



SUSTAINABLE AGRICULTURE DEVELOPMENT



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SUSTAINABLE AGRICULTURE DEVELOPMENT

Hoang Anh Gia Lai (HAGL) has a competitive advantage to develop agriculture thanks to its vast land bank in the climate zone, abundant water resources, and substantial local young workforce with low costs.

Based on great demand for tropical fruits of the majority of domestic and foreign consumers, HAGL has been developing channels of distribution to potential markets such as China, Korea, Singapore, etc. and focusing on exploiting the domestic market.

HAGL builds an agricultural value chain based on large-scale production, mechanization and application of Israel irrigation technology, fertilizer, etc. All activities, from soil preparation to production, harvesting, packaging and preservation, are undertaken according to Global GAP standards, ensuring products provided with high quality and competitive price.

Those factors lay an important foundation for the “Sustainable agriculture development” strategy that HAGL is pursuing.



VISION

To become a leading Group in Vietnam and in agribusiness.



MISSION

To maintain constant creativity and strive to continue producing high quality products and services at competitive costs. To provide the employees with satisfactory benefits, in terms of both monetary remuneration and spiritual development, in order to encourage them to create more values for customers, shareholders and society.

Message of THE CHAIRMAN OF THE BOARD OF DIRECTORS



Dear distinguished shareholders and investors,

In 2018, the world economy was still facing many difficulties and unpredictable changes. As demand for the majority of production materials, including rubber latex, was also consistently low, prices could not be stabilized. Therefore, the rubber industry of Hoang Anh Gia Lai has faced numerous challenges. Liquidity pressure remains so challenging that HAGL will have to address soon.

Thanks to the achievements of the fruit industry that has been invested since 2016, HAGL has generated a stable level of revenue, and created a part of liquidity to cover operating and investment costs for expanding fruit tree areas. In 2018, the fruit industry brought in a positive revenue of VND 2,897 billion, contributing 53.8% to the Group's total revenue. By the end of 2018, the total area of fruit trees planted was 18,675 ha with main products including banana, dragon fruit, mango, jackfruit, green-skin pomelo, and more than 10 other types of fruit trees. Regarding the area of fruit trees, it is expected to provide a major source of revenue for 2019, confirming the Company's strategy of business restructuring is on the right track. This serves as a crucial foundation and motivation, and creates a momentum for the implementation of the Group's Sustainable agriculture development strategy.

At the turn of 2019 which is determined to be an important year in the 2020 - 2025 period of HAGL's sustainable development, thereby accommodating HAGL with a leverage to become a leading agricultural corporation in Asia in 2025.



The signing of the strategic cooperation agreement with Truong Hai Auto Corporation proves to be a vital factor to HAGL's existence and development. Truong Hai has supported capital for the Group (HNG)'s agribusiness to invest in expanding the areas of fruit trees and paying due debts. Truong Hai also helped HNG in improving production management, applying mechanization into the agriculture and rearranging logistics, enhancing productivity and driving down production costs.



The fruit tree area of
18,675 ha
is expected to provide a major
source of revenue for 2019

In order to accomplish this goal, in addition to core tasks involving expanding the fruit tree areas, selecting portfolios of effective products, and strengthening the administrative system, the Group will focus on the utilization of high technology on the administration on the basis of digitization and mechanization for all stages in the value chain of agricultural production: from cultivation to harvesting, transportation, storage, special processing of groups of fruit trees and trees for industry, especially the application of the achievements of the 4.0 technologies.

With the continuing strength, and current reinforced internal force, I believe that HAGL will soon overcome the difficulties to step into the stage of sustainable development, and reach out of the continent.

On behalf of the Board of Directors, I would like to express our sincere gratitude to Shareholders, Investors, Banks and Partners who have accompanied HAGL on this hard journey, and hope to receive your continued support in the future. Your companionship and support will hold the motivational key for us to consistently developing and pursuing the mission of "Sustainable agriculture development".

Regards,

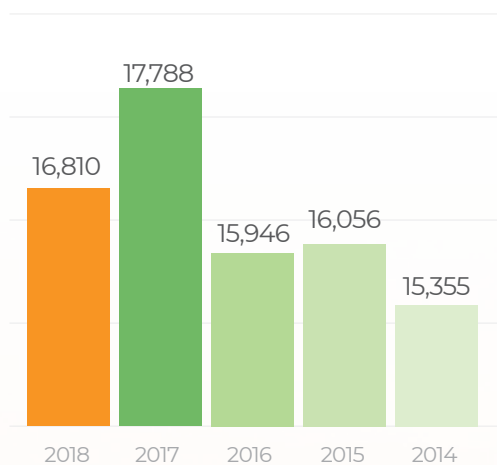
A stylized blue ink signature of Doan Nguyen Duc, consisting of a large, fluid 'D' followed by a horizontal line.

BOD Chairman
Doan Nguyen Duc

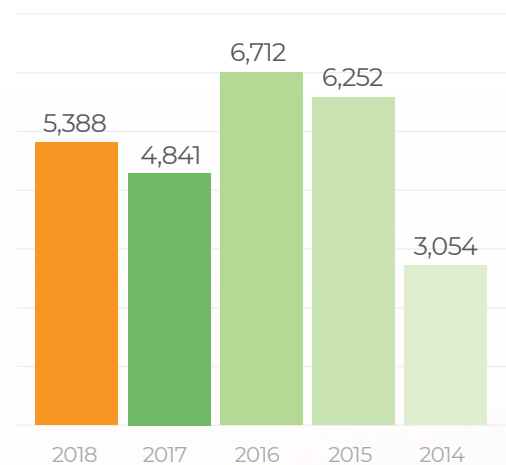


Basic information of FINANCE

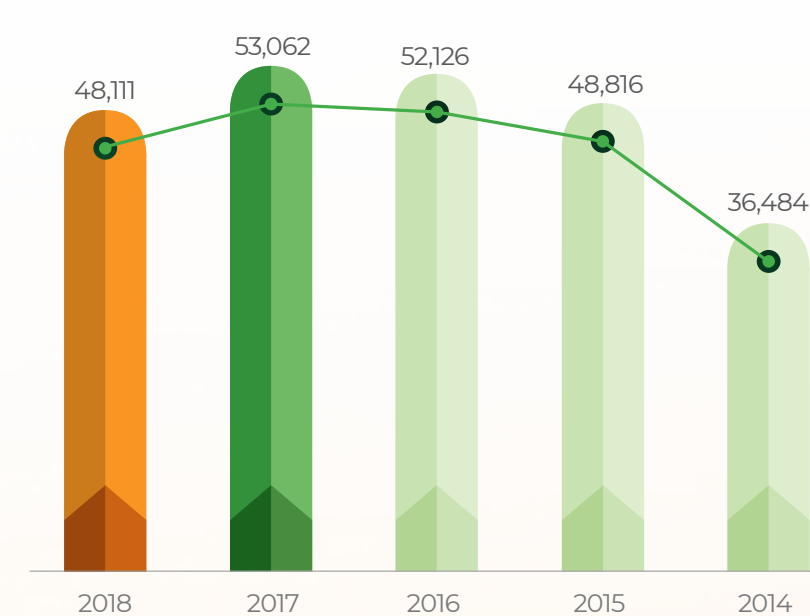
OWNER'S EQUITY
(VND BILLION)



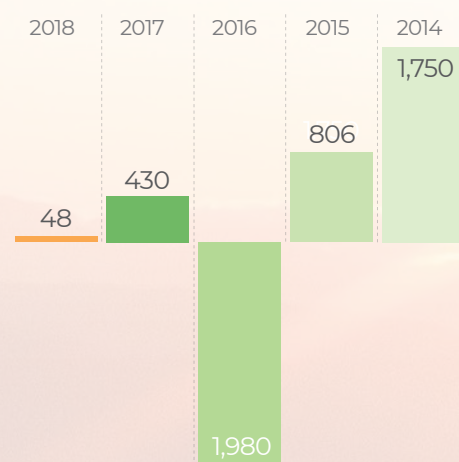
NET REVENUE
(VND BILLION)



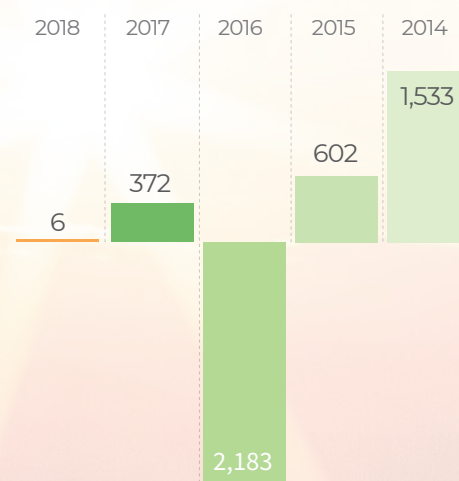
TOTAL ASSETS
(VND BILLION)



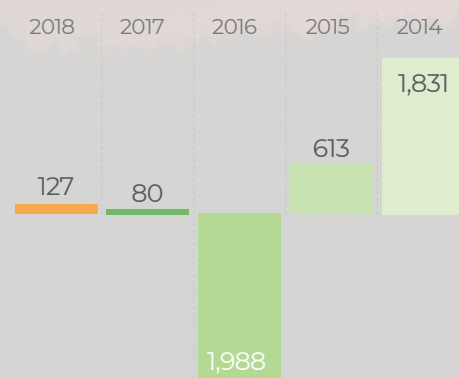
PROFIT BEFORE TAX
(VND BILLION)



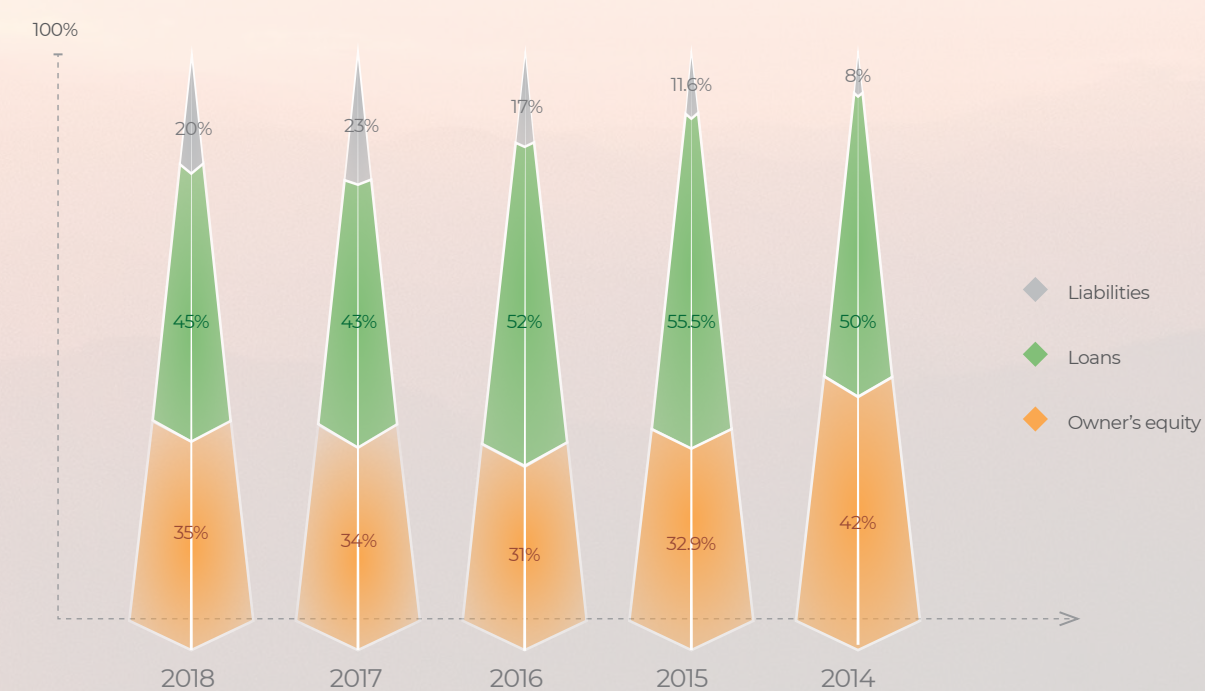
PROFIT AFTER TAX
(VND BILLION)



EARNING PER SHARE
(VND)



LIABILITIES AND OWNER'S EQUITY





UNLOCKING POTENTIAL AGRICULTURAL VALUES

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General information



HEAD OFFICE

📍 15 Truong Chinh, Phu Dong Ward,
Pleiku City, Gia Lai Province, Vietnam

☎️ (+84) 269 222 5888

📠 (+84) 269 222 2335

🌐 www.hagl.com.vn

Vietnamese name:

CÔNG TY CỔ PHẦN HOÀNG ANH GIA LAI

English name:

HOANG ANH GIA LAI JOINT STOCK COMPANY

Transaction name:

HOANG ANH GIA LAI

Abbreviation name:

HAGL



CHARTER CAPITAL:

9,274,679,470,000 VND



SECURITIES CODE:

HAG



FACE VALUE PER SHARE:

10,000 VND



TOTAL NUMBER OF SHARES

927,467,947 CP

Business code

5900377720

First business registration

01/06/2006

Business Registration Certificate

NO. 3903000083 dated 1st June, 2006 granted by the Department of Planning and Investment of Gia Lai Province (registered for the first time). The 30th amended certificate on March 30th, 2018

TRANSACTION NAME

BUSINESS REGISTRATION CERTIFICATE

Significant MILESTONES

1990 - 1993

START-UP STAGE

Private enterprise: Woodwork

1990

- A small wooden furniture workshop

1993

- The first wood-processing factory built; Hoang Anh Gia Lai Enterprise established



2002 - 2012

PUBLIC STAGE

Public company: Real estate was the key business while strategies of diversification were being developed

2002

- Investing in Hoang Anh Gia Lai Football Club to promote Hoang Anh Gia Lai trademark domestically and internationally

2006 - 2007

- Transforming to the model of Joint stock company
- Dragon Capital and Jaccar became the Company's strategic shareholders

2008 - 2010

- Listed at Ho Chi Minh City Stock Exchange
- Mobilizing equity capital from the stock market to finance programs diversifying the Company's industry into cultivation, hydroelectric power and minerals to create sustainable development

2011 - 2012

- Mobilizing capital from the international stock market through the issuance of GDRs listed on the London Stock Exchange
- Issuing International Bonds of USD 90 million via Credit Suisse
- Issuing convertible bonds to Temasek

From 2013 to
the Present

STAGE OF BUSINESS AND FINANCE RESTRUCTURING

- Continuing to promoting investment in the agriculture, with fruit-tree sector serving as the main force
- Divesting from the hydroelectric power, real estate, sugar cane, and mineral industry
- Selling less effective assets
- Restructuring debt and capital

THE CURRENT AREAS OF PLANTED TREES

RUBBER TREES

47,122 ha

FRUIT TREES

18,675 ha

OIL PALM

20,488 ha

Remarkable EVENTS

AUGUST 8, 2018

HAGL & THACO STRATEGIC COOPERATION ANNOUNCEMENT



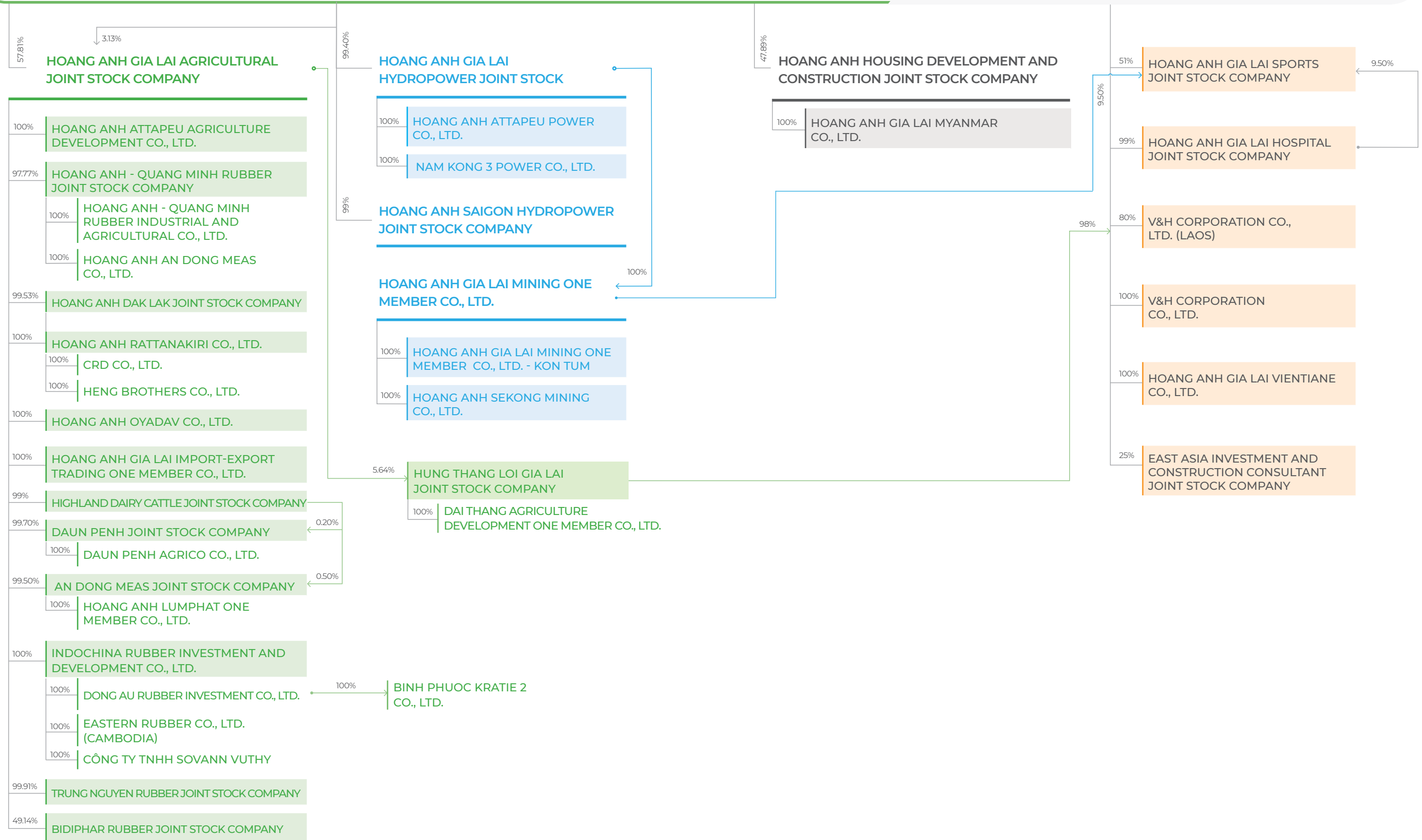
In the evening of August 8, 2018 in Ho Chi Minh City, a ceremony to announce the strategic co-operation between Hoang Anh Gia Lai Group and Truong Hai Auto Corporation (Thaco) took place. It welcomed the presence of Prime Minister Nguyen Xuan Phuc; former President Truong Tan Sang; leaders of the Government of the Kingdom of Cambodia, Lao People's Democratic Republic; leaders of Ho Chi Minh City and some provinces, and leaders of central ministries.

Thaco pledged to accompanying HAGL to build and develop HAGL Agricultural Company to soon become a large-scale agricultural corporation orientated towards industrialization, high-tech application, strict compliance with food safety standards, and make HAGL Myanmar Center project become a typical and extensive project of Vietnamese enterprises in Myanmar simultaneously.

At the ceremony, in his speech, H.E.. Nguyen Xuan Phuc emphasized that Thaco and Hoang Anh Gia Lai not only set up an advanced model for the application of 4.0 technologies in agriculture, but also jointly created a tendency towards shifting investment flows more towards agriculture, contributing to eliminating long-standing prejudices about Vietnam's agriculture as a risky sector which is widely believed to be hard to succeed in. According to the Prime Minister, the cooperation between HAGL and Thaco is likened to "a marriage of wealth and status equality" as both parties have complementary capabilities and strengths on the basis of mutual determination and contribution to the country's economic development.

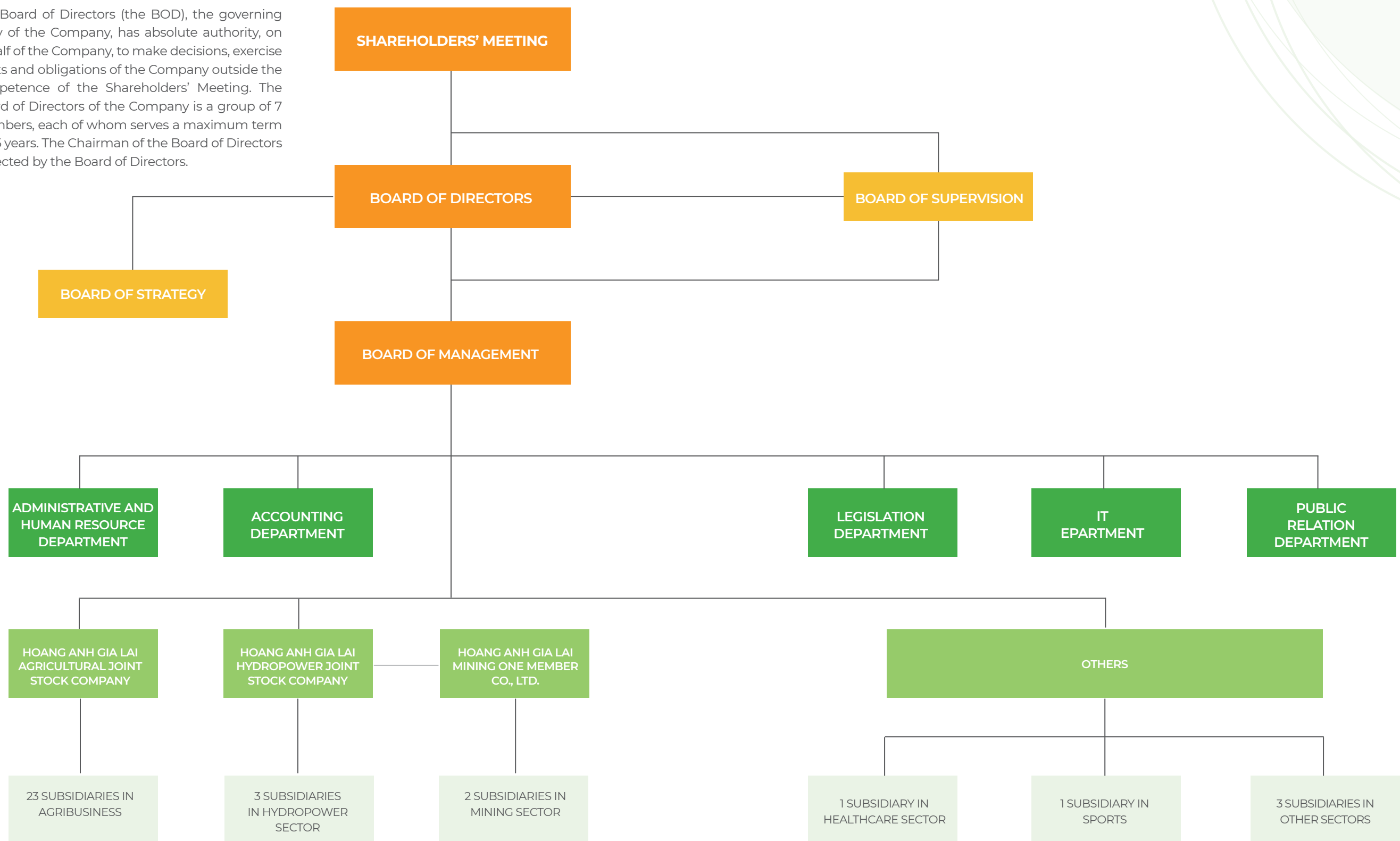
Model of ORGANIZATION

HOANG ANH GIA LAI JOINT STOCK COMPANY



Administrative ORGANIZATION

The Board of Directors (the BOD), the governing body of the Company, has absolute authority, on behalf of the Company, to make decisions, exercise rights and obligations of the Company outside the competence of the Shareholders' Meeting. The Board of Directors of the Company is a group of 7 members, each of whom serves a maximum term of 05 years. The Chairman of the Board of Directors is elected by the Board of Directors.





FRUIT TREES:

In 2018, the fruit tree sector played a key role in the operation structure of HAGL with more than 15 types of trees. So far, HAGL has grown 18,675 hectares of fruit trees in Vietnam, Laos and Cambodia.

HAGL always focuses on producing high quality products, meeting Global GAP standards or equivalent standards, which make the products eligible to export to strict markets such as Japan, South Korea and Europe. Regarding the current consumption market, HAGL decides to choose China as the main market and determines that it will soon become the largest supplier of tropical fruits in this market. HAGL will also invest in post-harvest processing to increase product value and diversify product supply to the market.

In the future, HAGL aims to automate all stages of production, from soil preparation, tree planting and weeding to harvesting, packing, and post-harvest preservation. HAGL will also invest in building modern processing factories, creating competitive high-quality fruit products such as concentrated fruit juice, dried, and frozen fruits for export to provide for the international market.

The fruit tree area planted in Vietnam, Laos and Cambodia is

18,675 ha

WITH MORE THAN
15 types of
fruit trees



MAJOR FRUIT PRODUCTS:

Dragon fruit: In 2018, the production of dragon fruit reached 17,848 tons, bringing in VND 553 billion in revenue for the Group. Israeli drip irrigation technology is applied at dragon fruit plantations which are tended according to Global GAP standards for export.

Banana: The total area of banana plantations of HAGL by the end of 2018 was 4,658 ha. HAGL mainly exports bananas by sea and road to China and to other countries such as Korea and Singapore. Banana production in 2018 reached 107,689 tons, bringing in VND 1,550 billion in revenue.



RUBBER

During the past year, HAGL maintained and tended 47,122 hectares of rubber, of which 20,361 hectares were located in Laos, and 4,972 hectares were planted in Vietnam and 21,789 hectares were in Cambodia.

HAGL is operating a rubber latex processing factory with a capacity of 25,000 tons/year in Laos. It is expected that by 2022, the whole area of rubber will be harvested if the price of rubber latex recovers.



REAL ESTATE

Revenue from leasing and service provisions of Hoang Anh Myanmar project as of September, 2018 was VND 709 billion. In September, 2018, THACO, through its subsidiary, Dai Quang Minh Real Estate Investment Joint Stock Company, owned 51% of Hoang Anh Housing Construction and Development Joint Stock Company to continue investing in the second phase of Hoang Anh Myanmar Center project. Also, HAGL's plan for divestment has been made.



