOINT STOCK COMPANY	Cables	AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Vietnam	+84 222.6260 294
VINAMETAL TRADING EQUIPMENT JOINT STOCK COMPANY.	Electric components	Tan Thanh Quarter, Dong Ky Ward, Tu Son City, Bac Ninh Province, Vietnam	N/A
HONG KONG REAL ESTATE JOINT STOCK COMPANY	Supplies	AAA Industrial ParVietk, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Vietnam	+84 222 6260 133
TE BE A SVN GLOVES - ELECTRICAL EQUIPMENT MANUFACTURING JOINT STOCK COMPANY	Tools, supplies	AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Vietnam	+84 222 6260 133

Table 2: Customers information

Name	Address	Tel.
TE BE A SVN GLOVES - ELECTRICAL EQUIPMENT MANUFACTURING JOINT STOCK COMPANY	AAA Industrial Park, Dong Nguyen Ward, Tu Son City, Bac Ninh Province, Vietnam	+84 222 6260 133
NORTHERN POWER CORPORATION	No. 20 Tran Nguyen Han, Ly Thai To Ward, Hoan Kiem District, Ha Noi City, Vietnam	+84 24 2241 5555
CENTRAL PROJECT MANAGEMENT BOARD	No. 207 Xo Viet Nghe Tinh, Khue Trung Ward, Cam Le District, Da Nang City, Vietnam	+84 236 3220 366
HAI DUONG POWER COMPANY LIMITED - NORTHERN POWER CORPORATION	House No. 33, Ho Chi Minh Boulevard, Nguyen Trai Ward, Hai Duong City, Hai Duong Province, Vietnam	+82 220 3220 611
SOUTHERN POWER CORPORATION	72 Hai Ba Trung, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	+84 28 3822 1605

Table 3: Import/Export Information (If any)

<b>Import (2020)</b>	VND 49,336 Million	<b>Export (2020)</b>	VND 937 Million
<b>Import (2021)</b>	VND 57,893 Million	<b>Export (2021)</b>	N/A



### COMPETITIVE LANDSCAPE

Engaging in Manufacturing electrical equipment, and industrial products; Investing and developing real estate projects, major competitors of AAA include AAA COMPANY LIMITED, BBB CO.,LTD, MBT COMPANY, MEGGITT VN, V.N.E.R and among various smaller players.

Figure 4: Peer Comparison

FY	2020	Unit	AAA	SPG VINA COMPANY LIMITED	SONG HONG VIET CO.,LTD	MBT COMPANY	MEGGITT VN	V.N.E.R
<b>Total Debt/Total Equity</b>		Times	0.63	0.34	0.37	0.49	1.21	0.88
<b>Current ratio</b>		Times	1.68	1.43	1.11	1.42	1.99	1.42
<b>Total Assets</b>		VND Million	5,361,578	674,159	851,289	718,099	631,905	1,065,075
<b>EBITDA Margin</b>		%	6.18	4.46	3.59	-	(2.86)	5.86
<b>EBITDA</b>		VND Million	93,012	64,395	32,444	-	(24,313)	102,544
<b>Capital Expenditures</b>		VND Million	22,324	3,087	30,974	(19,185)	49,076	18,503
<b>Net Working Capital</b>		VND Million	917,521	184,699	48,376	172,782	198,142	227,311
<b>Cash Conversion Cycle</b>		Days	179.23	52.86	87.23	67.68	62.24	109.77
<b>CFO</b>		VND Million	(569,987)	(13,153)	81,896	-	(19,409)	(263,317)
<b>Free Cash Flow</b>		VND Million	(730,552)	(13,359)	81,896	-	(64,437)	(263,317)
<b>Revenue</b>		VND Million	1,504,454	1,443,809	908,006	1,117,740	850,776	1,775,394
<b>Net PPEs</b>		VND Million	662,051	40,022	118,262	116,891	194,703	175,389
<b>Total Debt/EBITDA</b>		Times	22.00	1.26	9.40	-	(10.04)	3.32
<b>EBITDA / Interest Expense</b>		Times	1.08	34.85	5.09	-	(2.21)	10.59
<b>EBIT / Average Assets</b>		Times	0.01	0.09	0.03	0.05	(0.10)	0.07
<b>Operating Income</b>		VND Million	78,799	54,564	19,840	31,126	(68,921)	81,122
<b>Owner's Equity</b>		VND Million	2,639,899	241,144	413,961	305,075	211,833	522,587

### ADVERSE MEDIA

News Category	Title	Description	Source	Public Date
Other company news (private)	Enterprise hopes to soon remove obstacles to the project of industrial cluster in craft village	Man Xa Craft Village Industrial Cluster Project has basically completed construction items so far, only the power station and 3.1ha wide waste water treatment area cannot be built. The area was originally planned as a waste treatment area of the industrial cluster, but because the people have not yet agreed to receive compensation and hand over the ground for the investor to build, now become a place to steal slag and waste from production households.	Cong Doan Viet Nam	Mar 07, 2023
Other company news (private)	Bac Ninh: Why was the "golden land" of AAA's project inspected?	Bac Ninh Provincial People's Committee has just issued a decision to inspect the observance of policies and laws during the implementation of Hong Kong Trade Center Project in Tu Son City of AAA JSC. The project, after many years of implementation, has not been completed yet, with many abandoned items causing waste and sleazy urban face. Related to this project, Tu Son City People's Committee previously fined the investor an amount of VND 75 million for the violation of putting construction items and works into use when there is no written approval of the test and acceptance results from the competent state management agency as prescribed.	Tap chi Doanh nghiep Kinh te xanh	Jan 03, 2023
Other company news (private)	Bac Ninh publicizes 323 tax debt businesses	The Tax Department of Bac Ninh province has just announced a list of 323 businesses that owe taxes and other revenues from the State budget as of August 31, 2022 with a total debt of more than VND 416 billion. These are all cases of tax debt exceeding 90 days from the deadline for paying taxes and other state budget revenues, or the time limit for compliance with administrative decisions on tax administration expires, which the taxpayer or the guarantor does not voluntarily comply with. Topping the list is AAA Joint Stock Company with a tax debt of nearly VND 131 billion.	Thanh tra	Oct 19, 2022
Fines Sanctions (private)	AAA Corporation was severely fined for fire prevention violations	Bac Ninh Provincial People's Committee has just issued a decision to sanction in the field of fire prevention and fighting against AAA Joint Stock Company with a fine of VND 90 million; AAA - Korea Electric Cable Joint Stock Company was fined VND 170 million. These enterprises have put the work items to use and operate without the certificate of acceptance results or the written appraisal of the design of fire prevention and fighting. These enterprises are required to carry out the appraisal, approval and acceptance of fire prevention and fighting within 30 days from the date of receipt of the Decision.	Doanh nghiep Hoi nhap	Jun 29, 2022

News Category	Title	Description	Source	Public Date
Other company news (private)	Inspectors discovered a series of urban areas and housing projects built illegally and not eligible for handover	Inspectors of the Ministry of Construction pointed out many problems in granting and complying with construction permits in many urban and social housing projects in Bac Ninh. Through inspection and verification of 20 construction permits issued by the Management Board of Bac Ninh Industrial Parks, the inspection agency discovered that 2/20 projects were licensed for construction without detailed planning. Specifically, Construction License No. 111 (November 30, 2018) granted to AAA - Korea Electric Cable JSC to build 5 factories on the project's land with an area of more than 9.7 hectares at Lot CN3, CN4, CN5 of AAA Industrial Park.	Tien Phong	Apr 06, 2022
Fines Sanctions (private)	AAA was fined VND 275 million for violations in the field of real estate business	Bac Ninh Provincial People's Committee has issued a decision to sanction administrative violations in the field of real estate business at the project of Man Xa Craft Village Industrial Cluster for AAA Joint Stock Company, as the real estate business does not fully satisfy the prescribed conditions or is not allowed to be put into business as prescribed. The Company was fined VND275 million and required to stop trading the project as it does not meet the prescribed conditions.	Cafeland	Nov 11, 2021
Other company news (private)	Man Xa craft village "turns into" industrial cluster: Sanctioning investor AAA Corporation	Many people in Man Xa village (Yen Phong, Bac Ninh) expressed their frustration related to the project of Man Xa Craft Villages Industrial Cluster. At the time of recovery of agricultural land to implement the project, the investor, AAA, promised to sublease the land at a preferential price of VND 4 million/m <sup>2</sup> . However, after that, the land rental price increased by 2-3 times. The reason is that the project investor has illegally divided and leased the project land as soon as the land has been recovered from the people. On May 12, 2020, the People's Committee of Van Mon Commune sent a report to local authorities about signs of violation by the investor. However, for unknown reasons, the Department of Economy - Infrastructure of Yen Phong district did not make a record of violation with the investor of the project until nearly a year later, on March 17, 2021.	Lao Dong	Apr 08, 2021
Other company news (private)	AAA was stopped while collecting industrial waste, what did the government say?	On the afternoon of October 28, 2019, a group of people blocked AAA's industrial waste transit vehicle to the gathering place, claiming that the company secretly dumped waste. However, this information is not true, as the Company only collects waste that people previously dumped into the project area of Van Mon Industrial Complex; the gathering location is also the land part of the project.	Thuong hieu Cong luan	Nov 03, 2019
Other company news (private)	AAA is a victim of unknown information and is "slandered"	Recently, there is some information that AAA has signs of cheating customers to contribute capital to buy land at AAA Paris City Project. However, some media agencies have not verified the information posted, and there are even denunciations with forged signatures sent to local authorities. This incident shows that the denunciation that "AAA has signs of deceiving customers" is evidence of a "directed" smearing of the business, seriously affecting the reputation of the business. AAA's representative said that they are carrying out procedures to complain about untrue information and request the Investigation Police Department of Bac Ninh Provincial Police to examine the signature.	Bao Phap luat	Jul 15, 2019
Other company news (private)	Bac Ninh: Inspecting AAA Paris City urban area project	Bac Ninh Provincial People's Committee has just assigned the Provincial Inspector to inspect the AAA Paris City urban area project invested by AAA due to signs of illegal capital contribution. Accordingly, in 2016, Bac Ninh Provincial People's Committee decided to change the purpose of land use, recover land and allocate land to AAA to build AAA Paris City urban area. To buy land in this project, customers will have to pay a deposit of 100 million dong to the brokerage firm, then they can sign directly with the investor AAA in the form of "capital contribution contract" to create reciprocal capital to pay for the TL277 road construction project in the form of BT contract, according to the investor's explanation. However, according to people's denunciations, AAA has shown signs of breaking the law.	Kinh te Moi trung	Jul 11, 2019
Other company news (private)	AAA Joint Stock Company: Blatant violation, but asking not to sanction	On January 24, 2019, the General Department of Irrigation inspected AAA Joint Stock Company and discovered that the license to discharge waste into the irrigation system was issued by the People's Committee of Bac Ninh province (5-year term) was expired on July 29, 2018. In the working minutes, the company admitted the violation and was asked to immediately stop the illegal discharge. That also means, this business must stop production until it is licensed to discharge waste again. However, in fact, the factory system here still works despite the violation. This company has issued a written explanation and asked not to be sanctioned. They even blatantly blamed the competent authorities for not guiding the preparation of dossiers for extension of discharge permits, so they did not understand.	Nong nghiep	Mar 05, 2019

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**FILING STATUS****Tax Overdue Debt**

N/A

**Social Insurance Overdue Debt**

N/A

## FINANCIAL REVIEW

According to the recording of the Vietnam Tax Department, AAA Joint Stock Company registers the Financial Statement for the financial year ended 31 March. Its financial statements have been just available until 31 Mar 2021 in our possible sources of data.

We use consolidated financial statements from public source to assess the Company's performance.

In the observed period, the Company experienced a downfall in sales revenue, from VND2,622 billion in 2018 down to VND 1,504 billion in 2020, posting CAGR of -24.25%. It was assessed that the Covid-19 epidemic adversely affected its supply chain and market demand.

Thanks for the better control in production cost, gross profit margin raised from 5.89% to 10.08%. However, due to the soar in selling expense and the high financial expense, the Company recognized thin profitability. Compared to peer and industry average, AAA's profitability was quite modest.

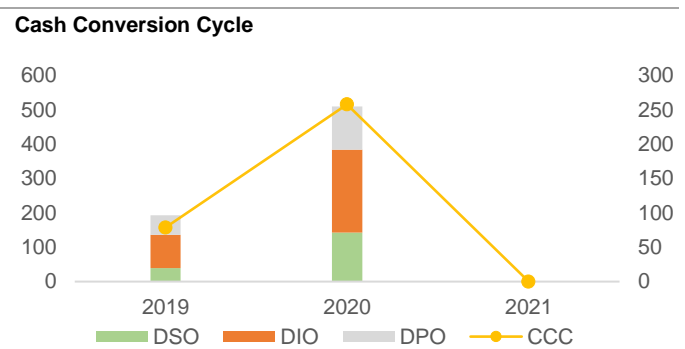
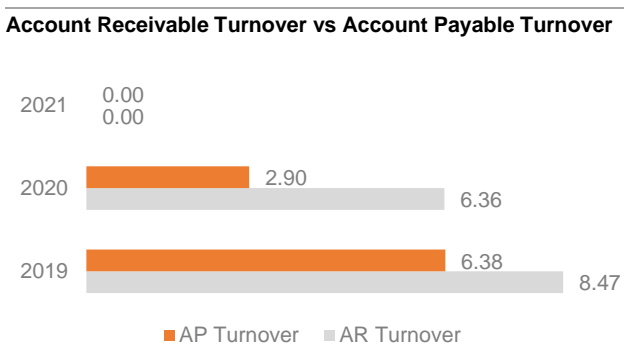
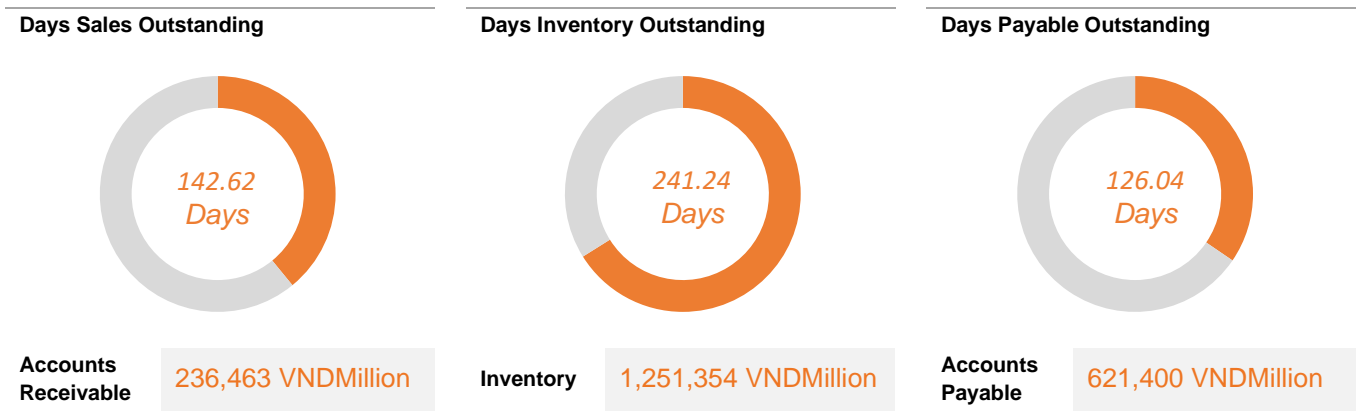
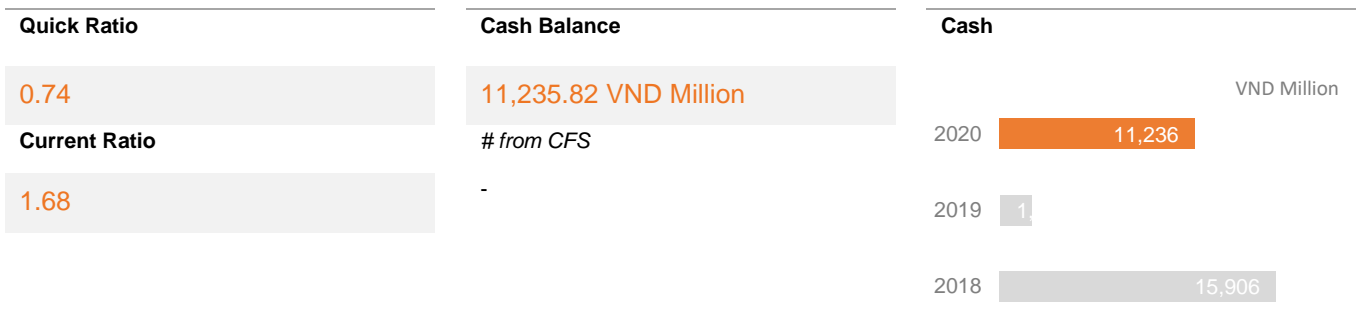
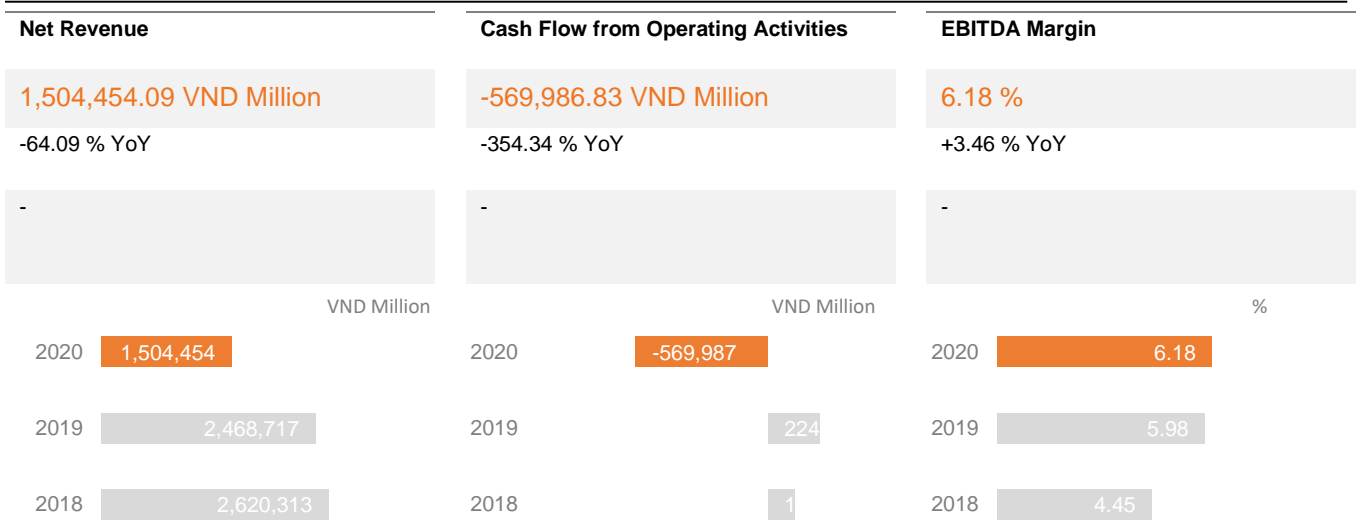
Name	Unit	AAA	Average Industry	SAM Holdings	Vietnam Electric Cable	LS-VINA CABLE SYSTEM	Electrical Equipment (THIBIDI)
ROA	%	0.76	3.57	1.86	8.14	3.68	4.95
ROE	%	1.87	10.09	3.18	23.44	22.02	12.40
Gross Profit Margin	%	10.08	6.67	7.20	9.78	5.65	17.06
Operating Profit Margin	%	3.03	3.30	6.44	4.60	1.77	6.83
Net Profit Margin	%	2.71	2.37	5.26	3.72	1.39	5.67