OTHER INDUSTRIES

HAGL Medical and Pharmaceutical University Hospital in 2018 generated VND 255 billion in revenue and has been profitable. Although it has not yet accounted for a large proportion in the total revenue of the Group, the Hospital has made important contributions to the society, helping HAGL to participate in many charitable activities and also considerably enabling healthcare and treatment for personnel and employees of the Group. Sports activities continue to be maintained to contribute to the development of Vietnamese football in particular and the society in general.

Related COMPANIES

As at December 31, 2018

No	Subsidiary	Address as recorded in BRC	Rate (%)
Agriculture			
1	Hoang Anh Gia Lai Agricultural Joint Stock Company	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	63.33
2	Hoang Anh Gia Lai Import-Export Trading One Member Co., Ltd.	859 Truong Chinh, Chi Lang Ward, Pleiku City, Gia Lai Province, Vietnam	63.33
3	Hoang Anh - Quang Minh Rubber Joint Stock Company	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	61.92
4	Hoang Anh - Quang Minh Rubber Industry and Agriculture Co., Ltd.	Cha Lam May Village, Tha Teng District, Xekong Province, Laos	61.92
5	Hoang Anh Daklak Joint Stock Company	40 Hung Vuong, Tu An Ward, Buon Me Thuot City, Daklak Province, Vietnam	63.03
6	Hoang Anh Attapeu Agriculture Development Co., Ltd.	Km 31, Sa Mak Khi Xay District, Attapeu Province, Laos	63.33
7	Hoang Anh An Dong Meas Co., Ltd.	Phum Bei, Srae Angkrong, Koun Mom, Rattanakiri, Cambodia	61.92
8	Hoang Anh Oyadav Co., Ltd.	Village 3, street NO. 78, Labanseak Ward, Banlung City, Rattanakiri Province, Cambodia	63.33
9	Heng Brothers Co., Ltd.	Yeak Laom Ward, Banlung City, Rattanakiri Province Cambodia	63.33
10	CRD Co., Ltd.	Yeak Laom Ward, Banlung City, Rattanakiri Province, Cambodia	63.33
11	Hoang Anh Rattanakiri Co., Ltd.	Yeak Laom Ward, Banlung City, Rattanakiri Province, Cambodia	63.33
12	Highland Dairy Cattle Joint Stock Company	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	62.70
13	An Dong Meas Joint Stock Company	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	63.33
14	Hoang Anh Lumphat One Member Co., Ltd.	Srepok Thum Village, Serei Mongkol Commune, Koun Mom District, Rattanakiri Province, Cambodia	63.33
15	Daun Penh Joint Stock Company	859 Truong Chinh, Chi Lang Ward, Pleiku City, Gia Lai Province, Vietnam	63.27
16	Daun Penh Agrico Co., Ltd.	Village 3, Street 78, Labanseak Ward, Banlung City, Rattanakiri Province, Cambodia	63.27
17	Indochina Rubber Investment and Development Co., Ltd.	11D Phan Ke Binh, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam	63.33
18	Dong Au Rubber Investment Co., Ltd.	Floor 14, Vincom Building, 72 Le Thanh Ton, District 1, Ho Chi Minh City, Vietnam	63.33
19	Eastern Rubber Co., Ltd. (Cambodia)	Cheung Khle Village, Pir Thnu Commune, Snuol District, Kratie Province, Cambodia	63.33
20	Binh Phuoc Kratie 2 Co., Ltd.	Srae Thmei Village, Khsuem Commune, Snuol District, Kratie Province, Cambodia	63.33
21	Trung Nguyen Rubber JSC	Srae Thmei Village, Khsuem Commune, Snuol District, Kratie Province, Cambodia	63.33

As at December 31, 2018

No	Subsidiary	Address as recorded in BRC	Rate (%)
22	Trung Nguyen Rubber Joint Stock Company	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	63.28
23	Hung Thang Loi Joint Stock Company	09 Tang Bat Ho, Yen Do Ward, Pleiku City, Gia Lai Province, Vietnam	98.00
24	Dai Thang Agricultural Development Co., Ltd.	Nongeaoyiy Village, Pakse District, Champasak Province, Laos	98.00
Mining			
25	Hoang Anh Gia Lai Mining One Member Co., Ltd.	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	99.40
26	Hoang Anh Gia Lai - Kontum Mining One Member Co., Ltd - Kontum	394 Tran Phu, Quang Trung Ward, Kontum City, Kontum Province, Vietnam	99.40
27	Hoang Anh Se Kong Mining Co., Ltd.	Vat Luong Village, XeKong Province, Laos	99.40
Construction, Trading & Services			
28	Hoang Anh Gia Lai Sports Joint Stock Company	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	69.85
29	Hoang Anh Gia Lai Hospital Joint Stock Company	238 Le Duan, Tra Ba Ward, Pleiku City, Gia Lai Province, Vietnam	99.00
30	V&H Corporation Co., Ltd. (Laos)	Vatnacnhay Village, Sisattanak District, Vientiane, Laos	80.00
31	V&H Corporation Co., Ltd.	Vatnacnhay Village, Sisattanak District, Vientiane, Laos	100.00
32	Hoang Anh Gia Lai Vientiane Co., Ltd.	Vatchan Village, Chanthabouly District, Vientiane, Laos	100.00
Engergy			
33	Hoang Anh Gia Lai Hydropower Joint Stock Company	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	99.40
34	Hoang Anh Attapeu Power Co., Ltd.	Phai Village, Saysettha District, Vientiane, Laos	99.40
35	Nam Kong 3 Power Co., Ltd.	Vatluong Village, Samackhixay District, Attapeu, Laos	99.40
36	Hoang Anh Saigon Hydropower Joint Stock Company	7/1 Thanh Thai, Ward 14, District 10, Ho Chi Minh City, Vietnam	99.00
No	Associate	Address as recorded in BRC	Rate (%)
1	Bidiphar Rubber Joint Stock Company	498 Nguyen Thai Hoc, Quang Trung Ward, Quy Nhon City, Binh Dinh Province, Vietnam	49.14
2	Hoang Anh Housing Development and Construction Joint Stock Company	783 Tran Xuan Soan, Tan Hung Ward, District 7, Ho Chi Minh City, Vietnam	47.89
3	Hoang Anh Gia Lai Myanmar Co., Ltd.	192 Kaba Aye Pagoda, Bahan District, Yangon, Myanmar	47.89
4	East Asia Investment and Construction Consultant Joint Stock Company	7/1 Thanh Thai, Ward 14, District 10, Ho Chi Minh City, Vietnam	25.00



DEVELOPING CLEAN AGRICULTURAL PRODUCE

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Information on THE BOARD OF DIRECTORS



Mr. DOAN NGUYEN DUC

BOD Chairman

Year of birth: 1963

WORKING EXPERIENCE

1992 - now:
Hoang Anh Gia Lai JSC

- Current position:
Chairman of the BOD
- Other managerial titles:
BOD Chairman of Hoang Anh Gia Lai
Agricultural Joint Stock Company



Ms. VO THI HUYEN LAN

BOD member

Year of birth: 1971

QUALIFICATIONS

Bachelor of Economics - HCMC
University of Economics; HEC MBA -
France; Master in Finance, L'Université
Dauphine - France

WORKING EXPERIENCE

- 1996 - 1998: Chief Accountant at
Prezioso Company
- 1998 - 2002: Chief Accountant at
Espace Bourbon An Lac Company
- 2002 - 2006: Deputy General
Director, CFO at Big C Vietnam
- 2007 - now: General Director at
Jaccar Holdings

Current position at HAGL

BOD member

Other titles

- General Director - Jaccar Holdings
- BOD member - Bourbon Ben Luc
JSC
- BOD member - Agrex Saigon
Foodstuffs JSC
- BOD member - Hoang Anh Gia Lai
Agricultural Joint Stock Company



Ms. VO THI MY HANH

BOD member

Year of birth: 1977

QUALIFICATIONS

Bachelor of Law, Master of Business
Administration

WORKING EXPERIENCE

- 2001 - 2006: Sales Manager at Hoang
Anh Sole Proprietorship Enterprise
- 2006 - 2008: Deputy Director at
Hoang Anh Gia Lai Furniture
Factory Subsidiary
- January - April 2009: Deputy at
Investment planning & Project of
Hoang Anh Gia Lai JSC
- From April 2009: Deputy Director at
Hoang Anh Gia Lai Hydropower JSC
- December 2014 - April 2017: Deputy
General Director at Hoang Anh Gia Lai
Agricultural JSC
- February 2017 - May 2017: Deputy CFO
at MPU Hoang Anh Gia Lai Hospital
- From May 2017: General Director at
Hoang Anh Gia Lai Agricultural JSC

Current position at HAGL

BOD member

Other titles

General Director,
BOD member - Hoang Anh Gia Lai
Agricultural Joint Stock Company



Mr. PHAN THANH THU

BOD member

Year of birth: 1963

QUALIFICATIONS

Hue Music arts

WORKING EXPERIENCE

- 1984 - 1992: Dam San Theatre
- 1993 - 2003: Hoang Anh Gia Lai Sole
Proprietorship Enterprise
- 2003 - May 2016: Director -
Hoang Anh Attapeu Agriculture
Development Co., Ltd.

Current position at HAGL

BOD member

Other titles

No



Mr. VO TRUONG SON

BOD member

General Director

Year of birth: 1973

QUALIFICATIONS

Master of Finance, Bachelor of Law,
Member of the Association of Chartered
Certified Accountants (ACCA), Member
of the Vietnam Association of Certified
Public Accountants (VACPA).

WORKING EXPERIENCE

- August 1996 - November 2003:
Auditing and Consulting Company Ltd.
(A&C)
- November 2003 - October 2008:
Senior audit manager at
Ernst & Young Vietnam
- October 2008 - now:
Hoang Anh Gia Lai JSC

Current position at HAGL

BOD Member, General Director

Other titles

BOD member - Hoang Anh Gia Lai
Agricultural JSC



Mr. DOAN NGUYEN THU

BOD member

Deputy General Director

Year of birth: 1977

QUALIFICATIONS

Bachelor of Economics
MBA - Fullerton College, USA

WORKING EXPERIENCE

- 1999 - 2000: Hoang Anh Sai Gon
Co., Ltd.
- 2003 - 2004: Viet May Co., Ltd.
- 2004 - 2006: Hoang Anh Gia Lai Sole
Proprietorship Enterprise
- 2006 - now: Hoang Anh Gia Lai JSC

Current position at HAGL

BOD Member,
Deputy General Director

Other titles

No



Mr. NGUYEN VAN MINH

BOD member

Deputy General Director

Year of birth: 1959

QUALIFICATIONS

Agro Engineer

WORKING EXPERIENCE

- 1981 - 1989: Agriculture
Department of Dakto District,
Kon Tum Province
- 1989 - 1992: Coffee Company,
Gia Lai Province
- 1992 - now: Hoang Anh Gia Lai JSC

Current position at HAGL

BOD Member,
Deputy General Director

Other titles

BOD Chairman of Quang Minh
Rubber JSC

Information on THE BOARD OF MANAGEMENT



Mr. VO TRUONG SON

BOD member, General Director

Year of birth: 1973

(Please see page 22)



Mr. DOAN NGUYEN THU

BOD Member, Deputy General Director

Year of birth: 1977

(Please see page 22)



Mr. NGUYEN VAN MINH

BOD Member, Deputy General Director

Year of birth: 1959

(Please see page 22)



Ms. HO THI KIM CHI

Deputy General Director

Year of birth: 1976

QUALIFICATIONS

Bachelor of Business Administration

WORKING EXPERIENCE

- 1998 - 2006: Hoang Anh Gia Lai Sole Proprietorship Enterprise
- 2006 - now: Hoang Anh Gia Lai JSC

Current position at HAGL

Deputy General Director

Information on THE BOARD OF SUPERVISION



Ms. DO TRAN THUY TRANG

Head of the Board of Supervision

Year of birth: 1970

QUALIFICATIONS

Bachelor of Economics, Bachelor of Law, Auditor Certificate

WORKING EXPERIENCE

- 1992 - 2007: Auditor of A&C Auditing and Consulting Co., Ltd.
- 2008 - 2012: CFO of Saigon Mekong Investment Joint Stock Company
- 2012 - 2014: Deputy Director in charge of finance of Saigon Mekong Investment Joint Stock Company
- 2015 - May 2017: Deputy Director in charge of Finance of Indochina Cow Joint Stock Company
- From June 2017: Chief Accountant of Heygo Food JSC

Current position at HAGL

Head of the Board of Supervision



Mr. NGUYEN TAN ANH

Member of the Board of Supervision

Year of birth: 1970

QUALIFICATIONS

Bachelor, Master

WORKING EXPERIENCE

- 1995 - 2005: Journalist at Thanh Nien newspaper
- From 2005: Hoang Anh Gia Lai Joint Stock Company
- From April 2006: Director - Hoang Anh Housing Development and Construction JSC
- From November 2018: Director - Hoang Anh Gia Lai Sports JSC

Current position at HAGL

Member of the Board of Supervision



Ms. NGUYEN THI HUYEN

Member of the Board of Supervision

Year of birth: 1974

QUALIFICATIONS

Bachelor of Foreign Languages

WORKING EXPERIENCE

- 1996 - 1998: Hoang Anh Gia Lai Sole Proprietorship Enterprise
- 1998 - 2001: Hoang Anh Quy Nhon Co., Ltd.
- 2001 - 2007: Representative office of Hoang Anh Gia Lai JSC in Singapore
- 2007 - 2008: Hoang Anh Quy Nhon Resort - Director's Assistant
- 2008 - 2013: Hoang Nguyen Construction and Housing Development JSC
- 2013 - now: Hoang Anh Gia Lai

Current position at HAGL

Member of the Board of Supervision

Information on THE BOARD OF STRATEGY

Mr. LY XUAN HAI

Director of the Board of Strategy

Year of birth: 1965

QUALIFICATIONS

Doctor of Mathematics - Physics, Master of Economics in Finance and Banking, Paris - Dauphine University

WORKING EXPERIENCE:

- 1995 - 2012: Asia Commercial Joint Stock Bank
- 2002 - 2004: ACB Securities Company
- 2017 - now: Hoang Anh Gia Lai JSC

Organization and HUMAN RESOURCES



Asserting that “MAN IS THE KEY TO SUCCESS” and the key to the sustainable development of the business, HAGL has successfully built up a highly qualified and experienced management team and enthusiastic, well-trained staff members. This is the driving force which helps HAGL overcome the hardship and stay consistent on the road ahead.

ORGANIZATION AND HUMAN RESOURCES

Hoang Anh Gia Lai Group operates under parent subsidiary model including subsidiaries: HAGL Agricultural Joint Stock Company, and other subsidiaries operating in construction, health care, sports, etc.

During the period from 2013 - 2018, HAGL conducted restructuring, and focused on developing its major sector, agribusiness. The total number of employees in 2018 was 13,666 with 3,663 indirect workers and 10,003 direct workers, including 11,315 in agribusiness.



HAGL always puts a great emphasis on establishment of a suitable personnel policy and working environment to empower employees to maximize their abilities.

WORKFORCE

At HAGL Group, every position has its own required standards; yet, all the staff members and employees should meet these requirements: professional qualifications, high sense of responsibility and firm discipline. The Company always recognizes and appreciates the executives' and employees' competence and work efficiency in order to promote creativity. The personnel policy is always fully paid attention to and undergoes regular enhancement to create a positive, friendly and close knit working environment.

RECRUITMENT AND TRAINING POLICIES

HAGL always puts a great emphasis on the establishment of a suitable personnel policy and working environment to empower employees to maximize their abilities.

Recruitment is conducted under a strict procedure to ensure stable and properly qualified workforce meeting the requirements of the Group's production and business activities. Besides, priority is also assigned to the employment of talented individuals and leading experts locally and abroad. HAGL is proud of its moral, well-qualified, enthusiastic and solidary workforce.

Every year, the Group runs many short-term internal refresher courses to introduce new technology, working process, thus to develop professional skills. As for managerial executives, the Company always attaches importance to enhancing their expertise and accessibility and applications of advanced methods of management.



REMUNERATION, BONUS AND WELFARE

HAGL's remuneration and bonus policies are shaped based on the criteria: competency, performance and contribution levels appropriate to the values created from each position. The company complies with the laws on social insurance, health insurance and unemployment insurance for its executives and employees.

Periodically at HAGL Medicine and Pharmacy University Hospital, the Group provides medical examination and treatment for its staffs and workers with an explicit policy: 50% of the periodical examination fees are paid by the Company, and 100% free for industrial accidents.

HAGL operates a complimentary shuttle service for employees, provides apartments to executives and senior experts working away from home, builds tenement blocks, and offers private apartments to households of which two members work for a plantation. HAGL also provides necessary equipment such as internet, cable TV services, etc. to the far-off plantations to create favorable conditions for the work and entertainment of its employees.

Report on THE OPERATIONS IN 2018

PRODUCTION AND BUSINESS RESULTS



ITEM	2018 (VND billion)	2017 (VND billion)	Increase/ (Decrease) as compared to that of 2017 (%)
Net revenue	5,388	4,841	11.3
Profit before tax	48	430	(88.8)
Profit after tax	6	372	(98.4)
Profit after tax of the Parent company	118	70	68.6

Revenue from fruit sales reached VND 2,897 billion and accounted for 53.8% of the total revenue. Gross profit was VND 1,599 billion and gross profit margin reached 55.2%. This is the main contribution to HAGL's revenue growth and gross profit in 2018 and the coming years.

Revenue from chili sales reached VND 514 billion and accounted for 9.5% of the total revenue. Gross profit reached VND 161 billion and gross profit margin reached 31.3%. This is one type of tree that contributed to HAGL's revenue growth and gross profit in 2018.

Revenue from leasing service reached VND 509 billion and accounted for 9.4% of the total revenue. Gross profit reached VND 282 billion and gross profit margin reached 55.3%. The source of the revenue mainly came from the Hoang Anh - Myanmar complex.

Revenue from commodity sales reached VND 470 billion and accounted for 8.7% of the total revenue. Gross profit was VND 310 billion and gross profit margin reached 66.0%. The source of the revenue mainly came from the supply of goods and materials to the agricultural industry.

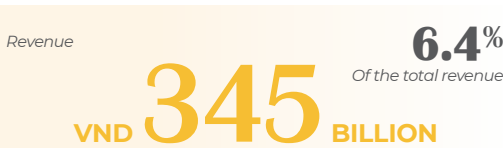
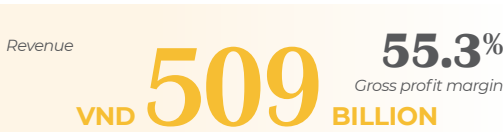
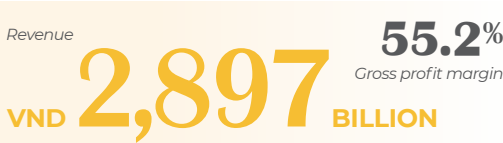
Revenue from provision of other services reached VND 407 billion and accounted for 7.6% of the total revenue. Gross profit reached VND 39 billion and gross profit margin reached 9.5%. The source of the revenue mainly came from medical services provided by the University of Medicine and Pharmacy Hospital - Hoang Anh Gia Lai, hotel business and advertising, etc.

Revenue from rubber sales reached VND 345 billion and accounted for 6.4% of the total revenue mainly because of a rebound in rubber prices, to a modest degree, though. So, HAGL's exploitation of rubber remained to a humble extent to husband the trees pending a considerable increase in prices to start large-scaled exploitation.

Revenue from cow sales reached VND 127 billion and accounted for 2.4% of the total revenue. HAGL did not prioritize the use of working capital to finance the cow business, but gave, instead, focus on the fruit sector, retaining the herd to the extent enough to supply organic fertilizers to cultivation.

Revenue from investment property reached VND 58 billion and accounted for 1.1% of the total revenue. HAGL has exploited/sold most apartments and only collected revenue from some remaining apartments available for sale.

Revenue from pepper sales and construction contracts reached VND 61 billion and accounted for 1.1% of the total revenue.



Report on THE OPERATIONS IN 2018 (continued)

FINANCIAL POSITION



ITEM	2018 (VND billion)	2017 (VND billion)	Increase/ (Decrease) as compared to that of 2017 (%)
Total assets	48,111	53,062	(9.3)
Short-term loans	4,733	2,529	87.1
Convertible bonds	2,217	-	-
Long-term loans	14,804	20,296	(27.1)
Other loans and debts	9,547	12,449	(23.3)
Net revenue	5,388	4,841	11.3

ASSETS

As at December 31, 2018, the total value of the assets was VND 48,111 billion, which decreased by 9.3%, equivalent to VND 4,951 billion compared to that of the same period in 2017. Receivables from loans decreased during the year because loans to related parties decreased and HAGL no longer consolidated real estate companies.

LIABILITIES

As at December 31, 2018, the total liabilities amounted to VND 31,301 billion, a decrease by 11.3%, accounting for VND 3,973 billion compared to that of the same period in 2017. Other payables decreased during the year because short-term payables to related parties and payables related to business cooperation contracts decreased. In addition, there was a debt from convertible bonds amounting to VND 2,217 billion, of which, under the Comprehensive Investment and Cooperation Agreement, the bondholder, Truong Hai Automobile Corporation ("THACO"), commits to converting this bond package to equity on the maturity date of August 9, 2019.

PRELIMINARY FINANCIAL INDICES



ITEM	2018	2017
Liquidity		
Current ratio	0.50	0.71
Quick ratio	0.39	0.62
Capital structure		
Total loans and debts / Total assets	0.45	0.43
Total loans and debts / Owner's equity	1.29	1.28
Profitability		
Profit after tax / Net revenue	0.1%	7.7%
Profit after tax / Owner's equity	0.0%	2.1%
Profit after tax / Total assets	0.0%	0.7%
Operating profit / Net revenue	17.5%	17.1%

Report of THE BOARD OF DIRECTORS

ASSESSMENT OF THE COMPANY'S OPERATIONS BY THE BOARD OF DIRECTORS



Fruit trees: The result of this sector was very positive. This is the core business of the Group, representing the largest proportion in the revenue structure and high rates of return. By the end of 2018, HAGL grew more than 15 types of fruit trees in Vietnam, Laos and Cambodia with a total area of 18,675 ha. In particular, the main plants included banana, jackfruit, mango, pomelo, and dragon fruit. In the coming years, HAGL will boost the area of fruit trees, produce products reaching Global GAP standards for export and enhance product values. With the advantage of production on a large scale, HAGL can work directly with foreign partners, generating profits from not only the planting stage but also the entire value chain, thus eliminating intermediate stages compared to farmers.

Rubber: The rubber price in the world still underwent many unpredictable changes, and remained low. Due to the low price in 2018, the exploitation of rubber latex was not profitable; and HAGL considers that rubber latex price would not show any signs of strong recovery in 2019. Therefore, it is expected that in 2019, the Company will not focus on rubber latex harvesting but, instead, on the husbandry and preservation of the fruit plantations in case of fire instead while waiting for the recovery of rubber latex price, or at least exploitation of wood to recover investment capital in the future.

Livestock: According to HAGL's plan, the scale of the livestock industry has been narrowed down, focusing on prioritizing capital and labor force to the development of fruit tree plantations.

Real estate: HAGL currently owns 47.89% stake in Hoang Anh Myanmar project. HAGL's policy is to divest this project to focus resources on paying debts and solving the Group's liquidity needs.

Hospital and football: Through those mediums, HAGL could contribute to improve the quality of life of the society and engage in charity work for the community. In addition, the hospital and football have also helped HAGL promote its profile, and convey a favorable impression about the Group to the general public and social classes.

Finance: HAGL has been arranging capital and cash flow to pay due debts and invest in developing fruit plantations to generate revenue in the future. Among the feasible solutions that have been adopted by HAGL to address the problems is disposal of assets. HAGL follows the motto "streamlined but effective", selling off inefficient assets not included in its core business areas, and concentrating resources on the fruit tree sector to maximize its productivity.

Administrative system: HAGL is continuing to reinforce and complete the administrative system, improve the professional competence of the apparatus of leadership and management, strengthen the management based on each industry, and implement strategic management process including planning, implementation, inspection and evaluation.

ASSESSMENT BY THE BOARD OF DIRECTORS OF THE OPERATIONS OF THE BOARD OF MANAGEMENT



The Board of Directors exercised supervision of the Board of Management as required by the Charter and Regulations on Company Governance. At quarterly meetings and upon request, the Board of Directors frankly exchanged and questioned the activities of the Board of Management (the BOM) in implementing the operational strategy and business goals that were approved by the Shareholders' Meeting, and requested the Board of Management to make detailed and updated report on the progress of the implementation as

well as any hindrance or difficulty arising in the course of pressing ahead with the business plan.

According to the Board of Directors' assessment, although the Board of Management did not achieve the revenue and profit targets assigned in 2018 due to many objective factors, the Board of Management also managed to carry out financial and investment work, especially to solve the demand for liquidity, pay due debts and arrange capital sources to expand the area of fruit trees, which laid a foundation for the existence and development of the Group in the future. The Board of Directors recognized that the Board of Management also strictly complied with the procedures and regulations on corporate governing activities as required by the Charter and Regulations on Company Governance and current legal regulations. The Board of Directors commented that members of the Board of Management had all the essential qualities and expertise to continue to undertaking the tasks that the Shareholders' Meeting and The Board of Directors entrusted.

PLAN AND ORIENTATION OF THE BOARD OF DIRECTORS

In 2019, The Board of Directors will continue to review business segments, make disposal of non-performing assets, focus on developing the fruit tree sector, expand fruit export markets, invest in processing technology, and maintain good preservation of rubber plantations. The Board of Directors will also start divestment of the remaining interest in Hoang Anh Myanmar project, and sell off some surplus assets to create a liquidity source to pay due debts and invest in increasing fruit areas. Regarding corporate governance, the Board of Directors will consistently direct the review and improvement of management processes, and maximize management efficiency to impede any losses in investment and operations, lower costs, and enhance the Group's competitiveness.