Although recognizing profit in 3 observed years, the Company has a considerable accumulated loss, resulting from huge losses in the past. It dragged partially its resources.

In our opinion, the Company's capital structure seems to be well-balanced, with the ratio of total liabilities to equity being close to 1 during the past several years. Comparing to the industry-averaged liabilities/equity ratio of 2.62, it could be said AAA has low insolvency risk. Apart from utilizing credits from its suppliers, the Company also used external funds to finance its operation. However, the financial leverage was witnessed to a gradual decline, bringing the debt/total equity from 1.41 down to 0.63, which was below the industry average of 0.75. It illustrates that the Company was not really stressed in repayment of loan, especially given its good liquidity position.

The Company continuously remains a favorable liquidity position when the current ratio stayed at high level, increasing from 1.06 to 1.68 in 2020. Besides, it is observed that its liquidity position is superior to the industry average as the industry-averaged current ratio was only at 1.14. This fact means that the Company holds sufficient current assets to settle for short-term obligation within next financial year.

Days of inventory on hands witnessed an increase from 80.23 days in 2018 to 241 days in 2020, showing a deduction in inventory management and sales performance. Meanwhile, days sales outstanding also raised from 62 to 142 days, which could be a indicator of problem in debts collection from customers. Due to lower collection of money from customers, the Company may have less cash available to settle to suppliers, leading to the rise in days payables outstanding from 53 to 126 days



FINANCIAL HIGHLIGHTS					
Name	Unit	2020	2019	2018	
<b>Financial Health Ratios</b>					
Cash Ratio	Times	0.01	-	0.01	
Quick ratio	Times	0.74	0.84	0.63	
Current ratio	Times	1.68	1.13	1.06	
Tangible Net Worth	VND Million	2,639,001	1,728,566	1,687,357	
Total Debt/Total Equity	Times	0.63	1.41	1.16	
Total Debt	VND Million	1,651,763.19	2,441,043.91	1,961,255.22	
Net Debts	VND Million	1,640,527.37	2,439,231.69	1,945,349.54	
Total Debt/Total Assets	Times	0.31	0.45	0.45	
Long-term Debt/Equity	Times	0.39	0.79	0.53	
Long-term Debt/Total Assets	Times	0.19	0.25	0.20	
Total Liabilities/ Equity	Times	1.03	2.13	1.59	
Total Liabilities/Total Assets	Times	0.51	0.68	0.61	
Equity/Total Assets	Times	0.49	0.32	0.39	
<b>Management Efficiency Ratios</b>					
ROA	%	0.76	0.61	0.37	
ROCE	%	2.12	3.00	2.50	
ROE	%	1.87	1.75	0.90	
Interest Tax Burden	Times	0.52	0.32	0.23	
EBIT Margin	%	5.24	3.74	2.47	
Assets Turnover	Times	0.28	0.50	0.64	
Equity Multiplier	Times	2.03	3.13	2.59	
Days Sales Outstanding	Days	142.62	38.93	62.11	
Days of Inventory on Hands	Days	241.24	96.89	80.23	
Days of Payable Outstanding	Days	126.04	57.22	53.37	
Cash Conversion Cycle	Days	257.82	78.61	88.97	
Free Cash Flow	VND Million	(730,552)	(495,401)	(112,347)	
EBITDA	VND Million	93,012	147,521	116,615	
EBIT	VND Million	78,799	92,410	64,661	
<b>Profitability Ratios</b>					
Gross Profit Margin	%	10.08	6.19	5.90	
EBIT Margin	%	5.24	3.74	2.47	
EBITDA Margin	%	6.18	5.98	4.45	
Operating Profit Margin	%	3.03	0.15	0.25	
Pre-Tax Profit Margin	%	2.94	1.50	0.88	
Net Profit Margin	%	2.71	1.21	0.57	
<b>Growth Ratios (yoy)</b>					
Sale Growth Rate	%	(39.06)	(5.79)	(17.46)	
Gross Profit Growth Rate	%	(0.74)	(1.14)	5.08	
EBITDA Growth Rate	%	(36.95)	26.50	-	
EBIT Growth Rate	%	(14.73)	42.92	(25.32)	
Pre-tax Profit Growth Rate	%	19.44	60.19	167.01	
Net Profit Growth Rate	%	36.44	99.20	143.47	
Total Assets Growth Rate	%	(0.81)	23.38	16.47	

**FINANCIAL HIGHLIGHTS**

<b>Name</b>	<b>Unit</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Equity Growth Rate	%	52.64	2.44	1.80

## INDUSTRY ANALYSIS

<b>Industry</b>	Manufacture of electrical equipment
<b>Sector</b>	Manufacture of other electronic and electric wires and cables
<b>Sub-Sector</b>	Manufacture of other electronic and electric wires and cables

### Financial ratios and Average Industry Ratios

Name	Unit	2020	Average Industry (2021)
Current ratio	Times	1.68	1.24
Quick ratio	Times	0.74	0.61
Total Debt to Equity	Times	0.63	0.75
Total Liability to Owner's Equity	Times	1.03	2.67
Total Liability to Total Assets	Times	0.51	0.67
Days Sales Outstanding	Days	142.62	54.72
Days of Inventory on Hands	Days	241.24	56.17
Days of Payable Outstanding	Days	126.04	52.21
ROA	%	0.76	2.45
ROE	%	1.87	7.26
Gross Profit Margin	%	10.08	3.57
Operating Profit Margin	%	3.03	1.74
Net Profit Margin	%	2.71	1.11
EBITDA Margin	%	6.18	1.67
Sales Growth Rate	%	(39.06)	26.27
Assets Growth Rate	%	(0.81)	10.27

(\*) Note: The average industry ratios is calculated by FiinGroup based on average data of companies in industry from database sources believed by it to be accurate and reliable. The result is not a substitute for the exercise of independent judgment and expertise. You should always seek the assistance of a professional for advice on investments, tax, the law, or other professional matters.

### SECTOR INSIGHTS

#### A. ELECTRICAL EQUIPMENTS SECTOR

##### MARKET OVERVIEW IN RECENT YEARS

In the process of industrialization – modernization, the electrical industry is becoming a top concern of many countries, especially for developing countries like Vietnam. With huge domestic and foreign consumption potential, this industry has a great road map and opportunities for development. However, most electrical equipment manufacturers in Vietnam are subject to fierce competition with products originating in neighbouring countries such as Thailand, Korea, China, Indonesia, etc. Domestic manufacturers are almost marginalized in front of products from China during tenders for supplying equipment for power projects. This can be explained that foreign electrical equipment offerings exhibit greater diversity and variety than their domestic counterparts, while also sometimes being considerably more affordable. It is therefore not uncommon for consumers to show a preference for foreign products over domestic ones.

Recently, domestic firms have implemented a variety of strategies to improve their competitive position as well as produce a wide range of products to meet local and export market needs. Of which, cooperation with foreign companies is considered a very smart strategy by domestic manufacturers to promote the development of the domestic electrical equipment industry. Through this, enterprises can enhance the market localization, improve their competitiveness.

In addition, products with high technical requirements such as heat resistant, fire resistant, oil resistant manufactured by Vietnamese enterprises are currently selected by many foreign investors. Moreover, many high-tech products such as 170KV high voltage cable, 230KV high voltage underground cable are increasingly invested by many enterprises to improve the quality of electrical equipment production in the country.



## DRIVING FACTORS

### Government support policy

According to Regulation No. 48/2008 / QĐ-BCT of the Ministry of Industry and Trade, in the period of 2015-2025, Vietnam's electrical equipment manufacturing industry must invest and grow to meet 70% of the domestic demand for transmission lines and electrical substations as well as 55% demand for electric motors and some common generators. Moreover, according to the National Power Development Master Plan VII, electricity demand in Vietnam is expected to achieve an annual growth rate that is expected to reach 9% from now to 2025 and 8% in 2030.

Besides, the Government also focuses on investment in the development of energy and power projects, along with investments in renewable energy projects to fulfill the future energy demand in the rapidly developing economy. In fact, power projects are continuously being implemented.

- EVN will complete the Thuong Kon Tum Hydropower Plant project and four (04) solar power projects (249MWp), namely Phuoc Thai 1, Se San 4, Phuoc Thai 2, Phuoc Thai 3. In addition, it invests in Quang Trach I Thermal Power Plant and Hoa Binh Expanded Hydropower Plant.
- EVN will accelerate investment in key power projects assigned by the Government, including Laly Expanded Hydropower, O Mon IV Thermal Power, Dung Quat I Thermal Power Plant projects.
- For power grid projects, EVN will initiate 218 projects and complete 240 110 - 500kV power grid projects.
- EVN also focuses on investing in key projects, including the 500kV Vung Ang - Doc Soi - Pleiku 2 transmission line (completed into June 2020), the synchronous power grid of Hai Duong BOT and Nghi Son 2 thermal power plant, the interconnection grid connecting power sources from Laos to Vietnam, and other key projects supplying electricity to the South, Hanoi and other important loads.

Therefore, the growth potential for electrical equipment manufacturers is still seen substantial.

**Table: Volume of electricity transmission expected to be built in each phase:**

Category	Unit	2016-2020	2021-2025	2026-2030
<b>Capacity</b>	gW	60	97	130
<b>500kV station</b>	mVA	26,700	26,400	23,550
<b>200kV station</b>	mVA	37,966	33,888	32,750
<b>500kV line</b>	Km	2,746	3,592	3,714
<b>200kV line</b>	Km	7,488	4,076	3,435

*(Source: Power development master plan VII of the Government)*

This plan is creating greater opportunities for businesses producing electrical equipment domestically and internationally. According to a report from the Domestic Market Department (Ministry of Industry and Trade) published in 2019, the demand for consumption of household electrical appliances and kitchen appliances in Vietnam will continue to grow until 2025. The scale of domestic household goods market is estimated to be approximately USD12.5-13 billion, increasing 10% on an annual basis.

Due to the limit of domestic production capability for electrical equipment, the Government of Vietnam has offered many incentives to attract FDI investment in EE production lines (the incentive segment includes large power substations, distribution and transmission equipment, pressure equipment, and other electrical equipment).

### The development potential of the energy industry

In Vietnam, the renewable energy sector including solar, wind, and hydropower has a lot of room for development due to the urgent need for energy conversion, as a result of serious climate changes. According to the National Electricity Development Plan for 2011 – 2020 with a vision to 2030 (National Power Development Plan VII), the State's goal is to prioritize the development of renewable energy sources for electricity production, and gradually increase the proportion of electricity produced from these sources in the power source structure. Specifically, the capacity of power plants using renewable energy (small hydropower, wind power, solar power, etc.) over total capacity will increase from 9.9% in 2020 to 21% in 2030 and produced electricity from renewable energy sources over total produced/imported electricity will increase from 6.5% in 2020 to 10.7% in 2030. As per the draft of the National Electricity Development Plan 2021 – 2030, with a vision to

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2045 (Power Plan VIII), renewable energy over the total installed capacity of the whole system will increase from 24.3-25.7% by 2030 to 26.5-28.4% by 2045.

#### **Attractive investment environment**

Vietnam's electrical equipment industry currently focuses on low-value products while modern, high-value products still need to be imported. In the meantime, Vietnamese manufacturers are unable to produce basic products, with the exception of a small number of foreign manufacturers with better production capabilities. Hence, there are still many rooms for electrical equipment manufacturers in Vietnam if they are capable of improving their production ability.

Besides, Vietnam investment environment is highly attractive for electrical equipment industry as placing electrical equipment production lines in Vietnam have high accessibility to major customers in China, who have massively invested in Vietnam's electricity industry. Recently, many Chinese electrical equipment brands have been entering Vietnam, including Sichuang Electric, Lijie Electric, Dingrun Electric, and Weiwang Technology. With the increase in the number and expansion of those factories, the demand for industrial electric equipment of these markets is forecast to grow sharply in the near future.

#### **Geographical advantage**

Electrical equipment factories in Vietnam can save logistics costs by taking full advantage of logistics benefits from Ho Chi Minh City to Southeast Asian markets. According to the International Energy Agency (IEA), Southeast Asia will need about USD1.2tn of investment from now until 2040 to modernize and expand its grid. Specifically, factories in Vietnam can save 15-20% of costs compared to production and exports from China as some electrical equipment such as big power substations and capacitors weighing more than 100 tons costs less to ship by sea from Vietnam.

#### **SHORT TERM OUTLOOK**

Based on the aforementioned drivers, especially the incentive policies of government, we anticipate robust growth for the electrical equipment industry in the upcoming years. According to the research of Statista, the industry is expected to experience an annual growth rate of 3.25% over period from 2023 to 2028.

### **B. REAL ESTATE SECTOR**

#### **MARKET OVERVIEW IN RECENT YEARS**

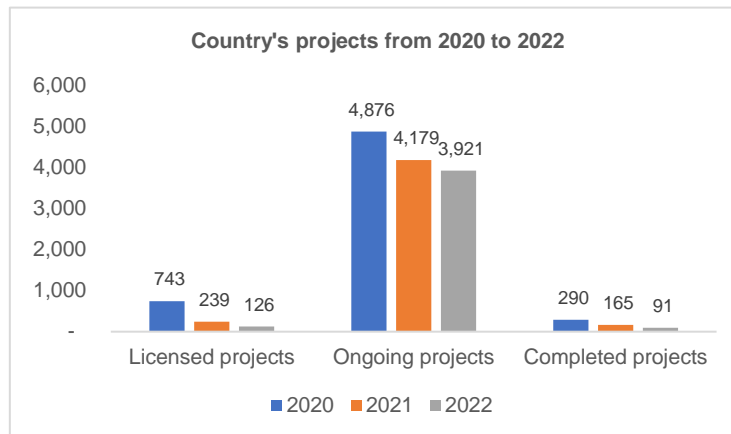
In the decades or so to 2019, Vietnam's real estate market experienced rapid growth as buildings could not go up fast enough as the middle class rode a wave of economic development out of the countryside and into apartments in the cities. Accommodating all these new home buyers, however, took vast sums of capital, which requires real estate firms were borrowing from banks hand over fist and issuing hundreds of thousands of millions of dollars' worth of bonds to satisfy the surging demand. But then COVID-19 happened, and Vietnam's home buyers changed from bulls to bears. This led to a downturn in home sales and a number of real estate companies, that were overleveraged to begin with, found themselves short of cash and unable to borrow more. Facing a liquidity crisis, many of these firms turned to Vietnam's bond market to keep their businesses running. This led to a huge jump in bond issuances. In 2020, Vietnam's local currency corporate bonds were worth US\$12 billion. By the end of 2021, however, that figure had more than doubled to US\$26 billion, the bulk of which were connected to the real estate market.