HAGL planted more than
15 types of fruit trees with

18,675 ha

of the total areas in Vietnam,
Laos and Cambodia

HAGL owns

47.89%

stake in Hoang Anh
Myanmar Project

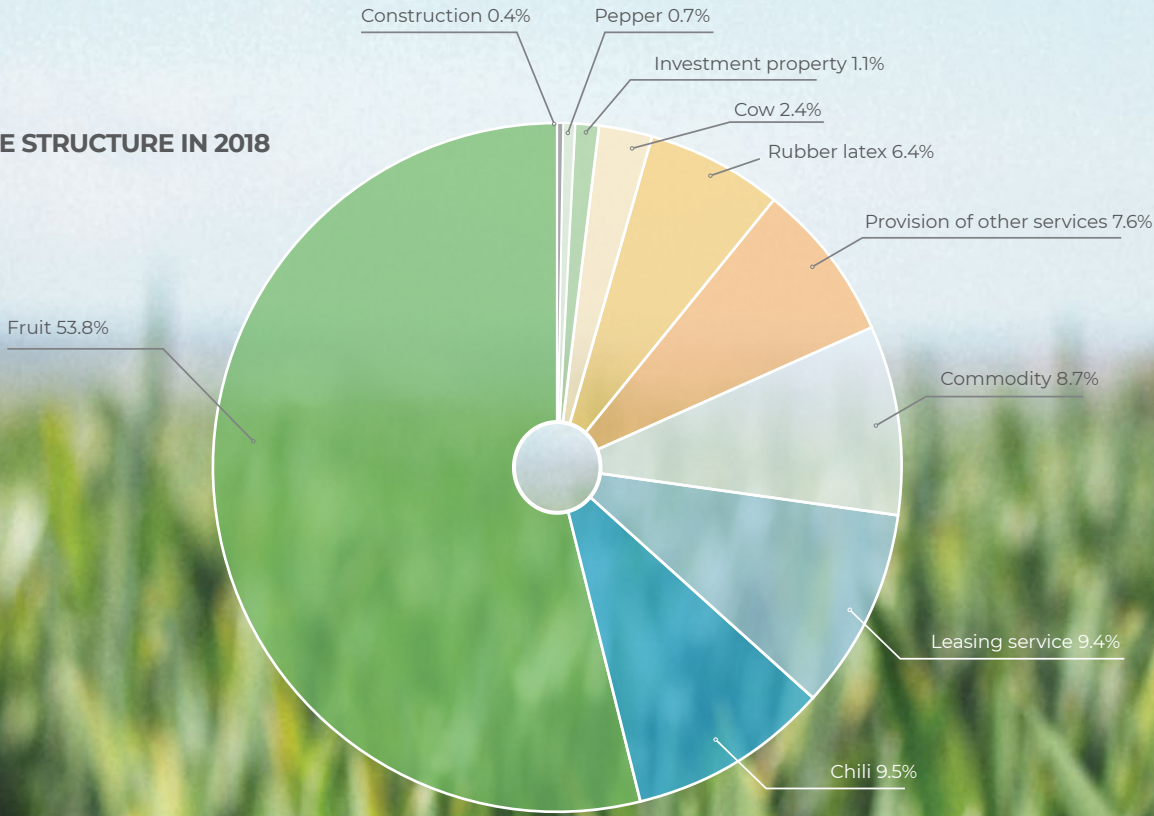
Report and assessment of THE BOARD OF MANAGEMENT

ASSESSMENT OF PRODUCTION AND BUSINESS RESULTS

In 2018, the total revenue reached VND 5,388 billion, registering an increase of 11.3% as compared to that of 2017. Revenue structure by sector is presented as follows:

Sector	2018		2017		2016	
	Revenue (VND billion)	Proportion (%)	Revenue (VND billion)	Proportion (%)	Revenue (VND billion)	Proportion (%)
Fruit	2,897	53.8	1,612	33.3	-	-
Chili	514	9.5	25	0.5	-	-
Leasing service	509	9.4	724	14.9	460	6.9
Commodity	470	8.7	440	9.1	691	10.3
Provison of other services	407	7.6	607	12.5	329	4.9
Rubber latex	345	6.4	454	9.4	114	1.7
Cow	127	2.4	759	15.7	3,471	51.7
Investment property	58	1.1	59	1.2	207	3.1
Pepper	38	0.7	-	-	-	-
Construction	23	0.4	80	1.7	88	1.3
Sugar cane	-	-	81	1.7	469	7.0
Corn	-	-	-	-	136	2.0
Transfer of real estate projects	-	-	-	-	747	11.1
Total revenue	5,388		4,841		6,712	

REVENUE STRUCTURE IN 2018



In which:

- **Revenue from fruit sales** reached VND 2,897 billion and accounted for 53.8% of the total revenue. Gross profit was VND 1,599 billion and gross profit margin reached 55.2%. This is the main contribution to HAGL's revenue growth and gross profit in 2018 and the coming years.
- **Revenue from chili sales** reached VND 514 billion and accounted for 9.5% of the total revenue. Gross profit reached VND 161 billion and gross profit margin reached 31.3%. This is one type of tree that contributed to HAGL's revenue growth and gross profit in 2018.
- **Revenue from leasing service** reached VND 509 billion and accounted for 9.4% of the total revenue. Gross profit reached VND 282 billion and gross profit margin reached 55.3%. The source of the revenue mainly came from the Hoang Anh - Myanmar complex.
- **Revenue from commodity sales** reached VND 470 billion and accounted for 8.7% of the total revenue. Gross profit was VND 310 billion and gross profit margin reached 66.0%. The source of the revenue mainly came from the supply of goods and materials to the agricultural industry.
- **Revenue from rendering of other services** reached VND 407 billion and accounted for 7.6% of the total revenue. Gross profit reached VND 39

billion and gross profit margin reached 9.5%. The source of the revenue mainly came from medical services provided by the University of Medicine and Pharmacy Hospital - Hoang Anh Gia Lai, hotel business and advertising, ...

- **Revenue from rubber sales** reached VND 345 billion and accounted for 6.4% of the total revenue mainly because of a rebound in rubber prices, to a modest degree, though. So, HAGL's exploitation of rubber remained to a humble extent to husband the trees pending a considerable increase in prices to start largescaled exploitation.
- **Revenue from cow sales** reached VND 127 billion and accounted for 2.4% of the total revenue. HAGL did not prioritize the use of working capital to finance the cow business, giving, instead, focus on the fruit sector, retaining the herd to the extent enough to supply organic fertilizers to cultivation.
- **Revenue from investment property** reached VND 58 billion and accounted for 1.1% of the total revenue. HAGL has exploited/sold most apartments and only collected revenue from some remaining apartments available for sale.
- **Revenue from pepper sales and construction contracts** reached VND 61 billion and accounted for 11% of the total revenue.

Report and assessment of THE BOARD OF MANAGEMENT (continued)

FINANCIAL POSITION

Assets

The total assets in 2018 decreased by 9.3% as compared to that in 2017 accounting for VND 4,951 billion. Details are presented as follows:

Unit: VND Billion

Item	2018	2017	Fluctuation	%
Current assets	6,568	8,815	(2,247)	(25.5)
Long-term assets	41,543	44,247	(2,704)	(6.1)
Total assets	48,111	53,062	(4,951)	(9.3)

The total assets in 2018 decreased as compared to that in 2017. The items on the balance sheet do not fluctuate greatly while loanreceivables, mostly to related parties, decreased.

Liabilities

The total liabilities in 2018 decreased by 11.3% as compared to that in 2017, accounting for VND 3,973 billion with details as follows:

Unit: VND Billion

Item	2018	2017	Fluctuation	%
Current liabilities	13,137	12,378	759	6.1
• Short-term loans	4,733	2,529	2,204	87.1
• Convertible bonds (*)	2,217	-	2,217	-
• Other short-term liabilities	6,187	9,849	(3,662)	(37.2)
Long-term liabilities	18,164	22,896	(4,732)	(20.7)
• Long-term loans	14,804	20,296	(5,492)	(27.1)
• Other long-term liabilities	3,360	2,600	760	29.2
Total liabilities	31,301	35,274	(3,973)	(11.3)

(*) Under the Comprehensive Investment and Cooperation Agreement, the bondholder, Truong Hai Automobile Corporation ("THACO") commits to converting this bond package to equity on the maturity date of August 9, 2019.

The proportion of the liabilities and owner's equity (VND billion)



The ratio of loans over total assets at 0.43 time by the end of 2017 compared to 0.45 time by the end of 2018 and the ratio of loans and debts over owner's equity at 1.28 times by the end of 2017 compared to 1.29 times by the end of the year 2018 show that despite a slight change in HAGL's settlement of liabilities, the whole difficulty was alleviated to some extent. This was because the Company's financial position has gradually stabilized, recovered, and improved when the strategic cooperation agreement with Truong Hai Auto Corporation was signed on August 8, 2018.

Report of THE BOARD OF SUPERVISION

MEMBERS AND STRUCTURE OF THE BOARD OF SUPERVISION



No.	Full name	Title	Ownership of the voting shares (December 31, 2018)
1	Ms. Truong Thi Kim Anh	Head of the BOS	0.00% (Dismissed from BOS membership at the annual GMS 2018 on June 23, 2018)
2	Ms. Do Tran Thuy Trang	Head of the BOS	0.00% (Elected as the BOS member on June 23, 2018 and elected as The Head of the BOS on July 18, 2018)
3	Mr. Nguyen Tan Anh	BOS member	0.00%
4	Ms. Nguyen Thi Huyen	BOS member	0.01%

ACTIVITIES OF THE BOARD OF SUPERVISION

Performing the tasks as required at the Company Charter and by current laws, in 2018, the Board of Supervision (the BOS) supervised the BOD and the BOM on the following issues:

- Attending the BOD's quarterly meetings as requested, and keeping track of practical business position by questioning and consulting the BOD in their decision making process and implementing the targets approved by the GMS;
- Assessing the BOD and the BOM's management and operation of the Company according to the strategy and plans devised to fit the Company particular situations;
- Assessing the the integrity and rationality of the; information presented in the Company's quarterly, interim and annual financial statements in full compliance with the laws;
- Discussing with the independent auditors about the results of the audit of the financial statements;
- Supervising the Company's information disclosure in compliance with the regulations of Securities Law and related legal documents.

RESULTS OF THE BOS'S PERFORMANCE

Supervising the implementation of the GMS resolution in 2018

During the year, the Company implemented the resolution passed by the GMS, with details as follows:

- Amending and supplementing the Company Charter and internal regulations on corporate governance;
- Enticing partners into investment in Phase 2 of Hoang Anh Gia Lai Myanmar Center and operate the project;
- Business results in 2018: The total consolidated profit before tax only reached 23.85% of the plan approved at the 2018 GMS resolution due to many objective factors;



Review of the Financial Position in 2018

The BOS discussed with the independent auditors on the quality and scope of the audit and other matters of concern in the Company internal control system, and established work processes with them. The BOS thereby joined in with publishing the Company's quarterly, interim and annual financial statements. The BOS reviewed and analyzed the movements of material items in the financial statements and informed the BOD of the reviewed results. Some of the issues to be noted are presented as follows:

- It was difficult to estimate the recoverability of the total receivables amounting to VND 2,176,011,448

thousand from related parties. This is mainly because the related parties have been operating various projects such as real estate, farming, livestock with a wide range of assets which are still in the phase of basic investment and construction. As a result, profits and a surplus of cash flow have not been generated, which hindered the estimation of their assets and cash flow to repay the Company. The BOM believes that once the business projects of the related parties are put into commercial operation and yield profits, estimation of the recoverability of the receivables will become more feasible.

Report of THE BOARD OF SUPERVISION (continued)



- The company was still in restructuring progress while unfavorable operating activities resulted in an accumulated loss of up to VND 36,434,976,000 as at December 31, 2018 and its short-term debt exceeding its short-term assets of VND 6,568,828,675 thousand as at the date. In addition, the Company was in violation of certain loans and bond covenants, which casted significant doubt about the Group's ability to continue as a going concern. However, the Company set a plan of cash flow for the next 12 months which is expected to be generated from its ongoing projects and restructure some of the

investments. Which will enable the Company to repay the current portion of loans and continue to operating in the next fiscal year. Furthermore, on August 3, 2019, the Company signed a Strategic Investment Cooperation Agreement with Truong Hai Automobile Corporation ("THACO"), through which, THACO pledged to support the Company in mobilizing capital for agricultural projects owned by the Company and financial restructuring. For those reasons, the BOM continued to prepare the consolidated financial statements based on the assumption of its continuous operation.

Except the issues to be noted above, the BOS assessed the quarterly, interim, annual financial statements as true, fair, and consistent in full compliance with legal requirements.



SUPERVISION OF THE OPERATIONS OF THE BOD AND BOM

Attending BOD meetings held quarterly and at request in 2018, the BOS could keep track of the situation of the Company's practical business as well as achievements of the target passed by the GMS.

The BOS also supervised the BOM's operation of the Company's business and investments. From the audit results, the BOS stated their opinions so that the BOM should complete the systems of management, accounting and internal control.

The BOS received no demand for inspection or complaint from any shareholder.

SELECTION OF INDEPENDENT AUDIT FIRM

The BOS still works in coordination with the Ernst & Young Vietnam Co., Ltd. Other consultancy services do not influence the independence and objectivity in auditing financial statements.

The BOS notified the BOD of the procedures to be presented to the GMS for approving of an audit firm for the fiscal year 2019 in the coming GMS.

REMUNERATION OF THE BOARD OF SUPERVISION

The remuneration of the BOS in 2018 is presented as follows:

- BOS head: VND 8,000,000/month.
- BOS member: VND 6,000,000/month.

The total amount of remuneration for the BOS in 2018 is: VND 240,000,000

ACTION PLAN OF THE BOARD OF SUPERVISION FOR 2019

To fulfill the responsibilities required on the BOS according to the Law on Enterprises and the Company Charter, the BOS set out its plan as follows:

- Supervising the observation of Charter, Resolution of the GMS;
- Supervising the Company's management and operation of the BOD and the BOM;
- Checking, assessing the quarterly, interim, and annual financial statements;
- Checking, and supervising the implementation of the Company business plan for 2019;
- Other issues.

Share ownership of the members of the Board of Directors

No.	Full name	Position	As at April 8, 2019	
			Number of shares	Rate (%)
1	Mr. Doan Nguyen Duc	BOD Chairman	326,730,533	35.23
2	Mr. Vo Truong Son	BOD member, General Director	803,654	0.09
3	Ms. Vo Thi Huyen Lan	BOD member	-	0.00
4	Ms. Vo Thi My Hanh	BOD member	1	0.00
5	Mr. Doan Nguyen Thu	BOD Member, Deputy General Director	5,000,006	0.54
6	Mr. Nguyen Van Minh	BOD Member, Deputy General Director	2,870,057	0.31
7	Mr. Phan Thanh Thu	BOD member	29,426	0.00

Share ownership of the members of the Board of Management

No.	Full name	Position	As at April 8, 2019	
			Number of shares	Rate (%)
1	Ms. Ho Thi Kim Chi	Deputy General Director	145,159	0.016

Share ownership of the members of the Board of Supervision

No.	Full name	Position	As at April 8, 2019	
			Number of shares	Rate (%)
1	Ms. Do Tran Thuy Trang	BOS head	-	-
2	Mr. Nguyen Tan Anh	Member	-	-
3	Ms. Nguyen Thi Huyen	Member	63,140	0.01

Major shareholders as at April 8, 2019

No.	Institution/Individual	ID card/ Passport / License No.	Address	Number of	Rate (%)
1	Mr. Doan Nguyen Duc	230046495	147 Tran Phu, Pleiku City, Gia Lai Province	326,730,533	35.23

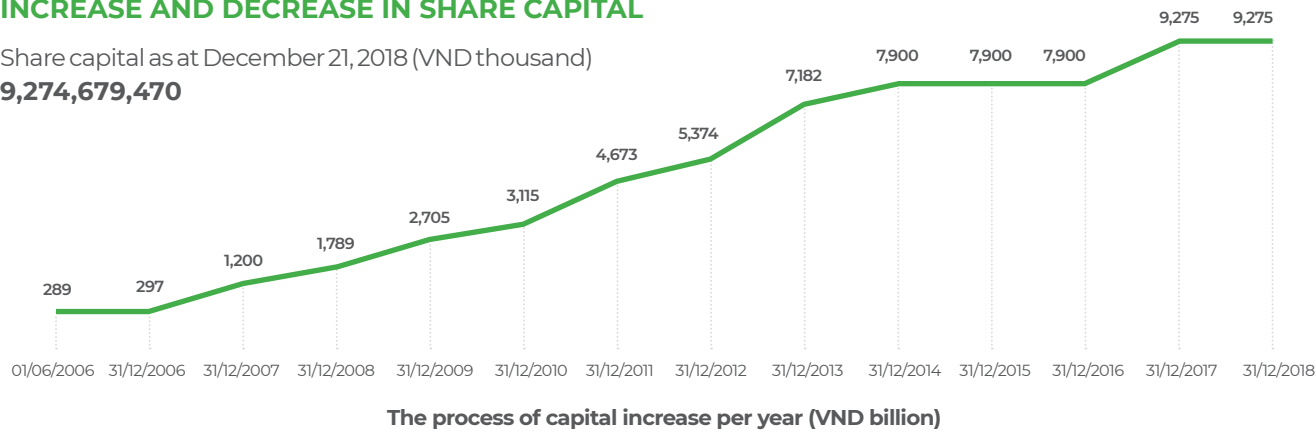
Shareholder structure (as at April 8, 2019)

No.	Item	Number of shares	Rate (%)	Number of shareholders		Shareholder structure	
						Institution	Individual
1	State shareholder						
2	Founding shareholder /FDI shareholder	334,600,596	36.08				
	• Domestic	334,600,596	36.08	3			3
	• Foreign						
3	Major shareholders (holding more than 5% of voting shares)	326,730,533	35.23				
	• Domestic	326,730,533	35.23	1			1
	• Foreign						
4	Company labor union						
	• Domestic						
	• Foreign						
5	Treasury shares	68,664	0	1		1	
6	Shareholders holding preferred shares (if any)						
7	Other shareholders	592,798,687	63.92	24,206		144	24,062
	• Domestic	574,617,335	61.96	23,609		96	23,513
	• Foreign	18,181,352	1.96	597		48	549
	Total	927,467,947	100	24,210		145	24,065
	In which • Domestic	909,286,595	98.0	23,613		97	23,516
	• Foreign	18,181,352	1.96	597		48	549

INCREASE AND DECREASE IN SHARE CAPITAL

Share capital as at December 21, 2018 (VND thousand)

9,274,679,470



TOTAL NUMBER OF STOCKS BY EACH TYPE

927,467,947	927,467,947	68,664
Shares allowed to be issued	Shares fully issued and paid	Treasury shares

SHARE TRANSACTIONS OF THE BOARD OF DIRECTORS, THE BOARD OF MANAGEMENT AND THE BOARD OF SUPERVISION

STT	Intra-company	Position	Number of shares owned at the beginning of the period		Number of shares owned at the end of the period		Reason for increase/decrease
1	Mr. Doan Nguyen Duc	BOD Chairman	324,765,533	35.02%	326,730,533	35.23%	Buying and selling shares
2	Mr. Doan Nguyen Thu	BOD Member, Deputy General Director	6,457,456	0.70%	5,000,006	0.54%	Selling shares
3	Mr. Nguyen Van Minh	BOD Member, Deputy General Director	3,370,057	0.36%	2,870,057	0.31%	Selling shares



ACTIVITIES OF THE BOARD OF DIRECTORS

Performing the tasks as required at the Company Charter, in 2018, The BOD directed and supervised the BOM on the following activities:

- Directing and supervising the Company's production and business activities to achieve the assigned targets;
- Directing and supervising the implementation of the resolutions of the BOD, especially the Company's management to further promote efficiency of the production and business activities;
- Directing and organizing the strict implementation of the regime of the financial statements for 2017 and 2018;
- Presiding, directing and successfully holding the 2018 Annual General Meeting of Shareholders on June 23, 2018;
- Supervising the Company's information disclosure in compliance with the regulations of Securities Law and related legal documents;
- In addition, getting involved in monitoring other activities in accordance with the Enterprise Law and the Company's Charter.

Meetings of the BOD

NO.	BOD member	Position	Number of meeting attendances	Rate	Reason for absence
1	Mr. Doan Nguyen Duc	BOD Chairman	7	100%	N/A
2	Mr. Vo Truong Son	BOD member	7	100%	N/A
3	Ms. Vo Thi Huyen Lan	BOD member	7	100%	N/A
4	Ms. Vo Thi My Hanh	BOD member	7	100%	N/A
5	Mr. Doan Nguyen Thu	BOD member	7	100%	N/A
6	Mr. Nguyen Van Minh	BOD member	7	100%	N/A
7	Mr. Phan Thanh Thu	BOD member	7	100%	N/A

RESOLUTIONS OF THE BOD IN 2018

In 2018, the BOD held meetings discussing the following issues:

NO.	Resolution	Date	Content
1	2601/18/NQHĐQT-HAGL	January 26, 2018	The Board of Directors approved to contribute capital for the establishment of Saigon Hydroelectric JSC
2	1603/18/NQHĐQT-HAGL	March 16, 2018	The Board of Directors unanimously approved the plan to buy shares of Hung Thang Loi Joint Stock Company
3	2703/18/NQHĐT-HAGL	March 27, 2018	The Board of Directors unanimously approved the re-appointment of the Company's General Director
4	1705/18/NQHĐQT-HAGL	May 17, 2018	The Board of Directors unanimously approved the closing of the list of shareholders to convene the 2018 Annual General Meeting of Shareholders
5	1307/18/NQHĐQT-HAGL	July 13, 2018	The Board of Directors approved the closing of the list of shareholders to consult the shareholders in writing on offering a private placement of shares
6	0308-1/18/NQHĐQT-HAGL	August 3, 2018	The Board of Directors implemented the consultation with the General Meeting of Shareholders in writing on the plan to offer a private placement of shares in 2018 for strategic investors
7	1110/18/NQHĐQT-HAGL	October 11, 2018	The Board of Directors the delisting of the global depository receipts traded and listed on the London Stock Exchange on March 23, 2011

LIST OF MEMBERS OF THE BOARD OF DIRECTORS, THE BOARD OF SUPERVISION, AND THE BOARD OF MANAGEMENT WHO ARE CERTIFIED FOR BEING TRAINED IN CORPORATE GOVERNANCE

Currently, there are 4/7 members of the BOD who participated in courses and obtained the certificate of completing the corporate governance training program;

There are 4/7 members of the BOM who participated in the courses and obtained the certificate of completing the corporate governance training program (1 Executive General Director; 3 Deputy General Directors); In the coming time, the Company will arrange for the BOD members, BOS members, secretaries and managers who have not obtained the certification to attend the courses.

REMUNERATION OF THE BOD, BOS AND SECRETARIAL BOARD

Salaries, bonuses and remuneration of the members of the BOD, BOS and Secretarial Board are presented as follows:

Unit: VND	
The Board of Directors and The board of Management	11,558,691,000
The Board of Supervision	1,008,000,000
Secretarial Board	401,333,000
TOTAL	12,968,024,000

Transparency, publicity and regular updates of information to shareholders and investors have always been emphasized and exercised by HAGL leaders . The Group's disclosure of corporate information ensures provision for every investor of equal access to figures with a consistent message and appreciates all feedback to acquire market reaction via official channels:

Providing with information on operating activities, financial positions through annual reports, financial statements, press releases on the Company's website at www.hagl.com.vn, as well as on the website of Ho Chi Minh Stock Exchange and other media channels.

The Leaders of the Group exchange information and receive comments from shareholders and investors through direct meetings, project visits, investor conferences, teleconferences and road shows in order to help the shareholders and investors have a comprehensive view of the Group enabling the most timely and accurate decision.

RISK MANAGEMENT

MARKET RISKS

Nature

Prices of the Group's products of livestock and plantation like rubber, fruits, spices and beef... all connected to global markets and subject to fluctuation by day and hour. That directly affects the profit rate, cash flow and the payback period.

China market has been booming and opening up wonderful opportunities but HAGL's concentration of exports in one market involves potential risks.

The real estate sector is directly affected by the changes in the financial market and macro-economic conditions. Therefore, adverse economic fluctuations can lead to evaporating liquidity of the real estate market and negatively impact the selling prices of products of the Myanmar project.

Risk management measures

The Group manages risks with effective cost-controlling system and adoption of technology to increase capacity, ensuring consistency of product quality in all the business sectors. The Group could always control investment expenses and costs at the lowest rate. Therefore, the profit margin of output products is high enough to maintain a minimum rate of profit for the Group in case of a sharp decrease in prices in the global market . Besides, the multisector strategy helps the Group cover the loss in one sector by the profit of another sector when there is a reduction in the price of a product but others are not affected. In the long term, the Group will also do

research and apply risk protection instruments such as forward contracts, longterm trading contracts signed with major partners at a fixed price, etc. Besides, the Group will gradually employ principles of dual board system for product quality control and diversify markets for its products, with an emphasis on large consumer markets, avoiding risks of price fluctuation in a single market.

EXCHANGE RATE RISK

Nature

In recent years, the exchange rates between VND and foreign currencies (especially USD) have not changed much, under the State Bank's control, and caused little effects on the Group's operations. However, The Group always places an importance on the exchange rate risk management and gives out appropriate risk management measures to avoid negative effects of the future large fluctuations in exchange rates

Risk management measures

The Group's operations include both exports and imports oriented towards export for the most part. Revenue from export enables the Group to be more proactive in its prevention of exchange rate risks.

The Group carefully worked out the schedule for import and export activities related to foreign partners as well as payment term to minimize

exchange rate risks. The Group will consider debt structuring corresponding to the cash flow from operating activities by currencies.

INTEREST RATE RISKS

Nature

The Group's operations require a huge investment capital source to invest in projects. Over 40% of this capital source is mobilized from banks and issuance of corporate bonds at a floating interest rate. If interest rate gets increased, the borrowing costs become more burdensome and adversely affect The Group businesses.

Risk management measures

The Group has proactively developed a debt and equity structure according to each period of its production and operating activities. In the current circumstance of government-managed macro economy, interest rate risks could be assessed as acceptable for 2018.

In addition to capital mobilization from loans, and ordinary bonds, The Group also mobilized capital from issuance of shares and convertible bonds at low-interest rates from both domestic and foreign investors. The cost of these funds is usually expected to be low, predetermined and not deeply affected by interest rate fluctuations.