Post-Covid-19 pandemic in first six months of 2022, the real estate market condition has showed signals of improvement and growth, with a larger total transaction volume of apartments, detached homes, and land plots. The preliminary transaction volume of apartments and houses was about 50,000 transactions (equivalent to the same period in 2021), meanwhile, the preliminary transaction volume of land plots was about 200,000 transactions. Basically, the market has found its equilibrium again between business and investment activity, as well as purchasing and selling for consumption. However, the market continues to experience a lack of supply across all product categories, an inadequate structure of commodities, a severe lack of social housing, and a lack of reasonably priced commercial real estate.

However, the industry began to go into reverse in the late months of the year 2022 as a result of a change in the governmental stance on bank credit and corporate bonds. The government's tightening up on the two capital channels has caused worries among investors and brought it to a halt. Besides, as global economies were adjusting to their new war-footing, that cracks started to appear in Vietnam's real estate market connected to allegations of underhanded and shady dealings. This culminated with the arrest of a number of tycoons in real estate sector with violation related to stock market manipulation and bond fraud, which then resulted in an adverse effect on the market's outlook, leading to skepticism and apprehension among customers, investors and financial institutions. In addition, legal process and difficulties in planning approval within real estate industry also cause delays in projects, challenging firms in opening for sale as well as

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raise more funds. The industry was further exacerbated by an interest rate hike in September that saw interest rates raised up to 1 percent in most categories when the State Bank of Vietnam had tried its hardest to keep the Vietnam Dong under control.



(Source: Ministry of Construction)

As a result, the supply of commercial real estate was tight in 2022 with 126 projects with 55,732 licensed apartments (the number of projects is about 52.7% compared to 2021); 466 projects with 228,029 apartments under construction (about 47.7% compared to 2021); 91 projects with 18,206 apartments completed construction (about 55.2% compared to 2021). For social housing projects, there are 09 new licensed projects across the country with 5,526 apartments; 114 projects with 6,196 apartments completed construction; 27 projects with 8,245 apartments that are eligible to sell. In general, the current structure of housing products in Vietnam is still in favor of the high-class housing segment for people with average – high income. By product types, land slots took up 44% of the pie and high-end housing followed with 37%. Middle-end housing came next with 15% whereas low-end apartments stayed at rock bottom with 4%. According to statistic by DKRA Group, 1,081 real estate enterprises were dissolved and 2,379 temporarily ceased their operation in the first 11 months of 2022. The situation is not better now as real estate enterprises face many setbacks. One of them is the tight supply of land, which falls between 40 to 83% year-by-year across segments.

## DRIVING FACTORS

### Capital market

#### **Domestic credit policies**

With the issuance of Resolution 01/NQ-CP dated 8 Jan 2022, the Government showed its intention to strictly control credit for potential risk areas, especially the real estate market, for both investors and buyers. While credit growth in 2022 is controlled at 14%, the real estate sector encounters greater challenges when: (i) Circular 16/2021/TT-NHNN forbids financial institutions from purchasing corporate bonds for debt restructuring, capital contribution, share acquisition, working capital increment; (ii) Circular 39/2016/TT-NHNN prohibits financial institutions from lending for capital contribution, business corporation or margin requirement for projects to be formed in the future and (iii) Circular 08/2022/TT-NHNN has set the target of reducing the ratio of short-term capital sources for medium/long-term loans to 34% from 40% as specified in Circular 19/2017/TT-NHNN before.

In April 2022, the State Bank of Vietnam released Official Letter No. 1976, instructing financial institutions and banks to strictly adhere to several measurements to guarantee operational safety and control the provision of credit in high-risk areas, such as investment, real estate, securities, BOT projects, BT traffic and corporate bonds. Furthermore, the Circular 65/2022/ND-CP, which was recently introduced, demands that businesses adhere to more rigorous regulation on private placement. Because most real estate issuers are unlisted project companies with no existing revenue streams, such strict regulation on offering documents and transparency of information have impeded access to capital via corporate bond.

Nevertheless, the Government has taken a sequence of actions to provide support to and alleviate obstacles for real estate market: (i) Decision No. 1435/QĐ-TTg has established a working group under the Prime Minister's office to oversee and facilitate the resolution of issues and hindrances faced by local businesses in the implementation of real estate projects; (ii) Public Dispatch No. 1164/CD-TTg has directed relevant ministries and sectors to implement effective measures to eliminate barriers in the real estate market, with a focus on priority areas that promote economic recovery and ensure social stability. Previously, in early December 2022, the State Bank of Vietnam also introduced a policy to loosen the credit room from 1.5 to 2%. The newly introduced policies are perceived as a favorable indication, serving as a

foundation for the real estate market to potentially recuperate. Nevertheless, the efficacy of the recent policy changes will require a certain duration before becoming tangible, thereby reinstating investor assurance and rejuvenating the market.

On the other hand, the Fed's interest rate hike has significantly affected the policy of stabilizing the exchange rate of Vietnam, as the SBV increased withdrawals through the OMO mortgage channel and raised the basic interest rate by 100 basis points. The continuous increase in deposit interest rates, causing home loan interest rates to stay at 12-13%/year, combined with the affordable and mid-end apartments segment accounting for less than 1/5 of the supply, has made the housing demand dropped seriously and caused many real estate businesses to struggle.

## Demographic characteristics

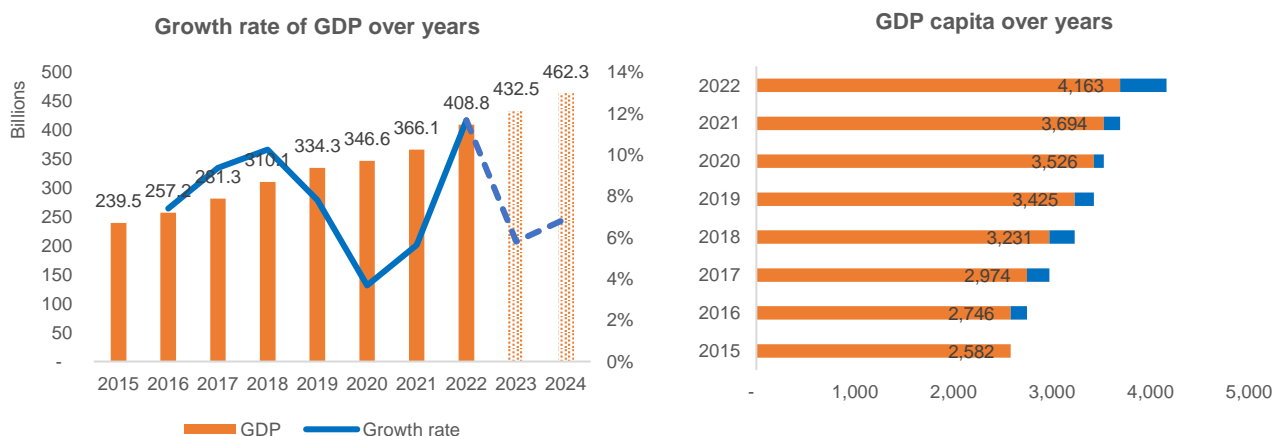
### Population

Vietnam's population was estimated at 99.46 million in 2022 (0.97% YoY) and is projected to reach 100.06 million in 2024. It should be noted that Vietnam has posted a growing trend in population since 1950. Regarding structure, the urban population was 37.09 million people, accounting for 37.3% of the total population, up 1.42% compared to 2021, while the rural population was 62.37 million people, accounting for 62.7%. The increase in the urban population was mainly due to the migration of people from rural areas to urban areas to study and work, especially those in the age group of 15 – 39. According to data published in the annual Statistical Yearbook of the General Statistics Office, the Red River Delta and the Southeast are the two regions with the highest net migration rates in the country at 3% and 18.7% respectively by 2020, particularly some localities that are economic centers such as Hanoi (3.7%), Ho Chi Minh City (18%) and some with large industrial parks such as Bac Ninh (35.8%), Binh Duong (58.6%), Dong Nai (8.2%), Ba Ria - Vung Tau (3.2%). Meanwhile, as stated by the Ministry of Construction, as of Dec 31, 2022, Vietnam has 888 urban centers. In which, there are 2 special-class cities, 22 grade-I cities, 33 grade-II cities, 47 grade-III cities, 94 grade-IV cities, and 690 grade-V cities. The national urbanization rate is estimated at 41.7% in 2022 (+1.2% YoY). Since the constant growth of population and urbanization are the key bases for the development of socio-economic and the transformation of economic, labor structures towards industrialization and modernization, solving housing needs, especially in the large cities and economic centers will be an urgent problem for Vietnam's real estate market.