PROJECT IMPLEMENTATION RISKS

Nature

The Group has some business sectors, of which the project development periods are long, i.e. 7 years for rubber projects, 2-3 years for perennial fruit plantation projects. The implementation work includes legal procedures for land, environment, site clearance, reclamation, cultivation, construction, nursing etc. Problems arising during any phase can significantly affect the overall implementation progress, slow down the capital turnover, and adversely impact the plant quality and yield, thus leading to negative impacts on business results.

Risk management measures

With extensive experience in project management and close relationships with relevant authorities, The Group is always proactive in the implementation of its projects. Moreover, because many of the Group's projects overlap with each other, or short-term crops alternate with long-term ones, its business plans and capital turnover are not dependent on any single project.

LEGAL RISKS

Nature

As a listed company, The Group's operations are primarily governed by the Enterprise Law, Securities Law and legal documents of securities, stock exchange, etc. However, the sub-law documents and guidance are still under continuous improvement, so possible legal and policy changes will have certain impacts on the management and activities of The Group.

Moreover, agricultural markets are influenced by customs barrier, technique, environment and protectionism imposed by importing countries.

Risk management measures

The Group has a legal department comprising qualified and experienced lawyers. The department will update legal changes and possible impacts on a regular and timely basis to consult the Board of Directors and the Board of Management. Besides, the legal department is responsible for reviewing business agreements in the Group's daily transactions to mitigate legal risks. Forecast and diversification of consumption markets help to reduce dependence on any single market.

OTHER RISKS

Nature

Each business has one or more unsystematic risks. The cultivation, for example, is exposed to risks of natural disasters, drought, flood or fire... Whether they are expected or not, those risks always exist and potentially affect the Group's business activities.

Risk management measures

The Group is by degrees applying high technology as a model in forecast of natural disasters, diseases to take proactive measures in response to them.

The Group has started to estimate probability of risks to each sector and extent of damage at risk occurrence and determine suitable insurance plans available for that particular risk and insurance premium. On that basis, the Group will make decision to either accept and selfmanage the risk or take out appropriate insurance policies. The Group has fully purchased insurance policies covering buildings and factories; livestock risk insurance for cattle farms; tree insurance for rubber, fruit and spice plantations; labor accident insurance for employees, third party liability insurance.



SUSTAINABLE DEVELOPMENT

Responsibility to community	50	Environmental protection	54
Welfare for employees	52	Mutual development	56



HAGL Group's sustainable development report is prepared in accordance with GRI-G4 guidelines based on the results collected in the past year to provide information for shareholders, partners, customers and the surrounding communities to help the parties build up an overall picture and carry out an evaluation of the activities of the Group.



HAGL Medical and Pharmaceutical University Hospital

RESPONSIBILITIES TO THE COMMUNITY

Undertaking a mission to create more values for the whole society, apart from investments in facilities, education and healthcare, HAGL always allocates yearly funding for the program "Joining hands to build a better society" to support Fund for the Poor, Children Patronage Fund, Agent Orange Fund, make Tet gifts to deprived families, and donation to storm and flood victims. Such activities as donation, charity, and relief have been offered



not only from the Group welfare fund but also from individual contributions made by staff members and executives.

A dramatic event occurred at night of July 23, 2018 when a collapse of the Xe Pian-Xe Namnoy hydroelectric dam in Attapeu Province (Laos) led to hundreds dead and missing; and 06 villages in Sanamxay including Yai Thae, Hinlad, Mai, Thasengchan, Tha Hin, Samong flooded in the sea. The disaster made 1,300 households homeless. At that time, 26 HAGL's officials and workers and people trapped in the plantation for 2 days and nights had to suffer extreme anxiety because of difficulties regarding lack of food, lack of fresh water and being isolated. The company hired a rescue helicopter to evacuate all the workers. As an investor in Attapeu province, HAGL Group mobilized all resources for emergency relief including 100,000 packages of instant noodles, 50 tons of rice, 2,000 sets of clothes, 100 specialized medical bags, etc. medication and other essential items from Vietnam to Laos.



At the same time, the Group founded a group of 20 doctors of HAGL University of Medicine and Pharmacy to access flooded areas coordinate with local authorities in Attapeu Province to provide troubled people with healthcare and medicine. Then, at the ceremony of announcing the strategic cooperation of HAGL - Truong Hai Group (Thaco) on August 8, 2018, leaders of the 2 companies HAGL and Thaco donated 2 billion Kip to the people of Attapeu (Lao PDR) (equivalent to VND 5.5 billion) and Riel 400 million (equivalent to VND 2.3 billion) to the people of Stung Treng (Kingdom of Cambodia) that were severely affected by the collapse of the hydroelectric dam in Attapeu province (Laos). In addition, HAGL Hospital of Medicine and Pharmacy worked with Phu Hung Life Insurance Company and Ho Chi Minh City Association of Volunteer Knowledge to offer healthcare and treatment to nearly 700 people at Tay Son Ward, Pleiku City, Mang Yang District, Gia Lai Province, Vietnam.

Besides, HAGL has also aims to partake in development of culture and integration into local communities in the invested countries. Most of the directors, supervisors, and technicians of the Company are facilitated to study Cambodia, Laos and Myanmar to maintain good communication with local people.





Residential quarter



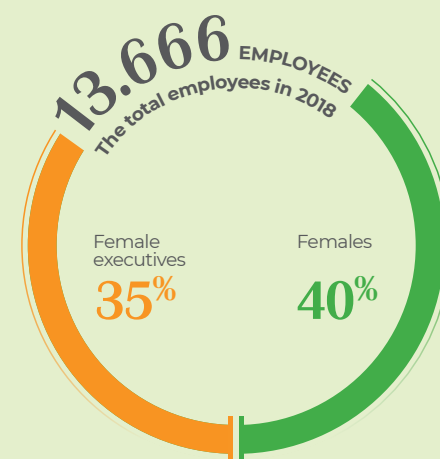
Cold storage and fruit export system

WELFARE FOR EMPLOYEES

The development of personnel policies and working environment are particularly appreciated in order to create the best conditions for employees to promote their capability. The Group's fulfillment of its responsibility towards the labourers is based on three criteria:

Safety and healthcare

In addition to complying with the insurance benefits for employees in accordance with the laws and regulations on occupational safety, HAGL also provides the employees' with health care by supporting medical expenses at HAGL Medicine and Pharmacy University Hospital, considering the exemption and reduction of medical expenses for staff abroad, working with the Social Insurance Agency to timely and fully support the labourers in case of illness, maternity ... Furthermore, the Group runs training courses on fire prevention and firefighting, emergency care and first aid, hygiene and food safety, integrated pest management (IPM), safe use of plant protection products, etc.



Assurance of equality

Culture of fair competition is applied to employment from recruitment, training, development and promotion opportunities. HAGL gives priority in using local labourers and respects gender equality, providing equal opportunities to both male and female employees.

Currently, the total number of employees of HAGL (as of December 31, 2018) is 13,666, of which the number of female employees accounts for 40%, and female executives accounts for 35%.

Development opportunity

- In HAGL, work is assigned appropriately so that it best suits each employee's level of expertise and ability. Healthy competition is created in each department to encourage each employee to perform the best of their ability.
- The company always encourages and creates the most favourable conditions for its employees to attend professional training courses. Annually, HAGL runs professional training courses to enhance working skills for staff and employees in all fields: agriculture, real estate, and health care; regular training courses on statistical software, accounting software, awareness of ISO 9001 and Global GAP, HACCP hygiene and food safety, internal auditor training, guiding for safe operations of machinery and equipment at factories and plantations.
- Besides, for workers coming from remote parts nationwide like Quang Nam, Da Nang, Thanh Hoa, Nghe An, Dong Thap, An Giang, Can Tho ... to get employment at rubber, fruit plantations,



etc. HAGL has done some construction works for workers in the project areas such as toilets in plots, complimentary shuttle service.

ENVIRONMENTAL PROTECTION

Fully aware of the fact that the environment is a precious resource of humans, over the past few years, HAGL has placed great importance on it, made every effort to develop measures on effective utilization of natural resources and energy, complied with regulations on ecological environment protection and minimized environmentally negative effects...



Water consumption

Water is mainly used for irrigation of plants, in rubber latex processing and manufacturing factories, etc. We pay special attention to find the most economical and effective way of using water and to minimize adverse impacts on water resources:

- Application of Israeli drip irrigation systems is always the top choice in the irrigation work at its agricultural projects. This system can save 50 - 70% of irrigation water compared to normal irrigation forms.
- Waste water from latex and fruit processing plants is treated and reused to irrigate crops. Waste water from livestock farms is treated to partly produce biogas and the rest for crop irrigation. This measure helps the Group minimize environmental pollution, protect water sources and save costs.

Electric power consumption

The Group has significantly reduced its power consumption in operations of processing plants, service workshops, water pumping, irrigation by adopting practical measures:

- Replacing old appliances and equipment such as incandescent bulbs, fluorescent bulbs, etc. with LED bulbs.
- Building irrigation channel network to carry water to reservoirs for crop watering.
- Using solar heated tank.
- Disseminating regulations of power-saving utilization to all the employees.



Banana plantation.

Minimizing detrimental effects on the environment

- Israeli drip irrigation system helps HAGL minimize residues of fertilizers, pesticides soaked in soil, reducing the level of adverse impacts on land and groundwater, and improving micro-climate in irrigation areas. Moreover, the drip irrigation system also does not cause soil to be eroded and exhausted...
- The Company has built a microbiological fertilizer plant with a capacity of 50,000 tons / year.
- Using reusable materials in production and product packing:
 - Reuse of fertilizer bags: to collect garbage in the lots (such as rotten fruit, branches, leaves etc.) of which 50% of bags are reused.
 - Irrigation pipes (such as PVC pipes, HDPE pipes, LDPE pipes) are used for drip irrigation in the plantations. 90% of broken irrigation pipes after use are shipped to the Company's factories for recycling.

Complying with the laws on environment

- The Group's operations and investment are in compliance with the environmental laws and regulations made by the Governments of Vietnam, Laos, Cambodia and Myanmar. Before implementation of every project, HAGL had hired an independent third party to assess the environmental impacts, and introduce measures to mitigate the socio-environmental impacts caused by investment projects then subjected to competent authorities for approval.
- HAGL established the Environment Department ensuring the compliance of all production activities with the regulations of competent authorities.
- HAGL promulgated Regulations on utilization of chemicals committing to use chemicals as per law, place maximum limit of the use of pesticides and chemical products
- HAGL issued Mechanism on receiving, handling feedback, petition and disclosing information to individuals and organizations regarding the Company's rubber development projects in Laos and Cambodia.
- HAGL cooperates with Bureau Veritas - an international organization in testing, evaluating and certifying to implement commitments on the sustainability of planning, production and development towards the communal value protection and preservation of natural values.



Irrigation system for fruit plantations

MUTUAL DEVELOPMENT

In the context of increasingly further global economic integration, Vietnam enterprises need to give mutual support, make joint venture, and take advantage of each other's strengths to improve competitiveness. In 2018, HAGL signed a strategic cooperation with Truong Hai Corporation (Thaco). This cooperation is a typical example to create a new ecosystem, Vietnamese "Entrepreneur - Business" in a new era, firstly to show solidarity, mutual assistance, and then to combine aspirations and integrate values for the strength of the two businesses, THACO and HAGL, which contributes to build a national strong economy.

HAGL works closely with related parties as well as any feedback interactions throughout the Group's operations so that it can identify issues that the parties are concerned about and their materiality to set up the foundation for the Group's sustainable development orientation.

Shareholders and investors

Information on operating activities, financial position is disclosed proactively and transparently through annual reports, financial statements, press releases, on the Company's website at www.hagl.com.vn, as well as on the website of Ho Chi Minh Stock Exchange (HOSE) and other media channels.

The Leaders of the Group exchange information and receive comments from shareholders and investors through direct meetings, press conferences and Shareholders' general meeting.

Regular site trips to Group's projects in Vietnam, Laos, Cambodia and Myanmar provide investors a comprehensive view of the Group's activities.

Customers and partners

HAGL continues to promote investment activities in agriculture with a self-contained production process, producing high quality products to meet stringent requirements of purchasing partners and customers.

With regard to real estate, HAGL cooperated with an established hotel management group, Melia, CBRE for managing and exploiting Melia Yangon hotel, Myanmar Center Plaza and its offices for lease, etc. With such cooperation, HAGL and its partners are able to produce high quality products and services to supply to the market.

Employees

Communicating, updating information for the employees via email, telephone, online meetings.

Promoting unity among the employees through informal gatherings, birthday parties, teambuilding, etc.

Running training courses to improve professional skills of the staff.

Social community

Priority is given to employment of the local human resources in order to provide stable jobs and income for the local.

Funding construction of basic facilities such as housing, roads, wells, hospitals, schools, etc., improving the people's livelihood.

Conducting charitable work, providing free health examinations, and donating food to deprived people.

State and Government

Through investments in local economic development and social improvement of the community, the relationships between Vietnam and the countries where HAGL is making investments in are cemented.

Suppliers

Suppliers are one of the key elements in HAGL's solid value chain. Being responsible for the input of the production process, HAGL partners who are selected to supply technology, technique, printing, plant varieties, breeds, etc., are established contractors, satisfying requirements of quality and ensuring compliance with community and environment principles.

The media

Exchanging and sharing information with press agencies via press releases, press conferences and events held by HAGL as well as seminars on the sectors the Group is involved in.

Inviting journalists to participate in the Group's community activities.



ACCUMULATED VALUE

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THE COMPANY

Hoang Anh Gia Lai Joint Stock Company ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate ("BRC") No. 3903000083 issued by the Department of Planning and Investment of Gia Lai Province on 1 June 2006, and as amended.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange ("HOSE") with stock symbol of HAG in accordance with Decision No. 124/QĐ-SGDHCM issued by HOSE on 15 December 2008.

At 31 December 2018, the Group has seven (7) direct subsidiaries, twenty-nine (29) indirect subsidiaries and three (3) associates.

The current principal activities of the Company and its subsidiaries are developing and operating rubber, palm oil, fruit and other tree plantations; developing apartments, trade centres for sale and lease; mechanical; manufacturing and trading cattle foods, fertilizers; breeding and trading dairy cows and cows for meat; warehouse services, processing of agricultural products and services; operating hotels and resorts; and sport and entertainment activities.

The Company's head office is located at No. 15 Truong Chinh Street, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam.

BOARD OF DIRECTORS

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

Name	Position
Mr. Doan Nguyen Duc	Chairman
Mr. Vo Truong Son	Member
Ms. Vo Thi Huyen Lan	Member
Ms. Vo Thi My Hanh	Member
Mr. Doan Nguyen Thu	Member
Mr. Nguyen Van Minh	Member
Mr. Phan Thanh Thu	Member

BOARD OF SUPERVISORS

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

Name	Position	
Ms. Do Tran Thuy Trang	Head	appointed on 18 July 2018
Ms. Truong Thi Kim Anh	Head	resigned on 18 July 2018
Ms. Nguyen Thi Huyen	Member	
Mr. Nguyen Tan Anh	Member	

MANAGEMENT

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

Name	Position
Mr. Vo Truong Son	General Director
Mr. Doan Nguyen Thu	Deputy General Director
Mr. Nguyen Van Minh	Deputy General Director
Ms. Ho Thi Kim Chi	Deputy General Director

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Vo Truong Son.

AUDITOR

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

Management of Hoang Anh Gia Lai Joint Stock Company ("the Company") is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2018.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue its business.

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

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

STATEMENT BY MANAGEMENT

Management does hereby state that, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

For and on behalf of management:



Vo Truong Son
General Director

30 March 2019

INDEPENDENT AUDITORS' REPORT

Reference: 60752790/20263458/FN-HN

To: The Shareholders and the Board of Directors of Hoang Anh Gia Lai Joint Stock Company

We have audited the consolidated financial statements of Hoang Anh Gia Lai Joint Stock Company ("the Company") and its subsidiaries ("the Group"), prepared on 30 March 2019 and set out on pages 64 to 164 which comprise the consolidated balance sheet as at 31 December 2018, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

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

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

Basis for qualified opinion

As mentioned at Note 34.3 in the accompanying consolidated financial statements, as at 31 December 2018, the Group had other short-term and long-term receivables due from related parties of An Phu Real Estate Investment Joint Stock Company with the total value of VND'000 7,594,857,478 (31 December 2017: VND'000 10,570,063,864). Based on available information, we have not been able to collect sufficient evidences to determine the recoverability of the total balance of VND'000 2,593,250,868 as at 31 December 2018 (31 December 2017: VND'000 4,023,878,331) which was included in these balances. Accordingly, we cannot determine whether there is any necessary adjustment to be made and the effects of the Group's consolidated financial statements for the year ended 31 December 2018.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the "Basis for qualified opinion" paragraph, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2018, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

Emphasis of matter

We draw attention to Note 2.1 to the consolidated financial statements. As at 31 December 2018, the accumulated loss of the Group was VND'000 36,434,976 and the Group's current liabilities exceeded its current assets by VND'000 6,568,828,675. In addition, as of that date, the Group was also in violation of bond and loan covenants as mentioned in Notes 24.2, 24.3 and 24.4 to the consolidated financial statements. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Ernst & Young Vietnam Limited

Công ty Trách nhiệm Hữu hạn Ernst & Young Việt Nam



Le Vu Trung
Deputy General Director
Audit Practicing Registration Certificate
No. 1588-2018-004-1

Nguyen Thi Nhu Quynh
Auditor
Audit Practicing Registration Certificate
No. 3040-2019-004-1

Ho Chi Minh City, Vietnam

30 March 2019

CONSOLIDATED BALANCE SHEET

as at 31 December 2018

B01-DN/HN

VND'000

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		6,567,906,781	8,815,052,625
110	I. Cash	5	337,736,719	141,473,491
111	1. Cash		337,736,719	141,473,491
130	II. Current accounts receivable		4,747,120,864	7,481,808,506
131	1. Short-term trade receivables	6	2,976,376,936	2,166,131,406
132	2. Short-term advances to suppliers	7	427,114,472	611,144,225
135	3. Short-term loan receivables	8	724,888,836	3,969,777,546
136	4. Other short-term receivables	9	656,027,274	756,477,238
137	5. Provision for short-term doubtful receivables	6	(37,286,654)	(21,721,909)
140	III. Inventories	10	1,397,223,406	1,118,852,515
141	1. Inventories		1,409,194,346	1,126,498,195
149	2. Provision for obsolete inventories		(11,970,940)	(7,645,680)
150	IV. Other current assets		85,825,792	72,918,113
151	1. Short-term prepaid expenses		42,012,128	31,853,662
152	2. Value-added tax deductible		33,782,839	35,050,293
153	3. Tax and other receivables from the State		10,030,825	6,014,158
200	B. NON-CURRENT ASSETS		41,543,534,835	44,247,075,031
210	I. Long-term receivables		6,531,099,389	8,887,895,570
212	1. Long-term advance to suppliers		-	477,204
215	2. Long-term loan receivables	8	6,188,425,931	7,951,978,808
216	3. Other long-term receivables	9	342,673,458	935,439,558

VND'000

Code	ASSETS	Notes	Ending balance	Beginning balance
220	II. Fixed assets		10,732,352,612	9,921,066,056
221	1. Tangible fixed assets	11	10,671,588,242	8,590,084,812
222	Cost		12,582,296,997	10,017,277,001
223	Accumulated depreciation		(1,910,708,755)	(1,427,192,189)
227	2. Intangible fixed assets	12	60,764,370	1,330,981,244
228	Cost		115,343,472	1,422,035,740
229	Accumulated amortisation		(54,579,102)	(91,054,496)
230	III. Investment properties	13	37,104,803	3,210,064,249
231	1. Cost		42,073,202	3,398,052,191
232	2. Accumulated depreciation		(4,968,399)	(187,987,942)
240	IV. Long-term assets in progress		16,910,792,900	17,750,120,892
242	1. Construction in progress	14	16,910,792,900	17,750,120,892
250	V. Long-term investments		2,788,206,391	857,860,420
252	1. Investments in associates	16	2,771,892,520	847,332,517
253	2. Investments in other entities		16,313,871	10,507,903
255	3. Held-to-maturity investments		-	20,000
260	VI. Other long-term assets		4,543,978,740	3,620,067,844
261	1. Long-term prepaid expenses	17	1,224,232,772	976,304,493
262	2. Deferred tax assets	33.2	98,599,120	105,125,055
269	3. Goodwill	18	3,221,146,848	2,538,638,296
270	TOTAL ASSETS		48,111,441,616	53,062,127,656

CONSOLIDATED BALANCE SHEET (continued)

as at 31 December 2018

B01-DN/HN

VND'000

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		31,300,554,930	35,274,154,978
310	I. Current liabilities		13,136,735,456	12,246,677,269
311	1. Short-term trade payables	19	473,908,598	970,327,536
312	2. Short-term advances from customers	20	2,411,088,952	3,164,145,656
313	3. Statutory obligations	21	57,716,523	198,214,334
314	4. Payables to employees		67,209,973	83,448,891
315	5. Short-term accrued expenses	22	2,045,910,162	1,628,490,451
318	6. Short-term unearned revenues		228,667	314,124,586
319	7. Other short-term payables	23	1,130,795,710	3,358,503,373
320	8. Short-term loans	24	6,949,803,327	2,528,863,856
322	9. Bonus and welfare fund		73,544	558,586
330	II. Non-current liabilities		18,163,819,474	23,027,477,709
333	1. Long-term accrued expenses	22	2,029,868,704	1,319,177,615
336	2. Long-term unearned revenues		-	131,669,002
337	3. Other long-term liabilities	23	980,019,908	937,538,732
338	4. Long-term loans	24	14,803,739,630	20,296,209,849
341	5. Deferred tax liabilities	33.2	344,457,866	336,941,517
342	6. Long-term provisions		5,733,366	5,940,994

VND'000

Code	RESOURCES	Notes	Ending balance	Beginning balance
400	D. OWNERS' EQUITY		16,810,886,686	17,787,972,678
410	I. Equity		16,810,886,686	17,787,972,678
411	1. Share capital	25.1	9,274,679,470	9,274,679,470
411a	- Shares with voting rights		9,274,679,470	9,274,679,470
412	2. Share premium	25.1	3,263,858,784	3,263,858,784
415	3. Treasury shares	25.1	(686,640)	(686,640)
417	4. Foreign exchange differences	25.1	485,237,344	453,812,960
418	5. Investment and development fund	25.1	280,644,763	279,895,303
421	6. (Accumulated losses) undistributed earnings	25.1	(36,434,976)	702,809,115
421a	- (Accumulated losses) undistributed earnings by the end of prior year		(153,941,745)	633,221,103
421b	- Undistributed earnings of current year		117,506,769	69,588,012
429	7. Non-controlling interests	26	3,543,587,941	3,813,603,686
440	TOTAL LIABILITIES AND OWNERS' EQUITY		48,111,441,616	53,062,127,656

Tran Thi Thanh Hieu
Preparer

Le Truong Y Tram
Chief Accountant



Vo Truong Son
General Director

30 March 2019

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2018

B02-DN/HN

VND'000

Code	ITEMS	Notes	Current year	Previous year
10	1. Net revenues from sale of goods and rendering of services	28.1	5,388,200,400	4,841,225,074
11	2. Costs of goods sold and rendering of services	29	(3,013,495,226)	(3,109,682,997)
20	3. Gross profit from sale of goods and rendering of services		2,374,705,174	1,731,542,077
21	4. Finance income	28.2	1,404,799,179	1,665,916,448
22	5. Finance expenses	30	(1,721,684,164)	(1,697,932,438)
23	- In which: Interest expenses		(1,532,928,450)	(1,585,315,746)
24	6. Shares of profit (loss) of associates		64,840,488	(18,433,513)
25	7. Selling expenses	31	(192,446,215)	(143,923,122)
26	8. General and administrative expenses	31	(989,336,089)	(707,548,329)
30	9. Operating profit		940,878,373	829,621,123
31	10. Other income	32	21,546,363	267,202,683
32	11. Other expenses	32	(914,727,898)	(666,678,513)
40	12. Other loss	32	(893,181,535)	(399,475,830)
50	13. Accounting profit before tax		47,696,838	430,145,293
51	14. Current corporate income tax expense	33.1	(2,998,375)	(24,802,221)
52	15. Deferred tax expense	33.2	(38,454,058)	(33,735,757)
60	16. Net profit after tax		6,244,405	371,607,315
61	17. Net profit after tax attributable to shareholders of the parent		117,506,769	69,588,012
62	18. Net (losses) profit after tax attributable to non-controlling interests		(111,262,364)	302,019,303
70	19. Basic earnings per share (VND)	27	127	80
71	20. Diluted earnings per share (VND)	27	127	80

Tran Thi Thanh Hieu
Preparer

Le Truong Y Tram
Chief Accountant



Vo Truong Son
General Director

30 March 2019

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2018

B03-DN/HN

VND'000

Code	ITEMS	Notes	Current year	Previous year
I.	CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		47,696,838	430,145,293
	Adjustments for:			
02	Depreciation of tangible fixed assets and investment properties and amortisation of intangible fixed assets (including amortization of goodwill)	11,12 13,18	1,137,274,221	1,054,629,884
03	Provisions		19,682,377	28,441,450
04	Loss foreign exchange differences arisen from the revaluation of monetary accounts denominated in foreign currencies		44,675,852	60,022,958
05	Profits from investing activities		(1,435,670,677)	(1,737,550,408)
06	Interest expenses	30	1,532,928,450	1,585,315,746
08	Operating profit before changes in working capital		1,346,587,061	1,421,004,923
09	Decrease in receivables		1,511,655,755	515,795,384
10	Increase in inventories		(695,030,279)	(211,051,664)
11	(Decrease) increase in payables		(3,837,314,700)	775,769,299
12	Increase in prepaid expenses		(215,749,814)	(767,137,982)
14	Interest paid		(971,481,036)	(714,949,467)
15	Corporate income tax paid	33.1	(54,584,465)	(4,591,515)
17	Other cash outflows for operating activities		(1,758,964)	(316,303)
20	Net cash flows (used in) from operating activities		(2,917,676,442)	1,014,522,675
II.	CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases and construction of fixed assets and other long-term assets		(2,597,907,012)	(1,454,631,442)
22	Proceeds from disposals of fixed assets and other long-term assets		531,497,895	475,594,760
23	Loans to other entities		(3,041,376,766)	(7,208,649,956)
24	Collections from borrowers		3,903,352,004	2,988,905,798
25	Payments for investments in other entities		(7,783,830)	-
26	Proceeds from sale of investments in other entities (net of cash held by entity being disposed)		74,975,161	1,517,118,217
27	Interest and dividends received		783,659,345	1,119,834,929
30	Net cash flows used in investing activities		(353,583,203)	(2,561,827,694)

CONSOLIDATED CASH FLOW STATEMENT (continued)

for the year ended 31 December 2018

B03-DN/HN

VND'000

Code	ITEMS	Notes	Current year	Previous year
III.	CASH FLOWS FROM FINANCING ACTIVITIES			
31	Capital contribution received		-	2,450,000
33	Borrowings received		7,594,866,696	4,119,461,254
34	Borrowings repaid		(4,127,343,823)	(3,055,353,071)
40	Net cash flows from financing activities		3,467,522,873	1,066,558,183
50	Net increase (decrease) in cash for the year		196,263,228	(480,746,836)
60	Cash at beginning of the year	5	141,473,491	794,326,175
61	Impact of exchange rate fluctuation		-	(172,105,848)
70	Cash at end of the year	5	337,736,719	141,473,491

Tran Thi Thanh Hieu
Preparer

Le Truong Y Tram
Chief Accountant



Vo Truong Son
General Director

30 March 2018

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2018 and for the year then ended

1. THE COMPANY

Hoang Anh Gia Lai Joint Stock Company ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate ("BRC") No. 3903000083 issued by the Department of Planning and Investment of Gia Lai Province on 1 June 2006, and as amended.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange ("HOSE") with stock symbol of HAG in accordance with Decision No. 124/QĐ-SGDHCM issued by HOSE on 15 December 2008.