### Income

Vietnam has exhibited substantial economic growth in recent times, particularly during the 2015 – 2019 timeframe, where the GDP growth rate consistently surpassed 7%. Nevertheless, the advent of the Covid-19 pandemic in 2020, coupled with a severe outbreak in 2021, resulted in slower growth rates of GDP about half that of preceding years. Despite this, Vietnam was still among the top countries in the world maintaining a favorable growth rate. Following the cessation of Covid-19 pandemic in 2022, the economy promptly recuperated across multiple industry sectors, with GDP growth exceeding 8% for the first in a decade. Expectations for Vietnam's economy in forthcoming years are optimistic as International Monetary Fund forecasted that Vietnam's GDP is projected to grow 5.8% in 2023, sharing the second position with Cambodia in the region, only after the Philippines. The fund also speculates that Vietnam's GDP growth will rebound to 6.9% in 2024, the highest in Southeast Asia.

Along with the growth of GDP, GDP per capita also increased impressively, from USD 2,582 in 2015 to USD 4,163 in 2022, posting a CAGR of 7.06%. This allows Vietnamese households experience significant disposable income growth over 2022, supporting greater consumer spending growth across categories, including real estate products.



***Increasing demand in housing***

Generally, high-end and mid-end apartments still account for the majority of the total new supply while the market is continuing to lack low-end and affordable products. The latest report of the Ministry of Construction on the real estate market shows that there are very few affordable apartments and cheap houses with prices below VND25 million/m<sup>2</sup> in big cities since most of them are located in remote areas. Current low-priced projects (prices below VND20 million/m<sup>2</sup>) have been sold out and there is no new supply for the last two years. Affordable housing is becoming more and more limited due to the sharp increase in land value and construction material prices, plus the high-profit expectation of businesses, and the difficulties in legal procedures. According to surveys, the demand for low-priced products (in the range of VND1-1.5 billion) presently accounts for a significant proportion of 70% of the total demand for apartments. However, buying products of about VND3 billion on the secondary market is currently very difficult as many banks are tightening credit policies.

**SHORT TERM OUTLOOK**

According to projections, the real estate sector is anticipated to confront a range of challenges resulting from the restricted availability of major capital mobilization channels during 2023. The tightening of credit will not only curtail the financing options available to investors, but also affect the upfront capital of customers, who may defer their house purchases or explore alternate investment avenues due to difficulties in securing bank loans. Consequently, businesses may encounter difficulty in raising capital to execute projects or undertake reinvestment to expand operations. The confidence of homebuyers is expected to continue to decrease as the legal framework remains a major obstacle for investors. Although the government has taken some steps to support and remove difficulties for the real estate industry, these actions will probably take quite a while.

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## FINANCIAL STATEMENTS

### IN VND MILLION

#### BALANCE SHEET

	As at		
<i>FY</i>	<i>31/03/2021</i>	<i>31/03/2020</i>	<i>31/03/2019</i>
<i>Unit</i>	<i>VND Million</i>	<i>VND Million</i>	<i>VND Million</i>
<i>Audit status</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
<i>Type</i>	<i>Consolidated</i>	<i>Consolidated</i>	<i>Consolidated</i>
<i>Legal Regulation</i>	<i>200/2014/TT/BTC/LT</i>	<i>200/2014/TT/BTC/LT</i>	<i>200/2014/TT/BTC/LT</i>
<i>Source</i>	<i>Public Announcement</i>	<i>Public Announcement</i>	<i>Public Announcement</i>
<b>A. CURRENT ASSETS</b>	<b>2,273,571</b>	<b>2,243,122</b>	<b>1,752,542</b>
<b>I. Cash and cash equivalents</b>	<b>11,236</b>	<b>1,812</b>	<b>15,906</b>
Cash	11,236	1,812	15,906
<b>II. Short-term financial investments</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>III. Accounts receivable – short-term</b>	<b>993,966</b>	<b>1,671,423</b>	<b>1,015,107</b>
Trade receivables	236,463	291,365	235,293
Prepayments to suppliers	666,032	1,242,491	678,771
Other receivables	91,472	139,041	102,522
Allowance for doubtful debts	-	(1,593)	(1,593)
Shortage of assets awaiting resolution	-	120	114
<b>IV. Inventories</b>	<b>1,251,354</b>	<b>536,874</b>	<b>692,706</b>
Inventories	1,251,354	536,874	692,706
<b>V. Other current assets</b>	<b>17,014</b>	<b>33,013</b>	<b>28,823</b>
Short-term prepaid expenses	1,157	3,442	2,121
Deductible value added tax	14,230	28,048	26,683
Taxes and others receivable from State Treasury	1,627	1,522	18
<b>B. NON-CURRENT ASSETS</b>	<b>3,088,007</b>	<b>3,162,355</b>	<b>2,628,591</b>
<b>I. Accounts receivable – long-term</b>	<b>832,093</b>	<b>69,297</b>	<b>62,206</b>
Accounts receivable from customers – long-term	647,884	-	-
Prepayments to suppliers – long-term	121,188	-	-
Loans receivable – long-term	-	5,500	-
Other long-term receivables	63,021	63,797	62,206
<b>II. Fixed assets</b>	<b>662,949</b>	<b>654,838</b>	<b>615,431</b>
Tangible fixed assets	639,911	622,984	608,671
- Cost	689,145	1,141,333	1,080,490
- Accumulated depreciation	(49,234)	(518,349)	(471,819)
Finance leases	22,140	30,914	5,780
- Cost	43,870	43,870	10,362
- Accumulated depreciation	(21,729)	(12,955)	(4,582)
Intangible fixed assets	898	940	980
- Cost	1,463	1,848	1,848
- Accumulated depreciation	(566)	(908)	(868)
<b>III. Investment properties</b>	<b>32,732</b>	<b>30,219</b>	<b>25,059</b>
- Cost	34,248	31,498	26,172
- Accumulated depreciation	(1,517)	(1,279)	(1,113)
<b>IV. Long term assets in progress</b>	<b>1,370,873</b>	<b>2,329,513</b>	<b>1,825,503</b>
Long-term work in progress	-	35,469	162,182
Construction in progress	1,370,873	2,294,044	1,663,321
<b>V. Long-term investments</b>	<b>185,859</b>	<b>60,379</b>	<b>70,374</b>
Investments in subsidiary	-	-	-
Investments in associates, jointly controlled entities	36,347	36,342	36,337
Investment in other entities	149,512	24,036	34,036
<b>VI. Other long-term assets</b>	<b>3,501</b>	<b>18,110</b>	<b>30,019</b>
Long-term prepaid expenses	3,501	18,110	20,288
Deferred tax assets	-	-	6,760
Other long-term assets	-	-	-
Goodwill	-	-	2,971
<b>TOTAL ASSETS</b>	<b>5,361,578</b>	<b>5,405,478</b>	<b>4,381,134</b>
<b>C. LIABILITIES</b>	<b>2,721,679</b>	<b>3,675,972</b>	<b>2,692,797</b>
<b>I. Current liabilities</b>	<b>1,356,050</b>	<b>1,980,473</b>	<b>1,647,815</b>
Short-term trade payables	621,400	312,902	413,232
Short-term advances from customers	47,568	57,932	53,401
Statutory obligations	4,168	24,899	6,598
Payables to employees	2,299	11,861	6,330
Short-term accrued expenses	17,197	30,952	19,711
Short-term deferred revenue	-	3,580	4,485
Other ST payables	40,093	469,689	71,335

Short-term loan and finance lease obligations	623,326	1,068,658	1,072,723
<b>II. Non-current liabilities</b>	<b>1,365,629</b>	<b>1,695,499</b>	<b>1,044,982</b>
Long-term trade payables	34	90,936	107,078
Long term deferred revenue	95,450	-	33,800
Other long-term liabilities	233,045	223,080	6,040
Long-term loans and finance lease obligations	1,028,438	1,372,385	888,532
Deferred tax liabilities	8,663	9,097	9,531
<b>D. OWNERS' EQUITY</b>	<b>2,639,899</b>	<b>1,729,506</b>	<b>1,688,336</b>
<b>I. Equity</b>	<b>2,639,899</b>	<b>1,729,506</b>	<b>1,688,336</b>
Contributed capital	2,599,000	1,699,000	1,699,000
- Ordinary shares	2,599,000	1,699,000	1,699,000
Treasury shares	-	(200)	-
Retained earnings	20,922	(24,138)	(57,779)
- Retained earnings accumulated to prior year-end	(19,624)	(53,918)	(72,344)
- Retained earnings of this period	40,546	29,780	14,565
Non-controlling interest	19,977	54,844	47,116
<b>II. Non-business expenditure fund and other funds</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL RESOURCES</b>	<b>5,361,578</b>	<b>5,405,478</b>	<b>4,381,134</b>

## INCOME STATEMENT

FY	For the year ended		
	31/03/2021	31/03/2020	31/03/2019
Unit	VND Million	VND Million	VND Million
Audit status	Audited	Audited	Audited
Type	Consolidated	Consolidated	Consolidated
Legal Regulation	200/2014/TT/BTC/LT	200/2014/TT/BTC/LT	200/2014/TT/BTC/LT
Source	Public Announcement	Public Announcement	Public Announcement
<b>Revenue from sales of goods and provision of services</b>	<b>1,504,454</b>	<b>2,485,640</b>	<b>2,621,798</b>
Revenue deductions	-	16,923	1,485
<b>Net revenue</b>	<b>1,504,454</b>	<b>2,468,717</b>	<b>2,620,313</b>
Cost of sales	1,352,813	2,315,951	2,465,790
<b>Gross profit/(loss)</b>	<b>151,641</b>	<b>152,766</b>	<b>154,523</b>
Financial income	58,651	7,956	32,012
Financial expenses	91,893	96,550	90,023
- In which: Interest expense	85,823	95,061	88,812
Share of profit/(loss) in associates and jointly controlled entities	-	-	-
Selling expenses	33,070	15,099	16,026
General and administration expenses	39,772	45,257	73,837
<b>Net operating profit/(loss)</b>	<b>45,556</b>	<b>3,816</b>	<b>6,649</b>
Other income	152	33,934	19,671
Other expenses	1,482	722	3,205
<b>Results of other activities</b>	<b>(1,330)</b>	<b>33,212</b>	<b>16,466</b>
<b>Accounting profit/(loss) before tax</b>	<b>44,226</b>	<b>37,028</b>	<b>23,115</b>
Income tax expense – current	3,903	7,590	4,370
Income tax expense/(benefit) – deferred	(434)	(434)	3,749
<b>Net profit/(loss) after tax</b>	<b>40,757</b>	<b>29,872</b>	<b>14,996</b>
Attributable to equity holders of the Company	40,546	29,780	14,565
Attributable to non-controlling interest	211	92	432
Basic earnings per share	-	-	-
Diluted earnings per share	-	-	-



**CASH FLOW STATEMENT**

For the year ended

<b>FY</b>	<b>31/03/2021</b>	<b>31/03/2020</b>	<b>31/03/2019</b>
<b>Unit</b>	<b>VND Million</b>	<b>VND Million</b>	<b>VND Million</b>
<i>Audit status</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
<i>Type</i>	<i>Consolidated</i>	<i>Consolidated</i>	<i>Consolidated</i>
<i>Legal Regulation</i>	<i>200/2014/TT/BTC/LT</i>	<i>200/2014/TT/BTC/LT</i>	<i>200/2014/TT/BTC/LT</i>
<i>Source</i>	<i>Public Announcement</i>	<i>Public Announcement</i>	<i>Public Announcement</i>
<i>Method</i>	<i>Indirect</i>	<i>Indirect</i>	<i>Indirect</i>
Profit/(loss) before tax	44,226	37,028	23,115
<i>Depreciation and amortisation</i>	14,213	55,110	51,954
<i>Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies</i>	-	-	372
<i>(Profits)/losses from investing activities</i>	836	(7,324)	(9,240)
<i>Interest expense</i>	85,823	95,061	88,812
<i>Other adjustments</i>	(29,929)	(30,830)	8,836
Operating profit/(loss) before changes in working capital	115,169	149,046	163,850
<i>Change in receivables</i>	(559,106)	(1,339,728)	180,021
<i>Change in inventories</i>	11,972	282,545	(306,961)
<i>Change in payables and other liabilities</i>	(52,272)	1,226,060	153,492
<i>Change in prepaid expenses</i>	(636)	857	2,099
Interest paid	(84,915)	(94,578)	(73,681)
Income tax paid	(198)	(98)	(2,505)
<b>Net cash flows from operating activities</b>	<b>(569,987)</b>	<b>224,104</b>	<b>116,316</b>
Payments for additions to fixed assets and other long-term assets	(160,565)	(719,505)	(228,663)
Proceeds from disposals of fixed assets and other long-term assets	1,510	-	7,105
Payments for granting loans, purchase of debt instruments of other entities	-	(5,500)	-
Payments for investments in other entities	(8,068)	340	(268,945)
Collections on investments in other entities	615,312	6,728	133,887
Receipts of interests and dividends	69	151	555
<b>Net cash flows from investing activities</b>	<b>448,258</b>	<b>(717,786)</b>	<b>(356,060)</b>
Proceeds from equity issued or capital contributed by owners	301,839	-	2,000
Payments for capital refunds and shares redemptions	200	(200)	-
Proceeds from borrowings	415,053	1,889,298	1,306,308
Payments to settle loan principals	(585,940)	(1,409,510)	(1,092,921)
Payments to settle finance lease liabilities	-	-	-
Payments of dividends	-	-	(684)
<b>Net cash flows from financing activities</b>	<b>131,152</b>	<b>479,589</b>	<b>214,704</b>
<b>Net cash flows during the [period/year]</b>	<b>9,424</b>	<b>(14,093)</b>	<b>(25,041)</b>
Cash and cash equivalents at the beginning of the [period/year]	1,812	15,906	40,946
Effect of exchange rate fluctuations on cash and cash equivalents	-	-	-
<b>Cash and cash equivalents at the end of the [period/year]</b>	<b>11,236</b>	<b>1,812</b>	<b>15,906</b>



**IN USD THOUSAND**
**BALANCE SHEET**

	As at		
<i>FY</i>	<i>31/03/2021</i>	<i>31/03/2020</i>	<i>31/03/2019</i>
<i>Unit</i>	<i>USD Thousand</i>	<i>USD Thousand</i>	<i>USD Thousand</i>
<i>Audit status</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
<i>Type</i>	<i>Consolidated</i>	<i>Consolidated</i>	<i>Consolidated</i>
<i>Legal Regulation</i>	<i>200/2014/TT/BTC/LT</i>	<i>200/2014/TT/BTC/LT</i>	<i>200/2014/TT/BTC/LT</i>
<i>Source</i>	<i>Public Announcement</i>	<i>Public Announcement</i>	<i>Public Announcement</i>
<i>End-of-Year Exchange rate (VND/USD) (*)</i>	23,010	23,110	23,155
<b>A. CURRENT ASSETS</b>	<b>98,808</b>	<b>97,063</b>	<b>75,687</b>
<b>I. Cash and cash equivalents</b>	<b>488</b>	<b>78</b>	<b>687</b>
Cash	488	78	687
<b>II. Short-term financial investments</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>III. Accounts receivable – short-term</b>	<b>43,197</b>	<b>72,325</b>	<b>43,840</b>
Trade receivables	10,277	12,608	10,162
Prepayments to suppliers	28,945	53,764	29,314
Other receivables	3,975	6,016	4,428
Allowance for doubtful debts	-	(69)	(69)
Shortage of assets awaiting resolution	-	5	5
<b>IV. Inventories</b>	<b>54,383</b>	<b>23,231</b>	<b>29,916</b>
Inventories	54,383	23,231	29,916
<b>V. Other current assets</b>	<b>739</b>	<b>1,428</b>	<b>1,245</b>
Short-term prepaid expenses	50	149	92
Deductible value added tax	618	1,214	1,152
Taxes and others receivable from State Treasury	71	66	1
<b>B. NON-CURRENT ASSETS</b>	<b>134,203</b>	<b>136,839</b>	<b>113,522</b>
<b>I. Accounts receivable – long-term</b>	<b>36,162</b>	<b>2,999</b>	<b>2,687</b>
Accounts receivable from customers – long-term	28,157	-	-
Prepayments to suppliers – long-term	5,267	-	-
Loans receivable – long-term	-	238	-
Other long-term receivables	2,739	2,761	2,687
<b>II. Fixed assets</b>	<b>28,811</b>	<b>28,336</b>	<b>26,579</b>
Tangible fixed assets	27,810	26,957	26,287
- Cost	29,950	49,387	46,663
- Accumulated depreciation	(2,140)	(22,430)	(20,377)
Finance leases	962	1,338	250
- Cost	1,907	1,898	447
- Accumulated depreciation	(944)	(561)	(198)
Intangible fixed assets	39	41	42
- Cost	64	80	80
- Accumulated depreciation	(25)	(39)	(37)
<b>III. Investment properties</b>	<b>1,422</b>	<b>1,308</b>	<b>1,082</b>
- Cost	1,488	1,363	1,130
- Accumulated depreciation	(66)	(55)	(48)
<b>IV. Long term assets in progress</b>	<b>59,577</b>	<b>100,801</b>	<b>78,838</b>
Long-term work in progress	-	1,535	7,004
Construction in progress	59,577	99,266	71,834
<b>V. Long-term investments</b>	<b>8,077</b>	<b>2,613</b>	<b>3,039</b>
Investments in subsidiary	-	-	-
Investments in associates, jointly controlled entities	1,580	1,573	1,569
Investment in other entities	6,498	1,040	1,470
<b>VI. Other long-term assets</b>	<b>152</b>	<b>784</b>	<b>1,296</b>
Long-term prepaid expenses	152	784	876
Deferred tax assets	-	-	292
Other long-term assets	-	-	-
Goodwill	-	-	128
<b>TOTAL ASSETS</b>	<b>233,011</b>	<b>233,902</b>	<b>189,209</b>
<b>C. LIABILITIES</b>	<b>118,282</b>	<b>159,064</b>	<b>116,294</b>
<b>I. Current liabilities</b>	<b>58,933</b>	<b>85,698</b>	<b>71,165</b>
Short-term trade payables	27,006	13,540	17,846
Short-term advances from customers	2,067	2,507	2,306
Statutory obligations	181	1,077	285
Payables to employees	100	513	273
Short-term accrued expenses	747	1,339	851
Short-term deferred revenue	-	155	194
Other ST payables	1,742	20,324	3,081
Short-term loan and finance lease obligations	27,089	46,242	46,328