At 31 December 2018, the Group has seven (7) direct subsidiaries, twenty-nine (29) indirect subsidiaries and three (3) associates, as below:

Name of subsidiaries	Location	Status of operation	% holding
Hydropower sector			
(1) Hoang Anh Gia Lai Hydropower Joint Stock Company ("DHA")	Gia Lai, Vietnam	Operating	99.40
(2) Hoang Anh Attapeu Power Co., Ltd. ("NK2")	Vientiane, Laos	Waiting for disposal	99.40
(3) Nam Kong 3 Electric Co., Ltd. ("NK3")	Attapeu, Laos	Waiting for disposal	99.40
(4) Hoang Anh Sai Gon Hydropower Joint Stock Company	Ho Chi Minh, Vietnam	Pre-operating	99.00
Agriculture plantation sector			
(5) Hoang Anh Gia Lai Agricultural Joint Stock Company ("HNG")	Gia Lai, Vietnam	Operating	63.33
(6) Hoang Anh Gia Lai Import - Export Trading One member Co., Ltd.	Gia Lai, Vietnam	Operating	63.33
(7) Hoang Anh - Quang Minh Rubber Joint Stock Company	Gia Lai, Vietnam	Operating	61.92
(8) Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd.	Attapeu, Laos	Operating	61.92
(9) Hoang Anh Dak Lak Joint Stock Company	Dak Lak, Vietnam	Operating	63.03
(10) Hoang Anh Attapeu Agriculture Development Co., Ltd. ("HAA")	Attapeu, Laos	Operating	63.33
(11) Hoang Anh An Dong Meas Co., Ltd.	Rattanakiri, Campuchia	Operating	61.92
(12) Hoang Anh Oyadav Co., Ltd.	Rattanakiri, Campuchia	Pre-operating	63.33
(13) Heng Brothers Co., Ltd.	Rattanakiri, Campuchia	Operating	63.33
(14) CRD Co., Ltd.	Rattanakiri, Campuchia	Pre-operating	63.33
(15) Hoang Anh Rattanakiri Co., Ltd.	Rattanakiri, Campuchia	Pre-operating	63.33

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2018 and for the year then ended

B09-DN/HN

1. THE COMPANY (continued)

<i>Name of subsidiaries</i>	<i>Location</i>	<i>Status of operation</i>	<i>% holding</i>
Agriculture plantation sector <small>(continued)</small>			
(16) Highland Dairy Cattle Joint Stock Company	Gia Lai, Vietnam	Operating	62.70
(17) An Dong Mia JSC	Gia Lai, Vietnam	Operating	63.33
(18) Hoang Anh Lum Phat Co., Ltd.	Rattanakiri, Campuchia	Operating	63.33
(19) Dong Penh JSC	Gia Lai, Vietnam	Operating	63.27
(20) Daun Penh Agrico Co., Ltd.	Rattanakiri, Campuchia	Operating	63.27
(21) Indochina Rubber Investment and Development Co., Ltd.	Ho Chi Minh, Vietnam	Operating	63.33
(22) Eastern Europe Rubber Investment Co., Ltd.	Ho Chi Minh, Vietnam	Operating	63.33
(23) Eastern Rubber (Cambodia) Co., Ltd.	Kratie, Campuchia	Pre-operating	63.33
(24) Binh Phuoc Kratie Rubber 2 Co., Ltd.	Kratie, Campuchia	Operating	63.33
(25) Sovann Vuthy Co., Ltd.	Kratie, Campuchia	Operating	63.33
(26) Trung Nguyen Rubber JSC	Gia Lai, Vietnam	Operating	63.28
(27) Hung Thang Loi Gia Lai JSC	Gia Lai, Vietnam	Operating	98.00
(28) Dai Thang Agricultural Development Co., Ltd.	Champasak, Lao	Operating	98.00
Mining sector			
(29) Hoang Anh Gia Lai Mineral One member Co., Ltd.	Gia Lai, Vietnam	Discontinued operation	99.40
(30) Hoang Anh GL - Kontum Mineral One member Co., Ltd.	Kontum, Vietnam	Discontinued operation	99.40
(31) Hoang Anh Xekong Mineral Co., Ltd.	Attapeu, Laos	Discontinued operation	99.40
Construction, trading and services sector			
(32) Hoang Anh Gia Lai Sport Joint Stock Company	Gia Lai, Vietnam	Operating	69.85
(33) Hoang Anh Gia Lai Hospital Joint Stock Company	Gia Lai, Vietnam	Operating	99.00
(34) V&H Corporation Co., Ltd.	Vientiane, Laos	Pre-operating	100.00
(35) V&H Corporation (Lao) Co., Ltd.	Vientiane, Laos	Pre-operating	80.00
(36) Hoang Anh Gia Lai Vientiane Co., Ltd.	Vientiane, Laos	Pre-operating	100.00

Pre-operating status means the subsidiaries are still under investment stage and have not yet started their commercial operations as at 31 December 2018.

The current principal activities of the Company and its subsidiaries ("the Group") are developing and operating rubber, oil palm, fruit and other tree plantations; developing apartments, trade centres for sale and lease; mechanical; manufacturing and trading cattle foods, fertilizers; breeding and trading dairy cows and cows for meat; warehouse services, processing of agricultural products and services; operating hotels and resorts; and sport and entertainment activities.

The Company's head office is located at No. 15 Truong Chinh Street, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam.

The number of the Group's employees as at 31 December 2018 was 3,199 (31 December 2017: 5,247).

2. BASIS OF PREPARATION

2.1 Going concern assumption

The consolidated financial statements have been prepared on a going concern basis, which presumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future.

As at 31 December 2018, the accumulated loss of the Group was VND'000 36,434,976 and the Group's current liabilities exceeded its current assets by VND'000 6,568,828,675. In addition, as of that date, the Group was also in violation of bond and loan covenants as mentioned in Notes 24.2, 24.3 and 24.4 to the consolidated financial statements. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

As at the date of these consolidated financial statements, the Group had prepared a cash flows projection and profit plan in the next 12 months which is expected to be generated from projects that are being implemented and restructure some investments whereby the Group can repay due debts and continue to operate in the next fiscal year. In addition, on 3 August 2018, the Group signed the Strategic Investment Cooperation Agreement with Truong Hai Auto Corporation ("THACO"), in which, THACO commits to assist the Group to fundraising to finance its Group's agricultural projects and financial restructuring. On this basis, the Group's management consider it is appropriate to prepare the Group's consolidated financial statements on the going concern basis.

Accordingly, the consolidated financial statements do not include any adjustments to assets and liabilities that may be necessary if the Group is unable to continue as a going concern.

2.2 Accounting standards and system

The consolidated financial statements of the Group expressed in thousands of Vietnam dong ("VND'000"), are prepared in accordance with the Vietnamese Enterprise Accounting System, Vietnamese Accounting Standard No. 27 - Financial Reporting and other Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2018 and for the year then ended

B09-DN/HN

2. BASIS OF PREPARATION (continued)

2.2 Accounting standards and system (continued)

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

2.3 Applied accounting documentation system

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

2.4 Fiscal year

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

2.5 Accounting currency

The consolidated financial statements are prepared in Vietnam Dong ("VND") which is also the Group's accounting currency.

2.6 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2018.

The financial statements of the Company and its subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made for any differences in accounting policies that may exist to ensure consistency between the subsidiaries and the Company.

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

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

The subsidiaries are consolidated from the date on which the Group obtains control and cease to be consolidated from the date on which the Group ceases to control. Where there is a loss of control over the subsidiaries, the consolidated financial statements still include results for the period of the reporting period during which the Group has control. When the Group loses its control over the subsidiaries but the transfer process of its ownership has not been completed as at reporting date, the Group incorporates the financial statements of subsidiaries as at and up to the date of the Group's loss of control into the Group's consolidated financial statements for the reporting period.

Subsidiaries have been included in the consolidated financial statements using the purchase method of accounting that measures the subsidiaries' assets and liabilities at their fair value at the acquisition date.

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

3. SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash

Cash comprises cash on hand and cash in banks.

3.2 Receivables

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

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered, in accordance with the guidance under Circular No. 228/2009/TT-BTC date 7 December 2009 ("Circular 228"). Increases or decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement.

3.3 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

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

Raw and construction materials tools and supplies and merchandise goods	-	cost of purchase on a weighted average basis.
Finished goods and work-in-process	-	cost of direct materials and labour plus attributable overheads based on the normal level of activities.

By products

By products resulted from livestock activities with nil in quantity and amount recorded into the accounting books as at the date of the interim consolidated financial statements.

Inventory properties

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

Cost includes:

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2018 and for the year then ended

B09-DN/HN

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Inventories (continued)

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

The cost of inventory property recognised the consolidated income statement is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Provision for obsolete inventories

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

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

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

3.5 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

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

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

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

Land use rights

The advance payment for land rental, of which the land lease contracts have effectiveness prior to 2003 and Land use right certificate being issued are recorded as intangible asset according to Circular No. 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 guiding the management, use and depreciation of fixed assets. The costs of land use rights comprise all directly attributable costs of bringing the land to the condition available for use.

Computer software

Computer software which is not an integral part of hardware is recorded as intangible fixed asset and amortised over the term of benefits.

3.6 Depreciation and amortisation

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

Buildings and structures	4 - 50 years
Machinery and equipment	3 - 25 years
Means of transportation	2 - 30 years
Office equipment	2 - 10 years
Livestock	6 - 8 years
Land use rights	20 - 50 years
Computer software	5 - 8 years
Other assets	3 - 20 years

Land use right with indefinite useful life is not amortised.

Rubber and pepper plantations

Management estimated to start harvesting the rubber and pepper plantations after 7 years and 3 years of cultivation, respectively. Accordingly, the plantations would be transferred from construction in progress to tangible fixed assets after such mentioned years and depreciation will be started.

Dragon fruit plantations

Management estimates that the initial development period of the dragon fruit is from 8 to 9 months since the start of planting. Accordingly, the plantations would be transferred from construction in progress to tangible fixed assets after such mentioned period and depreciation will be started.

Oil palm plantations

In accordance with the results of the assessment on the Group's oil palm plantations conducted by the Academy of Forest Sciences (Central South and Tay Nguyen province) in August 2017, management estimated that the initial development period of the oil palm is 6 years, which conform to the characteristics of the Group's current oil palm plantations in Cambodia and Laos. As a result, the Group will convert the oil palm plantations into fixed assets and start depreciating after the end of the basic development period.

Plantation depreciation rate

Depreciation rate of rubber plantations is based on Official Letter No. 1937/BTC-TCVN dated 9 February 2010 of Corporate Finance Department - Ministry of Finance guiding the depreciation of rubber plantations and the Decision No. 221/QĐ-CSVN on 27 April 2010 of Vietnam Rubber Group guiding the depreciation rate of rubber plantations over the 20 years cycle.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2018 and for the year then ended

B09-DN/HN

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Depreciation and amortization (continued)

Plantation depreciation rate (continued)

Depreciation of dragon fruits, pepper and mango plantations are calculated in accordance with Decision No. 115/17/QĐ-HAGL Agrico dated 8 August 2017 and Decision No. 0101/18/QĐ-HAGL Agrico dated 2 January 2018 of Management providing guidance on depreciation of dragon fruits, pepper and mango plantations over its exploitation cycle.

The details are as follows:

Year	Rate (%)			
	Rubber plantations	Dragon fruit plantations	Pepper plantations	Mango plantations
First year	2.50	1.00	4.60	0.30
Second year	2.80	3.40	8.50	1.00
Third year	3.50	5.00	8.50	2.20
Fourth year	4.40	6.70	8.50	4.30
Fifth year	4.80	8.40	8.50	5.80
Sixth year	5.40	8.40	8.50	5.80
Seventh year	5.40	8.40	6.20	5.80
Eighth year	5.10	8.40	6.20	5.80
Ninth year	5.10	8.40	6.20	5.80
Tenth year	5.00	8.40	3.80	5.80
Eleventh year	7.00	6.70	3.80	5.80
Twelfth year	6.60	6.70	3.80	5.80
Thirteenth year	6.20	6.70	3.80	5.80
Fourteenth year	5.90	6.70	3.80	5.80
Fifteenth year	5.50	Carrying amount	3.80	5.80
Sixteenth year	5.40		3.80	5.80
Seventeenth year	5.00		3.80	5.80
Eighteenth year	5.50		Carrying amount	5.80
Nineteenth year	5.20			5.80
Twentieth year	Carrying amount			Carrying amount

3.7 Investment properties

Investment properties are stated at cost including transaction costs less accumulated depreciation and/or amortisation.

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

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

Buildings 25 - 30 years

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

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

3.8 Construction in progress

Construction in progress represents costs directly attributable to the construction of the Group's buildings, offices for lease, plantations and hydropower plants which have not yet been completed as at the date of these consolidated financial statements.

Building and structures

Includes costs directly related to the construction of the Group's factories, offices and structures such as construction costs, survey costs, design and other related costs.

Plantation costs

Plantation costs include costs directly attributable to the rubber, palm oil, pepper and other fruit plantations such as survey, land compensation, land clearance, seeds, fertilizer, transportation costs of seeds and other materials, workers' wages, building roads and fences, fire prevention and security guards, anti-botanic drugs and other related costs.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Leased assets

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

Where the Group is the lessee

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

Where the Group is the lessor

Assets subject to operating leases are included as the Group's investment properties in the consolidated balance sheet. Initial direct costs incurred in negotiating an operating lease are recognised in the consolidated income statement as incurred. Lease income is recognised in the consolidated income statement on a straight-line basis over the lease term.

In case of long-term lease, lease income is recognised in the consolidated income statement on a one-time recognition of the entire amount received in advance when the conditions are met in accordance with Circular 200/2014/TT-BTC.

3.10 Borrowing costs

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

Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalised as explained in the following paragraph.

Borrowing costs that are directly attributable to the acquisition, construction or production of a particular asset are capitalised as part of the cost of that asset. Capitalisation of borrowing costs is suspended during the years in which active development of the asset is interrupted unless such interruption is considered necessary. Capitalisation of borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

3.11 Prepaid expenses

Prepaid expenses are reported as short-term and long-term prepaid expenses on the consolidated balance sheet which mainly includes cost of tools and supplies, prepaid office rentals and land rentals, sugarcane plantation, corn plantation, fruit plantation, land reclamation and grass plantation; and costs of training footballers, and other costs. They are amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

- Prepaid land and office rentals are amortised over the lease period;
- Tools and consumables with large value issued into production and can be used for more than one year, amortised no more than three (3) years and recognised in the consolidated income statement;
- Fruit, other plantation and grass expenses include: stems, land preparation and planting costs. The stem costs are amortised over the lifetime of these trees. Land preparation and planting costs are amortised over the period, in which economic benefits are generated in connection to the costs incurred; and
- Costs of training footballers include costs of training and development which belong to Hoang Anh Gia Lai - Arsenal JMG Academy ("HAGL - JMG"). The costs of trainings are amortised from 7 to 10 years according to the contract between HAGL - JMG and footballers.

3.12 Business combinations and goodwill

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

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

When the Company acquires the non-controlling interests of a subsidiary, the difference between the cost of acquisition and the carrying amount of the non-controlling interest is reflected as undistributed earnings in the consolidated balance sheet.

Where the acquisition of subsidiary which is not a business, instead of an asset acquisition, the individual identifiable assets acquired and liabilities assumed are identified and recognised. The cost of the acquisition shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

3.13 Investments

Investments in associates

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

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

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Investments (continued)

Investments in associates (continued)

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

Investments in other entities

Investments in other entities are stated at their acquisition costs.

Provision for investments

Provision is made for any diminution in value of the investments in other entities at the balance sheet date in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases and decreases to the provision balance are recorded as finance expenses in the consolidated income statement.

3.14 Payables and accruals

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

3.15 Accrual for severance pay

The severance pay to employee is accrued at the end of each reporting period for all employees who have been in service more than 12 months up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Any increase or and decrease to the accrued amount other than actual payment to employee will be taken to the consolidated income statement.

This accrued severance pay is used to settle the severance allowance to be paid to employee upon severance of their labour contract following Article 48 of the Labour Code.

3.16 Profit earnings per share

Basic earnings per share amounts are calculated by dividing net profit after tax for the period attributable to ordinary shareholders of the Group after appropriation to bonus and welfare fund (if any) by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings (loss) per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Group (after appropriation to bonus and welfare fund (if any) and adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.17 Foreign currency transactions

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

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

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

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

All foreign exchange differences incurred during the period and arisen from the translation of monetary accounts denominated in foreign currency at consolidated balance sheet date are taken to the consolidated income statement.

Conversion of the financial statements of a subsidiary of the Group which maintains its accounting records in other currency rather than the Group's accounting currency of VND for the consolidation purpose is as follows:

- Assets and liabilities are converted into VND by using the average buying and selling exchange rate, respectively, as announced by the commercial banks where the Group maintains bank accounts at the balance sheet date;
- Revenues, other income and expenses are converted into VND by using the average exchange rate for the period;
- All foreign exchange differences resulting from conversion of financial statements of the subsidiary for the consolidation purpose are taken to the "foreign exchange reserve" on the consolidated balance sheet and charged to the consolidated income statement upon the disposal of the investment.

3.18 Treasury shares

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2018 and for the year then ended

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Appropriation of net profit

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

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

Investment and development fund

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

Welfare fund

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

3.20 Revenue recognition

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

Sale of goods

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

Rendering of services

Revenue from rendering of services is recognized when the services are rendered.

Sale of apartments

For sale of apartments, revenue is recognized when all of the following criteria have been effectively met:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the units;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the units sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Construction contract

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the consolidated balance sheet date. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

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

Interest

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

Rental income

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

Dividend income

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

Income from disposal of investments

Income from disposal of investments is recognised when the investments transfer procedures are completed and the involving parties have fulfilled their respective contractual obligations.

Revenue from lease of long-term assets

The Group recognizes a one-time long-term lease income for all received rental when compliance with the following conditions in accordance with Circular 200/2014/TT-BTC:

- Rental period accounts for over 90% of the useful life of the asset;
- The lessee has no right to cancel the lease and the Group has no obligation to return the amount received in advance in any case and in any form;
- The amount received in advance from the lease must not be less than 90% of the total lease amount expected to be collected under the contract during the lease term and the lessee must pay the whole rent within 12 months from the time of the lease starting point of renting assets;
- Almost all risks and benefits associated with ownership of leased assets have been transferred to the lessee; and
- The Group must estimate relatively sufficient cost of leasing activities.

3.21 Taxation

Current income tax

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

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

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2018 and for the year then ended

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Taxation (continued)

Deferred tax

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

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

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

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to off-set current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity; or when the Group intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.22 Convertible bonds

Bonds that are convertible by the holder into a fixed number of ordinary shares of the entity are separated into financial liability (a contractual arrangement to deliver cash or another financial asset) and equity instrument (a call option granting the holder the right, for a specified period of time) based on the terms of the contract.

On issuance of the convertible bond, the fair value of the liability component is determined by discounting the future payment (including principal and interest) to present value at the market rate for an equivalent non-convertible bond less issuance cost. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are allocated during the lifetime of the bond following straight-line basis. At initial recognition, issuance costs are deducted from the liability component of the bond.

3.23 Provision

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

3.24 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influences over the Group, key management personnel, including directors and officers of the Group and close members of the families of these individuals and companies associated with these individuals also constitute related parties.

3.25 Segment information

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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4. SIGNIFICANT EVENTS DURING THE YEAR

Acquisition of shares of Hung Thang Loi Gia Lai Joint Stock Company

In accordance with Resolution of Board of Directors No 1603/18/NQHĐQT-HAGL dated 16 March 2018, Board of Directors approved the purchase of 76,930,000 shares of Hung Thang Loi Gia Lai Joint Stock Company ("Hung Thang Loi Gia Lai") with the price of VND 32,200 per share. Accordingly, on 17 March 2018, the Group net-off receivables with individuals to make payment of VND'000 2,477,146,000 to purchase the said number of shares and acquired 98.00% of interest in Hung Thang Loi Gia Lai.

The fair value of the identifiable assets and liabilities according to the net carrying amount of Hung Thang Loi Gia Lai as at the date of acquisition were:

	VND'000
	<i>Fair value recognized on acquisition date</i>
Assets	
Cash	1,306,682
Current accounts receivable	1,295,407,353
Inventories	24,478,895
Other current assets	54,217
Tangible fixed assets	491,079,463
Construction in progress	237,519,659
Other long-term assets	435,666,755
	2,485,513,024
Liabilities	
Other liabilities	818,838,629
Loans	233,695,438
	1,052,534,067
Total net assets at fair value	1,432,978,957
Non-controlling interest	28,659,579
Net assets acquired	1,404,319,378
Goodwill arising on acquisition	1,072,826,622
Purchase consideration transferred	2,477,146,000

Hoang Anh Gia Lai Agricultural Joint Stock Company ("HNG") issued an addition 119,700,000 shares to non-controlling interest

On 9 March 2018, HNG completed the private issuance of 119,700,000 shares to non-controlling interests to swap the debt to equity. Accordingly, HNG's share capital increased from VND'000 7,671,438,950 to VND'000 8,868,438,950 and the Group's ownership in HNG was decreased from 65.85% to 56.96%.

The difference between the carrying amount corresponding to the ownership of the net asset value of the Group in HNG before and after the issuance of the above shares was VND'000 268,662,871, which has been recorded as a deduction on undistributed earnings in the consolidated balance sheet.

Transferring all interests in Gia Lai Livestock Joint Stock Company ("CNGL")

On 20 March 2018, Highland Diary Castle Joint Stock Company, a subsidiary of the Group, transferred all shares of total shares in CNGL to Heygo Food Joint Stock Company. Accordingly, the gain resulted from this transaction of VND'000 43,519,553 were recorded in finance income in the consolidated income statement.

Partial acquisition of interests in An Dong Mia Joint Stock Company ("ADM")

On 31 March 2018, the Group acquired 6,000,000 shares in ADM from CNGL. Accordingly, HNG's ownership in ADM increased from 69.50% to 99.50% and the Group's ownership in ADM increased from 43.43% to 62.18%.

The difference between consideration transferred and the value of transferred net assets in ADM as at the transaction date amounting to VND'000 169,104,526 was recorded as a deduction to undistributed earnings in the consolidated balance sheet.

Disposal of net assets in Hoang Anh Construction and Housing Development JSC ("HAN")

On 12 September 2018, HAN issued an additional 125,000,000 ordinary shares to strategic shareholders at the issuing price of VND 13,425 per share (par value of VND 10,000 per share).

Accordingly, HAN's share capital increased from VND'000 2,850,000,000 to VND'000 4,100,000,000 and the Group's ownership in HAN was adjusted decrease from 68.90% to 47.89%. Therefore, the Group recorded gain from the disposal of subsidiary HAN due to the issuance of the above shares with an amount of VND'000 516,040,909 in the consolidated income statement, and included this amount was the gain had been adjusted in undistributed earnings of the previous years as HAN issued shares to shareholders outside the Group which reduced the Group's ownership without losing control aggregating to VND'000 426,403,428 (Note 25.1).

Partial acquisition of interests in Hoang Anh Gia Lai Agricultural Joint Stock Company ("HNG")

On 19 September 2018, the Group acquired 24,000,000 shares in HNG from HAN. Accordingly, the Group increased its ownership in HNG from 61.92% to 63.33%.

The difference between consideration transferred and the value of transferred net assets in HNG as at the transaction date amounting to VND'000 207,238,425 was recorded as a deduction to undistributed earnings in the consolidated balance sheet.

5. CASH

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	14,888,915	17,195,074
Cash in banks	322,847,804	124,278,417
TOTAL	337,736,719	141,473,491

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6. SHORT-TERM TRADE RECEIVABLES

	VND'000	
	Ending balance	Beginning balance
Receivables from sales of goods and rendering of services	1,640,202,928	1,145,033,158
In which:		
Mittaphap Import Export Company	525,363,199	9,647,209
Bolaven Service and Trading Manufacturing Co., Ltd.	238,482,216	-
Other customers	876,357,513	1,135,385,949
Receivables from construction services	784,539,432	857,261,771
In which:		
Receivable from Laos Government for construction of Airports	748,511,168	737,569,190
Other customers	36,028,264	119,692,581
Receivables from disposal of assets and investment properties	542,589,899	147,652,615
In which:		
Heygo Food Joint Stock Company	516,200,000	-
Other customers	26,389,899	147,652,615
Receivables from sale of apartments	9,044,677	16,183,862
TOTAL	2,976,376,936	2,166,131,406
In which:		
Related parties (Note 34.2)	307,145,551	641,674,018
Other parties	2,669,231,385	1,524,457,388

Details of movements of provision for doubtful receivables:

	VND'000	
	Current year	Previous year
Beginning balance	21,721,909	29,122,822
Addition during the year	21,320,234	(7,400,913)
Reversal created during the year	(5,755,489)	-
Ending balance	37,286,654	21,721,909

7. SHORT-TERM ADVANCE TO SUPPLIERS

	VND'000	
	Ending balance	Beginning balance
Advance to acquisition of land and project (*)	248,679,631	-
Advance to suppliers for purchase of goods and services	117,068,745	535,943,781
Advance to contractors for construction of apartments and purchasing of machineries and equipment (**)	60,177,999	71,917,466
Others	1,188,097	3,282,978
TOTAL	427,114,472	611,144,225
In which:		
Related parties (Note 34.2)	33,621,109	412,870,972
Other parties	393,493,363	198,273,253

(*) This balance represents the advance to Khan Xay Agricultural Development One Member Co., Ltd. for acquisition the rubber and jackfruit at Vat Luong Village, Samackhixay District, Attapeu Province, Lao People's Democratic Republic. As at the balance sheet date, the Group was on progress to complete legal transference procedures.

(**) Included in this balance was the value of advance for some individual contractors related to the hypro projects amounting to VND'000 26,177,026.

8. LOAN RECEIVABLES

		VND'000	
		Ending balance	Beginning balance
Short-term			
Short-term loans to related parties (Note 34.2)	(i)	633,710,952	3,754,961,320
Short-term loans to other parties	(ii)	91,177,884	214,816,226
		724,888,836	3,969,777,546
Long-term			
Long-term loans to related parties (Note 34.2)	(i)	6,130,524,711	7,512,960,946
Long-term loans to Laos Government - Attapeu Airport project	(iii)	15,020,312	169,589,065
Long-term loans to other parties	(ii)	42,880,908	269,428,797
		6,188,425,931	7,951,978,808
TOTAL		6,913,314,767	11,921,756,354

(i) These loans made to related parties are unsecured, having repayment terms to 2022.

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8. LOAN RECEIVABLES (continued)

(ii) These short-term and long-term loans are unsecured which have repayments terms to 2023 and bearing interest rates from 10.00% to 15.10% per annum, details are as follows:

	VND'000	
	Ending balance	Beginning balance
Mrs Le Thuy Duong	73,000,000	-
Ban Me Rubber JSC	36,340,405	-
Indochina Cow JSC	13,102,453	13,102,453
Quang Trung Electric Co., Ltd.	-	168,015,082
Samaki Agricultural Development Co., Ltd.	-	141,465,392
Others	11,615,934	161,662,096
TOTAL	134,058,792	484,245,023

(iii) Loan to Laos Government - Attapeu International Airport project represents the interest-free loan in accordance with the Credit Contract signed with the Laos Government on 23 May 2013 to finance construction of Attapeu International Airport. This loan will be offset with tax payable to the Laos Government in the future. Details are as follows:

	Ending balance	Ending balance
Ending balance (USD)	648,826	7,482,421
Ending balance (VND'000)	15,020,312	169,589,065

9. OTHER RECEIVABLES

	VND'000	
	Ending balance	Beginning balance
Short-term	656,027,274	756,477,238
Interest from lending to companies	227,438,092	496,345,797
Advances to other companies	226,611,576	51,053,406
Advances to employees	163,893,229	96,402,593
Short-term deposits	3,000,000	42,532,151
Others	35,084,377	70,143,291
<i>In which:</i>		
<i>Related parties (Note 34.2)</i>	457,258,949	558,864,605
<i>Other parties</i>	198,768,325	197,612,633
Long-term	342,673,458	935,439,558
Interest from lending to companies	329,230,801	548,843,689
Long-term deposits	9,931,481	12,838,699
Advances to other companies	-	248,004,789
Receivable from business cooperation contracts	-	125,750,981
Others	3,511,176	1,400
<i>In which:</i>		
<i>Related parties (Note 34.2)</i>	329,540,303	890,477,069
<i>Other parties</i>	13,133,155	44,962,489
TOTAL	998,700,732	1,691,916,796

10. INVENTORIES

	VND'000	
	Ending balance	Beginning balance
Work in process	1,062,575,678	837,389,494
In which:		
<i>Construction contracts (i)</i>	629,555,879	610,961,724
<i>Manufacturing activities</i>	428,160,396	111,137,954
<i>Beef cattle breeding</i>	4,859,403	111,197,997
<i>Services rendered</i>	-	4,091,819
Raw materials	172,407,850	134,446,820
Finished goods	55,406,832	15,814,079
Tools and supplies	47,088,667	7,955,419
Apartments available for sales (ii)	36,395,297	76,898,171
Merchandise goods	35,320,022	40,553,412
Construction materials	-	13,440,800
TOTAL	1,409,194,346	1,126,498,195
Provision for obsolete inventories	(11,970,940)	(7,645,680)
NET	1,397,223,406	1,118,852,515

(i) This mainly represented the work in progress for the construction of Nongkhang International Airport in Houaphanh, Laos under the Contract No. LAO - NKP01 on 15 June 2013 with a total acceptance value of USD 25,584,644 up to 31 December 2018 (31 December 2017: USD 25,584,644). According to the Minutes No. 27610/GTVT on 12 December 2017 between the representatives of investor - the Department of Civil Aviation of Laos, the representatives of the Projection Management Consulting Company and the Group, duration of the implementation was extended till the end of 20 June 2019.

(ii) All of available for sales apartments have been mortgaged to secure the Group's outstanding loans (Note 24).

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11. TANGIBLE FIXED ASSETS

							VND'000
	Buildings, structures (*)	Machinery and equipment	Means of transportations	Office equipment	Livestock and perennial tress	Other assets	Total
Cost							
Beginning balance	2,675,785,086	565,879,747	2,207,365,851	11,010,445	4,504,508,861	52,727,011	10,017,277,001
Transfer from construction in progress	77,189,804	465,956	79,575,789	115,066	3,401,082,256	-	3,558,428,871
Newly purchases	32,246,130	67,388,064	26,217,873	271,532	-	3,253,177	129,376,776
Acquisition of subsidiaries	429,308,183	5,049,377	98,314,180	-	-	-	532,671,740
Foreign exchange differences	14,751,888	3,651,069	14,298,612	17,655,280	(42,427,695)	928,476	8,857,630
Disposals	(33,660,416)	(36,437,874)	(18,461,392)	(425,536)	(418,773,360)	-	(507,758,578)
Disposals of subsidiary	(1,077,446,647)	(24,083,506)	(33,015,942)	(21,381,331)	-	(2,272,710)	(1,158,200,136)
Write off	(20,230,786)	(1,592,631)	(873,232)	-	(16,094,001)	(1,002,440)	(39,793,090)
Reclassified from inventory	-	-	-	-	41,436,783	-	41,436,783
Ending balance	2,097,943,242	580,320,202	2,373,421,739	7,245,456	7,469,732,844	53,633,514	12,582,296,997
Accumulated depreciation							
Beginning balance	(368,936,854)	(262,077,872)	(428,992,933)	(8,019,623)	(332,378,859)	(26,786,048)	(1,427,192,189)
Depreciation for the year	(160,824,906)	(68,142,882)	(194,711,401)	(2,385,218)	(229,802,920)	(7,004,078)	(662,871,405)
Acquisition of subsidiaries	(31,211,488)	(1,859,175)	(8,521,614)	-	-	-	(41,592,277)
Foreign exchange differences	2,475,233	722,235	624,732	(886,489)	3,309,982	58,417	6,304,110
Disposals	9,523,490	14,293,779	8,832,359	425,536	95,300,439	-	128,375,603
Disposals of subsidiary	44,180,475	11,541,909	16,306,552	4,384,166	-	1,043,946	77,457,048
Write off	5,253,886	554,556	132,635	-	2,170,420	698,858	8,810,355
Ending balance	(499,540,164)	(304,967,450)	(606,329,670)	(6,481,628)	(461,400,938)	(31,988,905)	(1,910,708,755)
Net carrying amount							
Beginning balance	2,306,848,232	303,801,875	1,778,372,918	2,990,822	4,172,130,002	25,940,963	8,590,084,812
Ending balance	1,598,403,078	275,352,752	1,767,092,069	763,828	7,008,331,906	21,644,609	10,671,588,242
In which:							
Pledged/mortgaged as loan's security (Note 24)	1,285,820,790	246,229,773	1,701,535,188	114,231	6,235,378,950	17,975,241	9,487,054,173
Fully depreciated	19,522,060	37,990,736	39,217,146	2,132,313	6,689,440	7,515,691	113,067,386

(*) As at 31 December 2018, the Group used value of Hoang Anh Attapeu Hotel, which belongs to Hoang Anh Attapeu Agriculture Development Co., Ltd., the Group's subsidiary, as collateral to secure the bank loan of Thanh Thanh Cong Attapeu Sugar Cane Co., Ltd., the third party. Details are as below:

	VND'000			
	Buildings, structures	Machinery	Other assets	Total
Ending balance	49,633,319	444,841	1,782,903	51,861,063

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12. INTANGIBLE FIXED ASSETS

	VND'000		
	<i>Land use rights</i>	<i>Computer software</i>	<i>Total</i>
Cost			
Beginning balance	1,287,750,559	134,285,181	1,422,035,740
Foreign exchange differences	32,956,066	231,437	33,187,503
Disposal of subsidiaries	(1,288,332,951)	(51,546,820)	(1,339,879,771)
Ending balance	32,373,674	82,969,798	115,343,472
Accumulated amortization			
Beginning balance	(22,629,123)	(68,425,373)	(91,054,496)
Amortisation for the year	(8,160,831)	(14,156,629)	(22,317,460)
Foreign exchange differences	(565,664)	-	(565,664)
Disposal of subsidiaries	29,941,320	29,417,198	59,358,518
Ending balance	(1,414,298)	(53,164,804)	(54,579,102)
Net carrying amount			
Beginning balance	1,265,121,436	65,859,808	1,330,981,244
Ending balance	30,959,376	29,804,994	60,764,370
<i>In which:</i>			
<i>Fully depreciated</i>	<i>200,000</i>	<i>3,083,700</i>	<i>3,283,700</i>
<i>Pledged/mortgaged as loans' security (Note 24)</i>	<i>25,278,179</i>	<i>14,817,773</i>	<i>40,095,952</i>

13. INVESTMENT PROPERTIES

	VND'000				
	<i>Land use right</i>	<i>Buildings, structures</i>	<i>Office for lease</i>	<i>Commercial Center</i>	<i>Total</i>
Cost					
Beginning balance	27,072,022	17,558,404	2,222,825,169	1,130,596,596	3,398,052,191
Foreign exchange differences	-	-	58,353,449	29,680,343	88,033,792
Disposal of subsidiaries	-	(2,557,224)	(2,281,178,618)	(1,160,276,939)	(3,444,012,781)
Ending balance	27,072,022	15,001,180	-	-	42,073,202
Accumulated depreciation					
Beginning balance	(1,478,788)	(3,066,599)	(111,639,628)	(71,802,927)	(187,987,942)
Charges for the year	(739,395)	(568,305)	(36,170,400)	(24,289,186)	(61,767,286)
Foreign exchange differences	-	-	(2,930,750)	(1,884,965)	(4,815,715)
Disposal of subsidiaries	-	884,688	150,740,778	97,977,078	249,602,544
Ending balance	(2,218,183)	(2,750,216)	-	-	(4,968,399)
Net carrying amount					
Beginning balance	25,593,234	14,491,805	2,111,185,541	1,058,793,669	3,210,064,249
Ending balance	24,853,839	12,250,964	-	-	37,104,803
<i>In which:</i>					
<i>Pledged/mortgaged as loan security (Note 24)</i>	<i>24,514,798</i>	<i>12,250,964</i>	<i>-</i>	<i>-</i>	<i>36,765,762</i>

The rental income and operating expenses relating to investment properties were presented as follows:

	VND'000	
	<i>Current year</i>	<i>Previous year</i>
Rental income from investment properties	509,461,750	792,036,808
Direct operating expenses of investment properties that generated rental income during the year	227,734,536	392,003,742

The fair value of the investment properties was not formally assessed and determined as at 31 December 2018. However, given the present high occupancy rate and the market value of these properties, it is management's assessment that these properties' market values are much higher than their carrying value as at the balance sheet date.

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14. CONSTRUCTION IN PROGRESS

	VND'000	
	Ending balance	Beginning balance
Rubber plantations	5,957,078,605	7,960,502,432
Palm oil plantations	3,523,865,660	3,348,265,882
Hydropower plants (*)	3,379,400,885	3,385,682,060
Fruit plantations	2,929,781,057	1,703,067,342
Buildings, plants and factories	917,377,456	687,226,986
Hoang Anh Gia Lai - Arsenal JMG Academy	56,679,237	53,432,133
Pepper plantation	30,405,295	114,959,517
Hoang Anh Gia Lai Myanmar Centre project	-	351,086,244
Beef cattle project	-	6,617,792
Other construction works	116,204,705	139,280,504
TOTAL	16,910,792,900	17,750,120,892

(*) This represents the Nam Kong 2 and Nam Kong 3 hydropower projects that have been signed sale contract with Chaleun Sekong Group ("CSG"). As at 31 December 2018, the Group received an amount advances from this customer (Note 20) and was in the process of completing legal procedures to transfer. The transfer of these projects is expected to be completed in 2019.

Rubber, palm oil, pepper plantations, fruit plantations, hydropower plants and other construction works have been mortgaged to secure the Group's outstanding loans (Note 24).

15. CAPITALISED BORROWING COSTS

During the year, the Group has capitalised borrowing costs amounting to VND'000 688,769,817 (year ended 31 December 2017: VND'000 689,985,580). These are costs incurred on the bank loans and bonds used to finance the construction and development of fixed assets, hydro power plants, rubber, palm oil and other projects.

16. INVESTMENTS IN ASSOCIATES

Name of associates	Business activity	Ending balance		Beginning balance	
		Interest (%)	Carrying value VND'000	Interest (%)	Carrying value VND'000
HAN	Real estate	47.89	2,500,883,911	-	-
Bidiphar Rubber Joint Stock Company (*)	Rubber plantation	49.14	263,399,088	49.14	265,778,583
East Asia Investment and Construction Consultant Joint Stock Company	Design and consultancy	25.00	7,609,521	25.00	7,609,521
CNGL (**)	Livestock and fruit	-	-	23.46	573,944,413
TOTAL			2,771,892,520		847,332,517

Based on the direct ownership of the Group's subsidiaries in these companies.

(*) Bidiphar Rubber Joint Stock Company ("Bidiphar") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Enterprise Registration Certificate No. 3503000155, issued by the Department of Planning and Investment of Binh Dinh Province on 14 September 2007 and pursuant to amended Investment Certificates. The current principal activities of Bidiphar is planting, tending, harvesting and processing rubber.

(**) On 20 March 2018, the Group transferred all shares of total shares in CNGL to Heygo Food Joint Stock Company. Accordingly, the gain resulted from this transaction of VND'000 43,519,553 were recorded in finance income in the consolidated income statement.

Details of carrying value of the investment in associates on 31 December 2018 were as follows:

	VND'000
	Amount
Cost of investment	
Opening balance	856,553,911
Addition during the year	2,429,842,267
Disposal	(589,200,000)
Ending balance	2,697,196,178
Accumulated share in post-acquisition profit	
Opening balance	(9,221,394)
Share of gain from associates during the year	64,840,488
Disposal	29,535,071
Unrealised profit elimination	(10,457,823)
Ending balance	74,696,342
Net carrying amount	
Openning balance	847,332,517
Ending balance	2,771,892,520

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17. LONG-TERM PREPAID EXPENSES

	VND'000	
	Ending balance	Beginning balance
Fruit plantations	868,103,961	338,141,701
Land clearance costs	209,442,959	119,745,845
Land rental fees	76,019,489	77,325,774
Training costs of HAGL - JMG	29,512,341	36,580,897
Tools and supplies	23,719,114	17,902,929
Office rental fee	5,333,584	24,595,489
Operating prepaid cost at Hoang Anh Gia Lai Myanmar Centre project	-	326,864,840
Others	12,101,324	35,147,018
TOTAL	1,224,232,772	976,304,493

18. GOODWILL

	VND'000
	Amount
Cost	
Beginning balance	3,013,468,551
Acquisition subsidiaries (Note 4)	1,072,826,622
Ending balance	4,086,295,173
Accumulated amortisation	
Beginning balance	(474,830,255)
Amortisation for the year	(390,318,070)
Ending balance	(865,148,325)
Net carrying amount	
Beginning balance	2,538,638,296
Ending balance	3,221,146,848

19. SHORT-TERM TRADE PAYABLES

	VND'000	
	Ending balance	Beginning balance
Payables for purchases of goods and services	463,476,493	581,265,959
Payables to construction contractors	10,293,479	386,759,864
Others	138,626	2,301,713
TOTAL	473,908,598	970,327,536
<i>In which:</i>		
Other parties	436,058,220	691,265,856
Related parties (Note 34.2)	37,850,378	279,061,680

20. SHORT-TERM ADVANCES FROM CUSTOMERS

	VND'000	
	Ending balance	Beginning balance
Chaleun Sekong Group ("CSG") advances (Note 14)	2,258,871,961	1,937,491,633
Advances from trade customers	105,842,347	401,485,954
Advances from customers for purchase of apartments	46,374,644	630,303,525
Advances from construction services customers	-	194,864,544
TOTAL	2,411,088,952	3,164,145,656
<i>In which:</i>		
Other parties	2,411,088,952	2,840,041,664
Related parties (Note 34.2)	-	324,103,992

21. STATUTORY OBLIGATIONS

	VND'000			
	Beginning balance	Increase in year	Decrease in year	Ending balance
Value-added tax	35,251,988	2,801,948	(30,528,961)	7,524,975
Corporate income tax (Note 33.1)	84,361,805	887,096	(54,584,465)	30,664,436
Personal income tax	11,625,323	37,827,141	(39,141,855)	10,310,609
Others	66,975,218	7,958,456	(65,717,171)	9,216,503
TOTAL	198,214,334	49,474,641	(189,972,452)	57,716,523

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22. ACCRUED EXPENSES

	VND'000	
	Ending balance	Beginning balance
Interest expenses	2,965,310,282	2,133,992,109
Operating costs	1,067,053,924	770,261,297
Bond issuance cost	43,414,660	43,414,660
TOTAL	4,075,778,866	2,947,668,066
<i>In which:</i>		
Short-term	2,045,910,162	1,628,490,451
Long-term	2,029,868,704	1,319,177,615

23. OTHER PAYABLES

	VND'000	
	Ending balance	Beginning balance
Short-term	1,130,795,710	3,358,503,373
Advances from other companies and other individuals (i)	1,009,733,136	1,779,699,664
Payables for land leases	78,988,748	133,957,484
Payables for apartment maintenance fee	9,573,496	24,585,898
Payables for business cooperation contract	-	1,282,500,000
	32,500,330	137,760,327
<i>In which:</i>		
Related parties (Note 34.2)	202,914,128	2,144,930,519
Other parties	927,881,582	1,213,572,854
Long-term	980,019,908	937,538,732
Payables for business cooperation contracts (ii)	835,000,000	550,000,000
Payables for land leases	109,415,187	135,669,657
Long-term deposits	-	235,056,332
Others	35,604,721	16,812,743
<i>In which:</i>		
Related parties (Note 34.2)	844,725,774	550,077,566
Other parties	135,294,134	387,461,166
TOTAL	2,110,815,618	4,296,042,105

(i) This balance represents non-bearing interest and non-mortgage advances with a repayment term in 2019 from other companies and other individuals outside the Group for the purpose of supplementing working capital.

(ii) Long-term payables for business cooperation contracts ("BBC") included:

- Long-term business cooperation contract between Tay Nguyen Dairy Cow Joint Stock Company - a subsidiary of the Group, and An Tien Co., Ltd. ("An Tien"), a related party, to invest in a livestock project beef and beef cows with a total project value of VND'000 963,968,249 for a period of five (5) years (from 20 May 2016 to 20 May 2021). Accordingly, An Tien commits to contribute VND'000 700,000,000 and the Group pledged to contribute VND'000 263,968,249 invested in the project. The profit from the project will be divided according to the actual capital contribution ratio of the parties. The An Tien balance has been contributed as at 31 December 2018 is VND'000 550,000,000.
- Representing the capital contribution received from BCC signed on 29 September 2018 with related individuals in the Group on the investment cooperation in the Group's fruit tree projects with amounting to VND'000 285,000,000. BCCs do not require the establishment of a new legal entity and profit will be divided based on the business results of the project with a cooperation term of three (3) years from the contract date.

24. LOANS

	VND'000			
	Beginning balance	Increase	Decrease	Ending balance
Short-term				
Convertible bonds (Note 24.1)	-	2,217,226,167	(64,013,464)	2,153,212,703
Short-term bank loans (Note 24.2)	728,781,281	2,093,544,819	(1,909,457,572)	912,868,528
Current portion of long-term bank loans (Note 24.4)	579,091,847	1,712,502,908	(753,622,229)	1,537,972,526
Current portion of long-term bonds (Note 24.3)	401,099,073	914,041,578	(401,147,738)	913,992,913
Other short-term loans (Note 24.5)	819,891,655	1,535,018,806	(923,153,804)	1,431,756,657
	2,528,863,856	8,472,334,278	(4,051,394,807)	6,949,803,327
Long-term				
Domestic straight bonds (Note 24.3)	10,965,896,345	104,280,528	(1,000,856,014)	10,069,320,859
Long-term bank loans (Note 24.4)	9,308,802,300	377,704,706	(5,081,797,835)	4,604,709,171
Other long-term loans (Note 24.5)	21,511,204	131,978,503	(23,780,107)	129,709,600
	20,296,209,849	613,963,737	(6,106,433,956)	14,803,739,630
TOTAL	22,825,073,705	9,086,298,015	(10,157,828,763)	21,753,542,957

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24. LOANS (continued)

24.1 Convertible bonds

Details of convertible bonds as at 31 December 2018 are as follows:

Arrange- ment organiza- tion	Owners	Ending balance VND'000	Maturity date	Interest rate % p.a.	Purpose	Collat- eral	Note
VNDIRECT Securities Corporation ("VNDIRECT")	Truong Hai Auto Corporation ("THACO")	2,216,880,000	9 August 2019	0.00	Invest in planting new fruit trees, financial restructuring of the Group	Unse- cured	On the maturity date, the aggrangement will carry out the issuance of converted shares and increase the charter capital corresponding to the above converted shares with the conversion price of 10,000 VND per share. The converted shares will value equal to all other outstanding shares.
	Others	220,000					
	Bond's issuance expenses	(252,333)					
TOTAL		2,216,847,667					

	VND'000
	Amount
For the year ended 31 December 2018	
Value of convertible bonds	2,216,847,667
Equity component	105,576,190
Liability component at initial recognition	2,111,271,477
Add: Accumulated amortisation of discount	41,941,226
Beginning balance	-
Amortisation for the year	41,941,226
Ending balance	41,941,226
Liability component at end of the year	2,153,212,703

24.2 Short-term bank loans

	VND'000	
	Ending balance	Beginning balance
Tien Phong Commercial Joint Stock Bank ("TPBank")	599,911,828	321,597,754
Laos Viet Joint Venture Bank ("Laos - Viet Bank")	207,207,636	119,898,087
Saigon Thuong Tin Commercial Joint Stock Bank ("Sacombank")	83,346,445	80,737,650
Bank for Investment and Development of Vietnam ("BIDV")	22,402,619	171,945,940
Bank for Investment and Development of Cambodia ("BIDC")	-	34,601,850
TOTAL	912,868,528	728,781,281

The Group obtained these loans to finance its working capital requirements. These loans bear interest at floating rates and are secured by the Group's land use rights; buildings, plants and factories; machineries and equipment; assets belong to cow projects; rubber and palm oil plantations; and other assets.

Details of short-term bank loans are as follows:

Banks	Ending balance VND'000	Term and maturity date	Interest rate % p.a.	Collateral (Notes 11, 12, 13 and 14)
a. TPBank				
Head Office in Hanoi	599,911,828	From 17 January 2019 to 21 September 2019	Equal to the interest rate of TPBank's 3 months corporate savings in VND plus the margin of 3.20 (2018: 10.20 - 10.50)	The right to use and exploit on the area of 925 ha belongs to Eastern Rubber (Cambodia) Co., Ltd.; 32,829,686 HNG shares are owned by the Company; The right to use and exploit 453.7 ha of plantation land owned by Dai Thang Agricultural Development Co., Ltd.
b. Laos - Viet Bank ("LVB")				
Attapeu Branch	207,207,636	11 December 2019	8.00	Head office of Dai Thang Agricultural Development Co., Ltd. at NongYoi Village, Paksong District, Champasak Province, Laos on parcel No. 03; The whole project is planting 853 ha of passion fruit trees in Phanoundong Village, Nongkhuong Village, Huoi Kong Village - Paksong District, Champasak Province, Laos and the entire construction of 26.7 ha pepper area in Nongkhuong Village, Paksong District, Province Champasak, Laos is owned by Dai Thang Agricultural Development Co., Ltd.