<b>II. Non-current liabilities</b>	<b>59,349</b>	<b>73,366</b>	<b>45,130</b>
Long-term trade payables	1	3,935	4,624
Long term deferred revenue	4,148	-	1,460
Other long-term liabilities	10,128	9,653	261
Long-term loans and finance lease obligations	44,695	59,385	38,373
Deferred tax liabilities	376	394	412
<b>D. OWNERS' EQUITY</b>	<b>114,728</b>	<b>74,838</b>	<b>72,915</b>
<b>I. Equity</b>	<b>114,728</b>	<b>74,838</b>	<b>72,915</b>
Contributed capital	112,951	73,518	73,375
- Ordinary shares	112,951	73,518	73,375
Treasury shares	-	(9)	-
Retained earnings	909	(1,044)	(2,495)
- Retained earnings accumulated to prior year-end	(853)	(2,333)	(3,124)
- Retained earnings of this period	1,762	1,289	629
Non-controlling interest	868	2,373	2,035
<b>II. Non-business expenditure fund and other funds</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL RESOURCES</b>	<b>233,011</b>	<b>233,902</b>	<b>189,209</b>

## INCOME STATEMENT

FY	For the year ended		
	31/03/2021	31/03/2020	31/03/2019
Unit	USD Thousand	USD Thousand	USD Thousand
Audit status	Audited	Audited	Audited
Type	Consolidated	Consolidated	Consolidated
Legal Regulation	200/2014/TT/BTC/LT	200/2014/TT/BTC/LT	200/2014/TT/BTC/LT
Source	Public Announcement	Public Announcement	Public Announcement
Average Exchange rate (VND/USD) (*)	23,149	23,172	22,996
<b>Revenue from sales of goods and provision of services</b>	<b>64,990</b>	<b>107,269</b>	<b>114,011</b>
Revenue deductions	-	730	65
<b>Net revenue</b>	<b>64,990</b>	<b>106,539</b>	<b>113,946</b>
Cost of sales	58,439	99,946	107,227
<b>Gross profit/(loss)</b>	<b>6,551</b>	<b>6,593</b>	<b>6,720</b>
Financial income	2,534	343	1,392
Financial expenses	3,970	4,167	3,915
- In which: Interest expense	3,707	4,102	3,862
Share of profit/(loss) in associates and jointly controlled entities	-	-	-
Selling expenses	1,429	652	697
General and administration expenses	1,718	1,953	3,211
<b>Net operating profit/(loss)</b>	<b>1,968</b>	<b>165</b>	<b>289</b>
Other income	7	1,464	855
Other expenses	64	31	139
<b>Results of other activities</b>	<b>(57)</b>	<b>1,433</b>	<b>716</b>
<b>Accounting profit/(loss) before tax</b>	<b>1,910</b>	<b>1,598</b>	<b>1,005</b>
Income tax expense – current	169	328	190
Income tax expense/(benefit) – deferred	(19)	(19)	163
<b>Net profit/(loss) after tax</b>	<b>1,761</b>	<b>1,289</b>	<b>652</b>
Attributable to equity holders of the Company	1,752	1,285	633
Attributable to non-controlling interest	9	4	19
Basic earnings per share	-	-	-
Diluted earnings per share	-	-	-

**CASH FLOW STATEMENT**

FY	For the year ended		
	31/03/2021	31/03/2020	31/03/2019
Unit	USD Thousand	USD Thousand	USD Thousand
Audit status	Audited	Audited	Audited
Type	Consolidated	Consolidated	Consolidated
Legal Regulation	200/2014/TT/BTC/LT	200/2014/TT/BTC/LT	200/2014/TT/BTC/LT
Source	Public Announcement	Public Announcement	Public Announcement
Method	Indirect	Indirect	Indirect
<b>Average Exchange rate (VND/USD) (*)</b>	<b>23,149</b>	<b>23,172</b>	<b>22,996</b>
Profit/(loss) before tax	1,910	1,598	1,005
Depreciation and amortisation	614	2,378	2,259
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	-	-	16
(Profits)/losses from investing activities	36	(316)	(402)
Interest expense	3,707	4,102	3,862
Other adjustments	(1,293)	(1,330)	384
Operating profit/(loss) before changes in working capital	4,975	6,432	7,125
Change in receivables	(24,153)	(57,817)	7,828
Change in inventories	517	12,193	(13,348)
Change in payables and other liabilities	(2,258)	52,911	6,675
Change in prepaid expenses	(27)	37	91
Interest paid	(3,668)	(4,082)	(3,204)
Income tax paid	(9)	(4)	(109)
<b>Net cash flows from operating activities</b>	<b>(24,623)</b>	<b>9,671</b>	<b>5,058</b>
Payments for additions to fixed assets and other long-term assets	(6,936)	(31,051)	(9,944)
Proceeds from disposals of fixed assets and other long-term assets	65	-	309
Payments for granting loans, purchase of debt instruments of other entities	-	(237)	-
Payments for investments in other entities	(349)	15	(11,695)
Collections on investments in other entities	26,580	290	5,822
Receipts of interests and dividends	3	7	24
<b>Net cash flows from investing activities</b>	<b>19,364</b>	<b>(30,976)</b>	<b>(15,484)</b>
Proceeds from equity issued or capital contributed by owners	13,039	-	87
Payments for capital refunds and shares redemptions	9	(9)	-
Proceeds from borrowings	17,930	81,534	56,806
Payments to settle loan principals	(25,312)	(60,828)	(47,527)
Payments to settle finance lease liabilities	-	-	-
Payments of dividends	-	-	(30)
<b>Net cash flows from financing activities</b>	<b>5,666</b>	<b>20,697</b>	<b>9,337</b>
<b>Net cash flows during the [period/year]</b>	<b>407</b>	<b>(608)</b>	<b>(1,089)</b>
Cash and cash equivalents at the beginning of the [period/year]	78	686	1,781
Effect of exchange rate fluctuations on cash and cash equivalents	-	-	-
<b>Cash and cash equivalents at the end of the [period/year]</b>	<b>485</b>	<b>78</b>	<b>692</b>

(\*) The conversion of the financial statements into USD is for your general reference only as it is not exactly complied with the accounting standards in the conversion of financial statements from a local currency into a foreign currency. As for Balance Sheet items, we used the exchange rate at the end of the reported year. For Income Statements and Cash Flow Statement, we used the average rate for the period.

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---End of Report on AAA JOINT STOCK COMPANY---

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