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24. LOANS (continued)

24.2 Short-term bank loans (continued)

Bank	Ending balance VND'000	Term and maturity date	Interest rate % p.a.	Collateral (Notes 11, 12, 13 and 14)
<i>c. Sacombank</i>				
Cambodian Branch	83,346,445	10 April 2019	9.00	An area of 1,123 ha land rubber are located at Sre Thmay Ward, Khsum Commune, Snol District, Kro Ches Province, Cambodia with certificate No. Kr. 0193 dated 16 August 2016, owned by the Eastern Rubber (Cambodia) Co., Ltd.
<i>d. BIDV</i>				
Gia Lai Branch	22,402,619	18 February 2019	9.00	Machineries and equipment, 3 cars with lincene plates 81A-015.78; 81B-004.56; 81B-002.48 Hoang Anh Gia Lai Medical University Hospital and contruction of Hoang Anh Gia Lai Medical University Hospital

24.3 Domestic straight bonds

Outstanding domestic straight bonds comprised as detailed below:

	VND'000	
Arrangement organizations	Ending balance	Beginning balance
BIDV and BIDV Securities Company ("BSC")	5,876,000,000	5,876,000,000
Euro Capital Security ("ECS")	1,694,000,000	1,694,000,000
Vietnam Prosperity Bank Securities Company Limited ("VPBS")	991,000,000	991,000,000
Phu Gia Securities Joint Stock Company ("PHUGIASC")	930,000,000	930,000,000
FPT Securities JSC ("FPTS") and	594,000,000	594,000,000
Vietnam Prosperity Bank JSC ("VPB")	489,502,177	614,000,000
IB Securities Joint Stock Company ("IBSC")	300,000,000	516,649,915
ACB Securities Limited Company ("ACBS")	180,000,000	240,000,000
Viet Capital Bank Commercial Joint Stock Bank	(71,188,405)	(88,654,497)
TOTAL	10,983,313,772	11,366,995,418
<i>In which:</i>		
Non-current portion	10,069,320,859	10,965,896,345
Current portion	913,992,913	401,099,073

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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24. LOANS (continued)

24.3 Domestic straight bonds (continued)

Arrangement organizations	Owner	Amount VND'000	Interest rate % p.a.	Maturity date	Purpose	Collateral <small>(Notes 11, 12, 13 and 14)</small>
BIDV and BSC	BIDV	5,876,000,000	The average of interest rate of individual saving deposit in VND with the term of 12 months announced by branches of 4 commercial banks at Gia Lai Province including Agribank, BIDV, Vietcombank and Vietinbank plus margin of 3.00 (2018: 9.70)	30 December 2026	To finance investment projects of the Group and to restructure existing debts of the Group	Land lease right and related assets, as follows: 4,852.74 ha in Attapeu Province, Laos, owned by Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd.; 9,996.9 ha (rubber) in Attapeu Province, Laos; 5,588 ha (rubber) and 2,093 ha (palm oil) in Attapeu Province, Laos owned by Hoang Anh Attapeu Agriculture Development Co., Ltd.; 9,380.9 ha (planting 7,102 ha palm oil) in Ratanakiri Province, Cambodia owned by Hoang Anh Andong Meas Co., Ltd.; 1,960.91 ha in Rattanakiri Province, Cambodia owned by Heng Brothers Co., Ltd.; 3,283.66 ha in Rattanakiri Province, Cambodia, owned by C.R.D Co., Ltd.; All assets (movable properties and real esates) attached to the land and all rights, interests and benefits associated with or arising from such assets related to the land; The right of ownership and compensation when insured events arise under insurance contracts for related assets as mentioned above; 44,926,000 HAG shares held by the Chairman

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2018 and for the year then ended

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24. LOANS (continued)

24.3 Domestic straight bonds (continued)

Arrangement organizations	Owner	Amount VND'000	Interest rate % p.a.	Maturity date	Purpose	Collateral <small>(Notes 11, 12, 13 and 14)</small>
ECS (*)	VPB	1,394,000,000	The ininterest rate of 10.50 for 3 first period and the following period the interest rate of company savings deposit in VND with the term of 12 months announced by VPB plus margin of 4.50 (2018: 10.90 - 12.00)	From 17 August 2019 to 17 December 2021	To restructure a part of matured bond - par value at VND 2,000 billion issued on December 2012; finance to investing in the projects including rubber and palm oil plantations in Laos and Cambodia	166,717,250 HNG shares held by the Company.
	National Citizen Ban	300,000,000		From 17 February 2017 to 17 December 2021		
TOTAL		1,694,000,000				
<i>In which:</i>						
Current portion		334,000,000				
Non-current bond		1,360,000,000				
VPBS	VPB	991,000,000	The interest rate of company savings deposit in VND with the term of 12 months announced by VPB plus margin of 3.50 for 3 periods in the first year and 3.25 for subsequent interest periods (2018: 10.05 - 11.00)	From 28 July 2019 to 28 July 2021	To co-operate business to implement beef cattle and dairy cattle breeding project with Gia Lai Livestock Joint Stock Company (VND 600 billion) in Gia Lai Province and finance working capital of Company (VND 400 billion)	110,628,505 HNG shares held by the Company; 4,700,000 HAG shares held by the Chairman, 19,940,000 HNG shares at Dong Penh JSC and Daun Penh project with total area 7,376.08 ha at Rattanakiri Province, Cambodia owned by Daun Penh Agrico Co., Ltd.
<i>In which:</i>						
Current portion		191,000,000				
Non-current portion		800,000,000				

(*) As at 31 December 2018 and the date of these consolidated financial statements, the actual area of rubber plantation in the subsidiaries of the Group was 44,479 ha smaller than the area of 70,643 ha committed in bond purchase contract.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2018 and for the year then ended

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24. LOANS (continued)

24.3 Domestic straight bonds (continued)

Arrangement organizations	Owner	Amount VND'000	Interest rate % p.a.	Maturity date	Purpose	Collateral (Notes 11, 12, 13 and 14)
PHUGIASC	HDBank - Dong Nai Branch	930,000,000	Adjust one every three months and cost of finance rate VND 12 months announced by BIDV plus margin of 3.50 (2018: 10.00 - 11.00)	31 December 2023	To finance investment projects of the Group and to restructure existing debts of the Group	74,070,455 HNG shares held by the Company; 10,800,000 HAG shares held by Chairman; 196,368,900 shares HAN held by the Company.
FPTS và VPB	VPB	594,000,000	The interest rate of company savings deposit in VND with the term of twelve (12) months announced by VPB plus margin of 4.00 for (2018: 10.50 - 11.40)	To 27 December 2021	To implement beef cattle breeding project with Highland Dairy Cattle JSC in Ia Bang Ward, Chu Prong District, Gia Lai Province under business cooperation contract	196,368,900 shares of HAN held by the Company; assets formed from construction of the Myanmar Trade Zone; contributed capital of USD 51 million in Hoang Anh Gia Lai Myanmar Co., Ltd. held by HAN; 225,970,000 shares of DHA; 166,345,440 HNG shares held by the Company; 19,940,000 shares of HNG at Dong Penh Agrico JSC and 7,376.08 ha of oil palm planted by Daun Penh Agrico Co., Ltd. in Chey Ou Dom Commune, Lumphat District, Rattanakiri Province, Cambodia.
In which:						
Current portion		114,000,000				
Non-current portion		480,000,000				
IBSC	VPB	145,268,041	The interest rate of company savings deposit in VND with the term of twelve (12) months announced by VPB plus margin of 4.00 (2018: 10.50)	29 December 2020	To finance investment projects of the Group and to restructure existing debts of the Group	166,345,440 HNG shares held by the Company; 7,376.08 ha of oil palm planted by Daun Penh Agrico Co., Ltd. in Chey Ou Dom Commune, Lumphat District, Rattanakiri Province, Cambodia and 4,700,000 HAG shares held by Chairman.
IBSC	VPB	344,234,136	The interest rate of 10.50 for 3 (three) first period and the following period the interest rate of company savings deposit in VND with the term of twelve (12) months announced by VPB plus margin of 4.00 (2018: 11.10 - 11.50)	From 27 March 2019 to 27 December 2020	Restructure existing debts of the Group	166,345,440 HNG shares held by the Company; Land use right 7,376.08 ha of oil palm planted and attached asset at Lumphat District, Rattanakiri Province, Cambodia owned by Daun Penh Agrico Co., Ltd. and 4,700,000 HAG shares held by Chairman.
TOTAL		489,502,177				
In which:						
Current portion		214,992,913				
Non-current portion		274,509,264				

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2018 and for the year then ended

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24. LOANS (continued)

24.3 Domestic straight bonds (continued)

Arrangement organizations	Owner	Amount VND'000	Interest rate % p.a.	Maturity date	Purpose	Collateral (Notes 11, 12, 13 and 14)
ACBS	Viet Golden Farm JSC (*)	300,000,000	13 months deposit interest rate of Tien Phong bank plus margin of 4.50 (2018: 10.00)	18 June 2023	To finance investment projects of the Group and to restructure existing debts of the Group	196,368,900 HAN shares held by HAG.
Viet Capital Commercial Joint Stock Bank	Viet Capital Commercial Joint Stock Bank	180,000,000	The interest rate will be equal to the average interest rate of 13 months corporate savings in VND plus the margin of 3.50 (2018: 10.00 - 10.90)	From 30 June 2018 to 30 December 2020	To finance the Group's investment projects including the project of planting 10,000 ha of new rubber trees (Rattanakiri Province, Cambodia); Nam Kong 2 hydropower project (Attapeu Province, Laos) and to restructure existing debts of the Group	12,960,000 HAG shares held by the Chairman; 13,405,675 HNG shares held by the Company; 45,230,000 shares of Gia Lai Livestock JSC owned by An Phu Real Estate Investment Joint Stock Company.

In which:

Current portion	60,000,000
Non-current portion	120,000,000

(*) As at 31 December 2018 and the date of these consolidated financial statements, the Group's current ratio is less than one (1), and this was the breach of the bond purchasing contract that the current payment ratio must be greater than one (1).

24.4 Long-term bank loans

Details of the long-term bank loans are as follows:

	VND'000	
Banks	Ending balance	Beginning balance
Bank for Investment and Development of Vietnam ("BIDV")	2,522,768,438	2,950,770,244
Ho Chi Minh City Development Joint Stock Commercial Bank ("HDBank")	1,334,047,633	1,401,510,119
Laos Viet Joint Venture Bank - Attapeu Branch	1,031,033,107	1,420,718,793
Saigon Thuong Tin Commercial Joint Stock Bank ("Sacombank")	1,004,832,519	2,924,753,645
Tien Phong Commercial Joint Stock Bank ("TPBank")	250,000,000	1,190,141,346
TOTAL	6,142,681,697	9,887,894,147
In which:		
Non-current portion	4,604,709,171	9,308,802,300
Current portion	1,537,972,526	579,091,847

The Group obtained these loans mainly to finance the construction and development of the Group's rubber, palm oil and fruit plantations projects.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2018 and for the year then ended

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24. LOANS (continued)

24.4 Long-term bank loans (continued)

The terms and conditions of bank loans are as follows:

<i>Banks</i>	<i>Ending balance VND'000</i>	<i>Term and maturity date</i>	<i>Interest rate % p.a.</i>	<i>Collateral (Notes 11, 12, 13 and 14)</i>
<i>BIDV, Gia Lai Branch</i>				
Loan 1	734,927,398	From 31 December 2019 to 31 December 2026	12-month savings deposit interest rate paid in arrears of BIDV plus 4.70 (2018: 7.20)	9,996.9 ha rubber plantation and land use rights in Saysetha and Phu Vong District, Attapeu Province, Laos owned by Hoang Anh Attapeu Agriculture Development Co., Ltd.
Loan 2	577,088,948	From 1 June 2019 to 28 December 2019	8.20 - 11.60 (loans by VND) 8.20 - 8.80 (loans by USD)	2 floors of Apartment and Shopping mall Bau Thac Gian, Thanh Khe District, Da Nang City, Vietnam owned by the Company; 7 cars owned by the Company; 13,310,000 HNG shares held by the Company; Hoang Anh Gia Lai Hotel owned by the Company; Land use right and exploitation of 1,194.74 ha rubber plantation at Po To Commue, Ia Pa District, Gia Lai Province, Vietnam owned by Trung Nguyen Rubber JSC.
Loan 3	553,056,660	From 17 March 2019 to 21 December 2019	9.30 - 11.60 (loans by VND) 7.70 - 7.82 (loans by USD)	7 cars owned by the Company; 1 car owned by DHA; 3,310,000 HNG shares held by the Company; Land use right and exploitation of 1,194.74 ha rubber plantation at Po To Commue, Ia Pa District, Gia Lai Province, Vietnam owned by Trung Nguyen Rubber JSC; Hoang Anh Gia Lai Football Academy Complex; Construction of HAGL Medicine and Pharmacy Hospital University.
<i>BIDV, Binh Dinh Branch</i>				
Loan 4 (*)	576,217,075	From 25 March 2020 to 25 December 2026	12-month savings deposit interest paid in arrears of BIDV in USD plus 5.00 (2018: 7.00)	Land use right of the HAGL luxury apartment project included 47 apartments, block A, B, C at 40 Hung Vuong Street, Buon Ma Thuot City, Dak Lak Province, Vietnam owned by Hoang Anh Dak Lak JSC; 119 apartments belong to HAGL luxury residence are and office building at 06 Hoang Van Thu Street, Pleiku City, Gia Lai Province, Vietnam owned by the Company; HAGL Granite Stone factory in beside National Route 14, Ia Bang Commue, Dak Doa District, Gia Lai Province, Vietnam owned by the Company; Land use right 6,993.2 m2 at Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam; Right to use and exploit of 4,733.01 ha rubbers plantation and 3,155.79 ha palm oil plantation in Attapeu Province, Laos owned by Hoang Anh Attapeu Agriculture Development Co., Ltd.
Loan 5	81,478,357	26 December 2024	12-month savings deposit interest paid in arrears of BIDV in USD plus 5.00 (2018: 7.00)	Whole investments and exploitation of Nam Kong 2 hydropower project formed in the future; a part of HAGL Medicine and Pharmacy Hospital University.
TOTAL	2,522,768,438			
<i>In which:</i>				
Current portion	1,135,427,433			
Non-current portion	1,387,341,005			

(*) As at 31 December 2018 and the date of these consolidated financial statements, the actual area of rubber
plantation of the Group is 14,825 ha, not complying with the commitment in Loan Aggrement is 17,950 ha.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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24. LOANS (continued)

24.4 Long-term bank loans (continued)

The terms and conditions of bank loans are as follows: (continued)

<i>Banks</i>	<i>Ending balance VND'000</i>	<i>Term and maturity date</i>	<i>Interest rate % p.a.</i>	<i>Collateral (Notes 11, 12, 13 and 14)</i>
<i>HDBank - Dong Nai Branch</i>				
Loan 1 (*)	887,541,177	From 25 June 2020 to 31 December 2023	Adjust twice a year (2018: USD: 7.00 - 7.50 and VND: 10.50 - 12.00)	36 millions HAG shares held by Chairman and Ms Hoang Thi Ngoc Bich - Chairman's wife; Land use right 7,924 ha and attached assets at Rattanakiri Province, Cambodia; Contributed capital of 13.9 millions shares owned by HNG, 6 millions shares owned by Highland Dairy Cattle JSC and 100 thousands shares owned by Gia Lai Livestock JSC at An Dong Mia JSC.
Loan 2	299,706,456	From 1 August 2019 to 30 August 2020	10.50 - 11.00	196,368,090 HAN shares held by the Company.
<i>HDBank - Gia Lai Branch</i>				
Loan 1	49,800,000	From 30 September 2019 to 30 September 2021	12.50	All fruit tree and exploitation right in the future of fruit plantation project and the profit which arised from project.
Loan 2	7,000,000	From 30 March 2019 to 30 June 2020	12.50	All fruit tree and exploitation right in the future of fruit plantation project and the profit which arised from project; Commitment of pledging 15 tractors, 15 semi trailers owned by Hoang Anh Gia Lai Import - Export Trading One Member Co., Ltd.
<i>HDBank - Dak Lak Branch</i>				
	90,000,000	From 31 March 2019 to 31 December 2020	11.50	All fruit tree and exploitation right in the future of fruit and savory plantation project in Ea H'leo Commue, Ea H'leo District, Dak Lak Province, Vietnam.
TOTAL	1,334,047,633			
<i>In which:</i>				
Current portion	252,706,456			
Non-current portion	1,081,341,177			

(*) As at 31 December 2018 and the date of these consolidated financial statements, the actual area of palm oil plantation of the Group is 4,875.2 ha, not complying with the commitment in Loan Aggrement is 6,653 ha.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2018 and for the year then ended

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24. LOANS (continued)

24.4 Long-term bank loans (continued)

The terms and conditions of bank loans are as follows: (continued)

<i>Banks</i>	<i>Ending balance VND'000</i>	<i>Term and maturity date</i>	<i>Interest rate % p.a.</i>	<i>Collateral (Notes 11, 12, 13 and 14)</i>
Laos - Viet Bank, Attapeu Branch				
Loan 1 (*)	348,901,858	From 25 August 2019 to 25 August 2022	10.00	Office building of Hoang Anh Attapeu Agriculture Development Co., Ltd. at Km No. 31, Hatxan Commune, Xaysettha District, Attapeu Province, Laos corresponding to the map No. 17 001 0008; 0.3 ha of rubber latex production factory in Xaysettha District, Attapeu Province, Laos and whole imported cows (14,219 cows) of Hoang Anh Attapeu Agriculture Development Co., Ltd.
Loan 2 (**)	278,600,243	From 25 December 2019 to 25 December 2026	LAK: 12.75 USD: 10.00	Land use right and exploitation 4,733.01 ha rubber and 3,155.79 ha palm oil in Attapeu Province, Laos owned by Hoang Anh Attapeu Agriculture Development Co., Ltd.
Loan 3	127,590,496	From 1 August 2019 to 30 August 2020	10.00	All construction, machinery and equipment attached Nam Kong 3 hydropower project formed after investment in Phu Vong District, Attapeu Province, Laos.

(*) As at 31 December 2018 and the date of these consolidated financial statements, the Group has liquidated all cows, accordingly, the Group does not guarantee a sufficient number of cows importing 14,219 cows in accordance with this Loan Agreement.

(**) As at 31 December 2018 and the date of these consolidated financial statements, the actual area of palm oil plantation of the Group is 2,850.27 ha, not complying with the commitment in Loan Aggrement is 3,155.79 ha.

Laos - Viet Bank, Attapeu Branch (continued)

<i>Banks</i>	<i>Ending balance VND'000</i>	<i>Term and maturity date</i>	<i>Interest rate % p.a.</i>	<i>Collateral (Notes 11, 12, 13 and 14)</i>
Laos - Viet Bank, Attapeu Branch (continued)				
Loan 4	77,420,358	From 25 February 2019 to 30 November 2020	10.00	All construction tools, machineries and equipment supply for the construction of oil palm processing plant arise after the investment capital owned by Hoang Anh Attapeu Agriculture Development Co., Ltd.
Loan 5 (*)	198,520,152	From 25 July 2019 to 25 October 2022	9.50 - 10.00	Land use right of 3 land lots 1,001.78 ha at Laman District, Sekong Province, Laos and all assets on land belonging to the project of raising cows and imported cows are valued at USD 26,460,000 owned by Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd.; all assets attached on rubber plantation with area of 420.91 ha in Laman District, Sekong Province, Laos owned by Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd.
TOTAL	1,031,033,107			

In which:

Current portion	116,813,471
Non-current portion	914,219,636

(*) As at 31 December 2018 and the date of these consolidated financial statements, the Group has not yet secured enough value for cattle of USD 26,460,000 as required by this loan aggrement.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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24. LOANS (continued)

24.4 Long-term bank loans (continued)

The terms and conditions of bank loans are as follows: (continued)

<i>Bank</i>	<i>Ending balance VND'000</i>	<i>Term and maturity date</i>	<i>Interest rate % p.a.</i>	<i>Collateral (Notes 11, 12, 13 and 14)</i>
Sacombank, Da Nang Branch (*)	262,454,605	From 24 December 2021 to 6 December 2026	13 months deposit rate of Sacombank plus 2.00 and adjusted each 3-months (2018: 9.50)	23.2 million HAG shares held by the Chairman and 14.5 million shares of Hoang Anh Quang Minh JSC held by HNG.
Sacombank, Sai Gon Branch (**)	300,000,000	From 25 June 2020 to 25 December 2021	13 months deposit rate + 2,50 per month, adjusted 3 times per annum (2018: 10.00)	Land use right 687.9 ha rubber in Ea H'leo District, Dak Lak Province, Vietnam owned by Hoang Anh Dak Lak JSC; 18.57 million shares of HAG are held by the Chairman, 15 million shares of HNG are held by the Company; 4.99 million shares of Hoang Anh - Quang Minh Rubber JSC held of HNG; All revenues and yields arising from the project of rubber trees are in scope (but not limited to) 3,476.58 ha planted and exploited by Trung Nguyen Rubber JSC.

(*) As at 31 December 2018 and the date of these consolidated financial statements, the actual area plantation of the Group is 44,479 ha, not complying with the commitment in Loan Aggrement is 70,643 ha.

(**) As at 31 December 2018 and the date of these consolidated financial statements, the actual area of rubber plantation of the Group is 3,122.72 ha, not complying with the commitment in Loan Aggrement is 3,476.58 ha. In addition, the Group has not purchased insurance for collateral as committed in the loan aggrement.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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24. LOANS (continued)

24.4 Long-term bank loans (continued)

The terms and conditions of bank loans are as follows: (continued)

Bank	Ending balance VND'000	Term and maturity date	Interest rate % p.a.	Collateral (Notes 11, 12, 13 and 14)
<i>Sacombank, Thu Duc Branch</i>				
Loan 1 (*)	250,000,000	From 25 December 2021 to 25 December 2026	9.60	Land use right 1,328.1 ha rubber plantation and related assets in Chu Prong District, Gia Lai Province, Vietnam owned by Trung Nguyen Rubber JSC; Land use right 479.2 ha in Ea H'leo Ward, Ea H'leo District, Dak Lak Province, Vietnam owned by Hoang Anh Dak Lak JSC and 683.33 ha in Ea H'leo Ward, Ea H'leo District, Dak Lak Province, Vietnam owned by Ban Me Rubber JSC.
Loan 2	85,000,000	From 25 April 2020 to 11 October 2021	9.50 for the 1st year, then at the 13 months deposit rate paid in arrears plus 2.50 (2018: 9.50)	Land use right 1,328.1 ha rubber plantation and attached assets in Ia Puch Ward, Chu Prong District, Gia Lai Province, Vietnam owned by Trung Nguyen Rubber JSC.
Loan 3	16,100,000	From 20 January 2021 to 20 July 2022		
<i>Sacombank, Cambodia Branch</i>				
Loan 1	68,037,914	From 21 June 2019 to 21 June 2021	9.00	Land use right: Project 1 at Talao Ward, Ouchum District, Rattanakiri Province, Cambodia and Project 2 at Nhang Ward, Andong Meas District, Rattanakiri Province, Cambodia owned by Hoang Anh Oyadav Co., Ltd.
Loan 2	23,240,000	From 24 January 2019 to 24 July 2022	9.00	Land use right 728.24 ha at Sre Thmay Commue, Khsum Ward, Snol District, Kro Ches Province, Cambodia owned by Eastern Rubber (Cambodia) Co., Ltd.
TOTAL	1,004,832,519			
<i>In which:</i>				
Current portion	33,025,166			
Non-current portion	971,807,353			
(*) As at 31 December 2018 and the date of these consolidated financial statements, the actual area of palm oil plantation of the Group is 7,004 ha, not complying with the commitment in loan agreement is 9,470 ha.				
<i>TPBank - Head Office</i>				
Loan 1	150,000,000	From 25 May 2020 to 29 November 2021	11.00	878.38 ha land use right at Srae Thmey Village, Ksem Ward, Snoul District, Kratie Province, Cambodia owned by Eastern Rubber (Cambodi) Co., Ltd.
Loan 2	100,000,000	From 25 May 2020 to 23 November 2021	11.00	Securities with yeild, dividends, rights and benefits arising from 15,000,000 HNG shares.
TOTAL	250,000,000			

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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24. LOANS (continued)

24.5 Other short-term and long-term loans

The terms and conditions of loan payables are as follows:

<i>Names</i>	<i>Ending balance VND'000</i>	<i>Term and maturity date</i>	<i>Interest rate % p.a.</i>	<i>Collateral</i>
Other short-term loans				
Truong Hai Auto Corporation	746,132,000	1 April 2019 and 5 June 2019	6.00 - 6.50	Unsecured
Mr. Doan Nguyen Duc (Note 34.2)	612,995,000	10 December 2019	6.00 - 10.50	Unsecured
Ms. Tran Thi Huu Duyen (*)	33,529,000	From 28 July 2019 to 30 January 2019	7.00 - 10.00	Unsecured
Other individuals and companies (*)	34,100,657	From 26 October 2016 to 24 August 2019	9.00 - 10.00	Unsecured
TOTAL	1,426,756,657			
Other long-term loans				
Ms. Huynh Tran Thanh Phuong	5,000,000	29 June 2019	6.50	Unsecured
Mr. Doan Nguyen Duc (Note 34.2)	129,709,600	10 October 2021	10.00	Unsecured
TOTAL	134,709,600			
<i>In which:</i>				
<i>Current portion</i>	5,000,000			
<i>Long-term loan</i>	129,709,600			

(*) As at 31 December 2018 and the date of consolidated financial statement, the Group has not yet made payment for matured loans amounting to VND'000 33,848,657.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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25. OWNERS' EQUITY

25.1 Increase and decrease in owners' equity

							VND'000
	Share capital	Share premium	Treasury shares	Foreign exchange differences	Investment and development fund	Undistributed earnings (accumulated losses)	Total
Previous year							
Beginning balance	7,899,679,470	3,539,078,784	(686,640)	625,918,808	279,895,303	952,700,191	13,296,585,916
Issuance of new shares to exercise the convertible bond	1,375,000,000	(275,220,000)	-	-	-	-	1,099,780,000
Net profit for the year	-	-	-	-	-	69,588,012	69,588,012
Foreign exchange differences	-	-	-	(172,105,848)	-	-	(172,105,848)
Equity transactions inside Group with non-controlling interests	-	-	-	-	-	(319,479,088)	(319,479,088)
Ending balance	9,274,679,470	3,263,858,784	(686,640)	453,812,960	279,895,303	702,809,115	13,974,368,992
Current year							
Beginning balance	9,274,679,470	3,263,858,784	(686,640)	453,812,960	279,895,303	702,809,115	13,974,368,992
Net profit for the year	-	-	-	-	-	117,506,769	117,506,769
Foreign exchange differences	-	-	-	31,424,384	-	-	31,424,384
Remuneration for members of the supervisory board	-	-	-	-	-	(1,737,000)	(1,737,000)
Reclassification	-	-	-	-	749,460	(749,460)	-
Disposal of subsidiaries (Note 4)	-	-	-	-	-	(426,403,248)	(426,403,248)
Equity transactions inside Group with non-controlling interests (*)	-	-	-	-	-	(427,861,152)	(427,861,152)
Ending balance	9,274,679,470	3,263,858,784	(686,640)	485,237,344	280,644,763	(36,434,976)	13,267,298,745

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2018 and for the year then ended

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25. OWNERS' EQUITY (continued)

25.1 Increase and decrease in owners' equity (continued)

- (*) Capital transactions with non-controlling interests of subsidiaries but do not lose control, mainly included:
- On 9 March 2018, HNG completed the private issuance of 119,700,000 shares to non-controlling interest. Accordingly, the Group's ownership in HNG was decreased from 65.85% to 56.97%. The difference between the carrying amount corresponding to the ownership of the net asset value of the Group in HNG before and after the issuance of the above shares was VND'000 268,662,871, which has been recorded as a deduction on undistributed earnings in the consolidated balance sheet;
 - On 16 March 2018, the Group acquired 76,930,000 shares in Hung Thang Loi Gia Lai (equivalent 98% ownership) which Hung Thang Loi Gia Lai was holding 5.64% HNG shares. Accordingly, the Group's ownership in HNG was increased from 56.97% to 62.49%. The difference between the carrying amount corresponding to the ownership of the net asset value of the Group in HNG as at transaction date was VND'000 157,001,821, which has been recorded as an increase on undistributed earnings in the consolidated balance sheet;
 - On 31 March 2018, HNG acquired an addition of 6,000,000 shares in ADM from CNGL. Accordingly, HNG increased its ownership in ADM from 69.5% to 99.5%, and hence, the Group's ownership in ADM increased from 43.43% to 62.18%. The difference between consideration transferred and the value of transferred net assets in ADM as at the transaction date amounting to VND'000 169,104,526 was recorded as a deduction to undistributed earnings in the consolidated balance sheet; and
 - On 19 September 2018, the Group acquired 24,000,000 shares in HNG from HAN. Accordingly, the Group increased its ownership in HNG from 61.92% to 63.33%. The difference between consideration transferred and the value of transferred net assets in HNG as at the transaction date amounting to VND'000 207,238,425 was recorded as a deduction to undistributed earnings in the consolidated balance sheet.

25.2 Shares

	Ending balance	Beginning balance
Shares authorised to be issued	927,467,947	927,467,947
Shares issued and fully paid		
<i>Ordinary shares</i>	927,467,947	927,467,947
Outstanding shares		
<i>Ordinary shares</i>	927,399,283	927,399,283
Treasury shares		
<i>Ordinary shares</i>	68,664	68,664

26. NON-CONTROLLING INTERESTS

	VND'000	
	Ending balance	Beginning balance
Beginning balance	3,813,603,686	2,649,088,573
New shares issued by subsidiaries to non-controlling interests	1,197,000,000	2,450,000
Capital transactions in the Group with non-controlling interests of subsidiaries	(499,402,722)	860,045,810
Disposal of subsidiaries	(848,934,538)	-
(Loss) profit during the year attributable to non-controlling interests	(111,262,363)	302,019,303
Dividends paid to non-controlling interests	(7,416,122)	-
Ending balance	3,543,587,941	3,813,603,686

27. EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Ending balance	Beginning balance
Net profit attributable to ordinary shareholders of the Company (VND'000)	117,506,769	69,588,012
Weighted average number of ordinary shares during the year for basic earnings per share	927,399,283	868,255,447
Earnings per share (VND)		
• Basic earnings per share	127	80
• Diluted earnings per shares	127	80

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

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28. REVENUES

28.1 Revenue from sale of goods and rendering of services

	VND'000	
	Current year	Previous year
Net revenue	5,388,200,400	4,841,225,074
<i>In which:</i>		
Sale of fruits	2,897,277,177	1,612,028,646
Sale of chilli	513,949,664	24,931,966
Rendering of rental services	509,461,750	723,516,613
Sale of goods, by-products and waste	470,270,787	440,022,096
Rendering of other services (hospital, hotel, advertising, v.v.)	406,544,334	606,673,377
Sale of rubber latex	126,827,550	759,269,479
Sale of cows	57,910,339	59,278,538
Revenue from investment property	38,214,271	-
Sale of pepper	22,667,344	80,381,541
Sale from contractual constructions	-	80,764,241
Sale of sugar		
<i>In which:</i>	29,832,490	298,602,768
Sale from related parties	5,358,367,910	4,542,622,306
Sale from third parties		

28.2 Finance income

	VND'000	
	Current year	Previous year
Interest income from loans to other parties	755,262,551	798,953,582
Gain on disposal of investments	563,609,679	807,659,222
Foreign exchange gains	81,224,545	48,666,991
Interest income from bank deposits	4,089,505	5,437,010
Others	612,899	5,199,643
TOTAL	1,404,799,179	1,665,916,448
<i>In which:</i>		
Financial income from related parties	749,845,449	743,206,536
Financial income from third parties	654,953,730	922,709,912

29. COSTS OF GOODS SOLD AND SERVICES RENDERED

	VND'000	
	Current year	Previous year
Cost of fruits	1,298,285,319	761,235,134
Cost of chilli	353,339,846	7,673,011
Cost of rendering of rental services	227,734,536	382,688,288
Cost of goods sold, by-product and waste	159,796,549	200,021,543
Cost of rendering other services (hospital, hotel, advertising, v.v.)	368,041,139	445,133,983
Cost of rubber latex	371,389,292	352,603,169
Cost of cows	135,954,566	722,539,952
Cost of investment property	38,476,544	58,761,526
Cost of pepper	35,011,542	-
Cost of contractual constructions	25,465,893	57,906,529
Cost of sugar	-	121,119,862
TOTAL	3,013,495,226	3,109,682,997

30. FINANCE EXPENSES

	VND'000	
	Current year	Previous year
Interest expense on bank loans and bonds	1,532,928,450	1,585,315,746
Foreign exchange losses	152,734,178	63,397,561
Others	36,021,536	49,219,131
TOTAL	1,721,684,164	1,697,932,438

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31. SELLING EXPENSE AND GENERAL AND ADMINISTRATIVE EXPENSES

	VND'000	
	<i>Current year</i>	<i>Previous year</i>
Selling expenses		
External services	152,008,417	101,156,821
Labour costs	22,660,977	27,962,791
Depreciation and amortization	1,794,026	3,456,575
Others	15,982,795	11,346,935
TOTAL	192,446,215	143,923,122
General and administrative expenses		
Allocation of goodwill	390,318,070	319,598,039
Labour costs	144,510,009	182,156,078
External services	44,248,405	76,519,841
Depreciation	34,318,490	35,605,584
Provision	21,272,492	8,620,401
Others	354,668,623	85,048,386
TOTAL	989,336,089	707,548,329

32. OTHER INCOME AND EXPENSES

	VND'000	
	<i>Current year</i>	<i>Previous year</i>
Other income	21,546,363	267,202,683
Profit from disposal of assets	-	141,905,662
Tax exemption	-	97,162,878
Others	21,546,363	28,134,143
Other expenses	914,727,898	666,678,513
Costs of converting other business purpose	427,947,376	296,695,388
Loss from assessment of non-performing assets	253,135,851	237,277,153
Loss from disposal of long-term assets	128,410,284	20,283,562
Penalty expenses	44,461,527	9,350,809
Depreciation of idle assets	17,349,380	19,122,206
Others	43,423,480	83,949,395
OTHER LOSS	(893,181,535)	(399,475,830)

33. CORPORATE INCOME TAX

The Company and its subsidiaries located in Vietnam have the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits (2017: 20%).

The Group's subsidiaries located in Laos, Cambodia, Myanmar and Thailand have the obligations to pay CIT at the applicable tax rates of their taxable profits. They are also entitled to CIT exemption and reduction in accordance with their respective business registration certificates, investment licenses and applicable tax regulations.

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

	VND'000	
	<i>Current year</i>	<i>Previous year</i>
Current CIT	2,998,375	24,802,221
Deferred tax expense	38,454,058	33,735,757
TOTAL	41,452,433	58,537,978

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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33. CORPORATE INCOME TAX (continued)

33.1 Current income tax

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

	VND'000	
	Current year	Previous year
Accounting profit before tax	47,696,838	430,145,293
<i>Adjustments to increase (decrease) accounting profit</i>		
Losses of subsidiaries	1,257,732,317	883,912,470
Amortisation of goodwill	390,318,070	319,598,040
Reverse of capitalized interest on consolidation	34,147,473	395,646,231
Unrealized profits eliminated on consolidation	(32,629,674)	79,350,474
Expenses inadequately documented	10,190,354	17,428,421
Penalties	4,974,838	16,469,211
Share of profit (loss) from associates	(64,840,488)	16,336,454
Gain on disposals of subsidiaries on the consolidated financial statements	(563,609,679)	(878,438,276)
Provisions	(468,891,480)	(435,876,305)
Profit from subsidiaries which are tax exempted	(945,808,547)	(234,727,683)
Foreign exchange differences	58,559,227	(69,509,091)
Others	296,257,819	151,576,224
Adjusted net profit before loss carried forward	24,097,068	691,911,463
Tax loss carried forward	-	(395,414,164)
Estimated current taxable profit	24,097,068	296,497,299
Estimated current CIT	2,035,545	23,210,016
CIT of real estate activities	4,066,941	-
Under provision of CIT in previous year	(3,104,111)	1,592,205
Estimated current CIT expense for the year	2,998,375	24,802,221
CIT payable at beginning of the year	82,826,083	63,040,251
Other adjustments	(2,111,279)	(424,874)
CIT paid during the year	(54,584,465)	(4,591,515)
CIT payable at end of year	29,128,714	82,826,083
<i>In which:</i>		
CIT payables (Note 21)	30,664,436	84,361,805
CIT over payment	(1,535,722)	(1,535,722)

33.2 Deferred tax

The following comprise the Group's deferred tax assets and deferred tax liabilities recognized by the Group and the movements thereon during the year:

	VND'000			
	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
Deferred tax assets				
Unrealised profit eliminated on consolidation	98,599,120	105,125,055	(6,525,935)	14,005,828
	98,599,120	105,125,055	(6,525,935)	14,005,828
Deferred tax liabilities				
Interest expense capitalised on consolidation	203,715,780	207,259,809	(3,544,029)	(41,284,877)
Gain from disposal of investments	103,208,182	-	103,208,182	-
Provision for the investments	37,533,904	105,269,934	(67,736,030)	86,987,118
Income from sale type lease	-	24,411,774	-	2,039,344
	344,457,866	336,941,517	31,928,123	47,741,585
Net deferred tax charge to consolidated income statement			38,454,058	33,735,757

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34. TRANSACTIONS WITH RELATED PARTIES

34.1 Significant transactions

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

VND'000				
Related parties	Relationship	Transactions	Current year	Previous year
Gia Lai Livestock JSC	Related company	Lending	384,715,112	2,677,712,456
		Collection of lending	115,727,133	940,262,537
		Interest income	441,263,243	301,409,740
		Offset debt	262,044,833	-
		Purchase of goods and services	73,686,063	289,117,998
		Sales of goods and rendering of services	23,054,084	140,804,073
An Phu Real Estate Investment Joint Stock Company	Related company	Collection of lending	1,066,130,329	816,357,365
		Lending	-	1,060,273,015
		Interest income	109,683,955	256,065,847
		Offset debt	196,851,346	-
Mr. Doan Nguyen Duc	Chairman	Borrowing	1,794,900,000	-
		Repayment of borrowing	1,658,900,000	-
		Short-term loans	612,995,000	-
		Long-term loans	129,709,600	-
		BCC contribution	370,000,000	240,000,000
		Repayment of BCC	380,395,244	-
		Interest income	2,967,516	28,909,696
		Interest expense	6,391,122	-
		Lending	3,920,000	-
		Collection of lending	24,675,000	281,009,591
Huynh De Construction JSC	Related company	Interest income	19,946,349	14,109,705
		Lending	-	199,900,328
Phu Hoang Anh JSC	Related company	Interest income	31,112,788	33,797,024
		Lending	-	123,872,977
Le Me JSC	Related company	Long-term lending	2,256,438,360	-
		Collection of lending	729,091,049	-
		Interest income	70,281,828	-
		Repayment of BCC	129,778,980	-
Highland Agricultural Service Co., Ltd.	Related company			

VND'000				
Related parties	Relationship	Transactions	Current year	Previous year
HAGL Wooden Furniture JSC	Related company	Lending	100,000,000	-
		Interest income	21,758,487	14,839,392
		Disposal of fixed assets	26,033,893	-
Minh Tuan Trading and Services Co., Ltd.	Related company	Interest income	5,514,405	8,012,666
		Long-term lending	-	68,079,071
Hoang Tho Material Co., Ltd.	Related company	Collection of lending	-	115,917,134
		Interest income	-	11,893,703
Hoang Anh Housing Development and Construction JSC	Associate	Collection of lending	2,015,741,470	-
		Collection of interest receivables	148,102,850	-
		Lending	82,203,000	-
		Interest income	9,005,421	-
Thanh Binh Construction Investment Consultant Co., Ltd.	Related company	Interest income	15,269,167	16,661,083
An Tien Co., Ltd.	Related company	Interest income	11,103,123	11,363,773
Dai Loc Hung Thinh Co., Ltd.	Related company	Interest income	5,304,507	8,434,522
Phuc Bao Minh Construction Service Trading JSC	Related company	Interest income	5,069,444	-
Thang Long Agriculture Development Co., Ltd.	Related company	Interest income	1,565,216	17,019,244
Dai Thang Agricultural Development Co., Ltd. (*)	Subsidiary	Lending	-	398,208,195
		Purchase of goods and services	-	180,570,736
		Sales of goods and rendering of services	-	99,243,127
Electric Construction Co., Ltd.	Related company	Sales of goods and rendering of services	-	24,564,938
		Purchase of goods and services	-	17,748,342
Hung Thang Loi Gia Lai JSC (*)	Subsidiary	Loan	-	30,091,300
		Interest expenses	-	10,170,174
Ms. Truong Thi Truc Thien Trang	Related party	Interest income	-	7,584,732

(*) As Note 4, on 17 March 2018, Hung Thang Loi Gia Lai JSC and Dai Thang Agricultural Development Co., Ltd. became subsidiaries in the Group.

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34. TRANSACTIONS WITH RELATED PARTIES (continued)

34.1 Significant transactions (continued)

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

VND'000				
Related parties	Relationship	Transactions	Current year	Previous year
Mr. Tu Minh Dang	Related party	Lending	-	676,200,000
		Acquisition of capital contribution	676,200,000	-
Mr. Nguyen Quyen	Related party	Lending	-	935,057,000
		Acquisition of capital contribution	1,150,023,000	-
Mr. Hoang Trong Hung	Related party	Lending	-	516,700,000
		Acquisition of capital contribution	650,923,000	-
Ms. Ho Thi Kim Chi	Deputy General Director	BCC	345,000,000	55,500,000
		Repayment BCC	296,055,000	-
Mr. Nguyen Thuong Trung	Related party	BCC	-	137,000,000
		Repayment BCC	137,000,000	-
Mr. Thuy Ngoc Dung	Related party	BCC	-	135,000,000
		Repayment BCC	135,000,000	-
Mr. Nguyen Ngoc Mai	Related party	BCC	-	140,000,000
		Repayment BCC	140,000,000	-
Ms. Nguyen Thi Hong Luyen	Related party	BCC	-	115,000,000
		Repayment BCC	115,000,000	-
Mr. Tran Quang Dung	Related party	BCC	-	110,000,000
		Repayment BCC	110,000,000	-
Mr. Duong Thanh Bich	Related party	BCC	-	150,000,000
		Repayment BCC	150,000,000	-
Mrs. Le Thuy Duong	Related party	BCC	-	50,000,000
		Repayment BCC	50,000,000	-

34.2 Balance of receivables and payables

As at the balance sheet date, amounts due to and due from related parties were as follows:

VND'000				
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Short-term trade receivables (Note 6)				
An Phu Group (*)	Related companies	(*)	200,544,787	496,649,239
Tay Nguyen Agriculture Service Co., Ltd.	Related company	Sales of goods and rendering of services	71,906,750	40,079,827
Golden Farm Agriculture and Forestry JSC	Related company	Sales of goods and rendering of services	30,370,320	-
Electric Construction Co., Ltd.	Related company	Sales of goods	382,628	3,628,478
		Rendering of construction service	-	65,325,049
Dai Thang Agricultural Development Co., Ltd. (**)	Subsidiary	Sales of goods and rendering of services	-	20,756,431
Hoang Anh Ban Me JSC	Related company	Sales of goods	-	11,456,776
Others related parties		Sales of goods and rendering of services	3,941,066	3,778,218
TOTAL			307,145,551	641,674,018

(*) Detail balance of An Phu Group were as follow:

VND'000			
An Phu Group	Transactions	Ending balance	Beginning balance
Gia Lai Livestock JSC	Sales of goods	133,665,986	439,883,209
	Sales of fixed assets	383,279	-
	Rendering of construction services	-	18,084,773
Thanh Binh Construction Investment Consultant Co., Ltd.	Rendering of construction services	27,595,944	27,595,944
	Sales of goods	2,180,959	3,517,833
HAGL Wooden Furniture JSC	Sales of fixed assets	26,006,620	-
	Sales of goods	5,210,285	-
Minh Tuan Trading and Services Co., Ltd.	Rendering of construction services	5,501,714	5,774,737
Others related parties	Sales of goods and rendering of services	-	1,792,743
TOTAL		200,544,787	496,649,239

(**) As Note 4, on 17 March 2018, Dai Thang Agricultural Development Co., Ltd. became subsidiary in the Group.

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34. TRANSACTIONS WITH RELATED PARTIES (continued)

34.2 Balance of receivables and payables (continued)

As at the balance sheet date, amounts due to and due from related parties were as follows: (continued)

VND'000				
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Short-term advances to suppliers (Note 7)				
An Phu Group (*)	Related companies	(*)	29,771,109	410,301,606
Tay Nguyen Agriculture Service Co., Ltd.	Related companies	Advance for purchasing goods and service	3,850,000	-
Electric Construction Co., Ltd.	Related companies	Advance for purchasing goods and service	-	2,569,366
TOTAL			33,621,109	412,870,972

(*) Detail balance of An Phu Group were as follows:

VND'000				
An Phu Group		Transactions	Ending balance	Beginning balance
Gia Lai Livestock JSC		Advance for purchase of goods and services	29,771,109	397,012,296
Hoang Tho Material One Member Co., Ltd.		Advance for purchase of goods and services	-	13,016,410
Huynh De Construction JSC		Advance for construction contracts	-	272,900
TOTAL			29,771,109	410,301,606

As at the balance sheet date, amounts due to and due from related parties were as follows: (continued)

VND'000				
Related parties	Relationship	Interest rate % p.a.	Ending balance	Beginning balance
Short-term loan receivables (Note 8)				
An Phu Group (*)	Related companies	(*)	489,039,660	1,090,388,994
Hoang Anh Housing Development and Construction JSC	Related company	9.00 - 11.00	82,203,000	-
Tay Nguyen Agriculture Service Co., Ltd.	Related company	0.00	56,653,075	-
Electric Construction Co., Ltd.	Related company	0.00	5,815,217	-
Mr. Nguyen Quyen	Related party	-	-	935,057,000
Mr. Tu Minh Dang	Related party	-	-	676,200,000
Mr. Hoang Trong Hung	Related party	-	-	516,700,000
Dai Thang Agricultural Development Co., Ltd. (**)	Subsidiary	-	-	445,627,940
Thang Long Agriculture Development Co., Ltd.	Related company	-	-	49,900,700
Mr. Doan Nguyen Duc	Chairman	-	-	33,990,410
Long Thinh JSC	Related company	-	-	4,170,750
Hoang Anh Ban Me JSC	Related company	-	-	2,925,526
TOTAL			633,710,952	3,754,961,320

(**) As Note 4, on 17 March 2018, Dai Thang Agricultural Development Co., Ltd. became subsidiary in the Group.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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34. TRANSACTIONS WITH RELATED PARTIES (continued)

34.2 Balance of receivables and payables (continued)

As at the balance sheet date, amounts due to and due from related parties were as follows: (continued)

Short-term loan receivables (Note 8) (continued)

(*) Detail balance of An Phu Group were as follows:

VND'000			
An Phu Group	Interest rate % p.a.	Ending balance	Beginning balance
Gia Lai Livestock JSC	12.00	313,312,864	185,994,550
An Tien Co., Ltd.	10.00	93,000,000	93,000,000
HAGL Wooden Furniture JSC	12.00	82,726,796	-
An Phu Real Estate Investment JSC	-	-	626,466,204
Thanh Binh Construction and Investment Consultant Co., Ltd.	-	-	123,299,907
Dai Loc Hung Thinh Co., Ltd.	-	-	61,628,333
TOTAL		489,039,660	1,090,388,994

VND'000				
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Other short-term receivables (Note 9)				
An Phu Group (*)	Related companies	(*)	450,594,792	497,088,437
Golden Farm Agriculture and Forestry JSC	Related companies	Payment on behalf	3,589,369	-
Electric Construction Co., Ltd.	Related company	Payment on behalf	1,950,431	-
Mr. Doan Nguyen Duc	Chairman	Interest income	-	33,288,967
Dai Thang Agricultural Development Co., Ltd. (**)	Subsidiary	Lending	-	19,016,297
Mr. Phan Thanh Thu	Council's member	Advance	-	1,853,367
Others related parties	Related company	Interest income and lending	1,124,357	7,617,537
TOTAL			457,258,949	558,864,605

(**) As Note 4, on 17 March 2018, Dai Thang Agricultural Development Co., Ltd. became subsidiary in the Group.

(*) Detail balances of An Phu Group were as follows:

VND'000			
An Phu Group	Transaction	Ending balance	Beginning balance
Thang Long Agricultural Development Co., Ltd.	Lending	200,852,876	-
Phu Hoang Anh JSC	Interest income	157,007,722	159,626,905
	Payment on behalf	2,619,184	-
Gia Lai Livestock JSC	Interest income	19,847,708	156,386,695
	Lending	21,376,469	28,124,334
	Payment on behalf	1,139,938	31,807,278
An Tien Co., Ltd.	Interest income	31,235,470	21,806,304
Hoang Anh Me Kong JSC	Lending	12,624,059	12,624,059
HAGL Wooden Furniture JSC	Payment on behalf	2,192,000	2,556,565
	Interest income	1,682,111	-
Huynh De Construction JSC	Interest income	17,255	17,255
An Phu Real Estate Investment JSC	Interest income	-	44,353,801
Dai Loc Hung Thinh Co., Ltd.	Interest income	-	21,557,241
Thanh Binh Construction and Investment Consultant Co., Ltd.	Interest income	-	18,228,000
TOTAL		450,594,792	497,088,437

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34. TRANSACTIONS WITH RELATED PARTIES (continued)

34.2 Balance of receivables and payables (continued)

As at the balance sheet date, amounts due to and due from related parties were as follows: (continued)

VND'000				
Related parties	Relationship	Interest rate %/p.a.	Ending balance	Beginning balance
Long-term loan receivables (Note 8)				
An Phu Group (**)	Related companies	(**)	6,095,915,457	7,435,714,993
Tay Nguyen Agriculture Service Co., Ltd.	Related company	12.00	22,895,434	-
IAPACCO JSC	Related company	0.00	6,123,820	-
Viet May Investment JSC	Related company	10.00	5,590,000	-
Dai Thang Agricultural Development Co., Ltd. (*)	Subsidiary	-	-	54,052,853
Hoang Anh Ban Me JSC	Related company	-	-	23,193,100
TOTAL			6,130,524,711	7,512,960,946

(*) As Note 4, on 17 March 2018, Dai Thang Agricultural Development Co., Ltd. became subsidiary in the Group.

(**) Detail balances of An Phu Group were as follows:

VND'000			
An Phu Group	Interest rate %/p.a.	Ending balance	Beginning balance
Gia Lai Livestock JSC	12.00	3,884,249,304	3,491,345,993
Le Me JSC	14.00	1,527,347,311	-
Huynh De Construction JSC	10.00	196,731,113	196,731,113
Phu Hoang Anh JSC	10.00	155,872,977	358,488,312
Thanh Binh Construction and Investment Consultant Co., Ltd.	10.00	147,000,000	75,000,000
HAGL Wooden Furniture JSC	10.00	100,000,000	136,261,796
Phuc Bao Minh Construction Service Trading JSC	10.00	50,000,000	50,000,000
Dai Loc Hung Thinh Co., Ltd.	13.00	34,714,752	710,000,000
Saigon Mekong Investing JSC	-	-	1,834,926,927
Hoang Tho Material One Member Co., Ltd.	-	-	381,703,227
An Phu Real Estate Investment JSC	-	-	105,110,065
Minh Tuan Trading and Services Co., Ltd.	-	-	75,481,435
An Tien Co., Ltd.	-	-	20,666,125
TOTAL		6,095,915,457	7,435,714,993

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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34. TRANSACTIONS WITH RELATED PARTIES (continued)

34.2 Balance of receivables and payables (continued)

As at the balance sheet date, amounts due to and due from related parties were as follows: (continued)

VND'000				
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Other long-term receivables (Note 9)				
An Phu Group (**)	Related companies	(**)	328,991,673	639,920,595
Thang Long Agricultural Development Co., Ltd.	Related company	Lending	-	130,284,692
Dai Thang Agricultural Development Co., Ltd. (*)	Subsidiary	Lending	-	117,720,096
		Interest income	-	2,551,686
Others related parties	Related companies	Others	548,630	-
TOTAL			329,540,303	890,477,069

(*) As Note 4, on 17 March 2018, Dai Thang Agricultural Development Co., Ltd. became subsidiary in the Group.

(**) Detail balances of An Phu Group were as follows:

VND'000			
An Phu Group	Transactions	Ending balance	Beginning balance
Gia Lai Livestock JSC	Interest income	146,857,511	260,327,064
	BCC receivable	-	125,750,980
Thanh Binh Construction and Investment Consultant Co., Ltd.	Interest income	43,040,917	9,543,750
Huynh De Construction JSC	Interest income	32,468,560	12,522,211
Le Me JSC	Interest income	29,098,785	-
Dai Loc Hung Thinh Co., Ltd.	Interest income	26,861,748	-
Phu Hoang Anh JSC	Interest income	26,168,409	20,488,121
Phuc Bao Minh Construction Service Trading JSC	Interest income	17,975,000	12,905,556
HAGL Wooden Furniture JSC	Interest income	6,520,743	31,061,435
An Phu Real Estate Investment JSC	Interest income	-	161,975,432
Minh Tuan Trading and Services Co., Ltd.	Lending	-	4,099,189
An Tien Co., Ltd.	Lending	-	1,246,857
TOTAL		328,991,673	639,920,595

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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34. TRANSACTIONS WITH RELATED PARTIES (continued)

34.2 Balance of receivables and payables (continued)

As at the balance sheet date, amounts due to and due from related parties were as follows: (continued)

VND'000				
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Short-term trade payables (Note 19)				
IAPACCO JSC	Related company	Purchase of goods and services	18,760,988	-
East Asia Investment and Construction Consultant JSC	Related company	Purchase of goods and services	10,391,383	-
Gia Lai Livestock JSC	Related company	Purchase of goods and services	4,344,889	102,076,936
HAGL Wooden Furniture JSC	Related company	Purchase of goods and services	4,093,267	84,221,566
Dai Thang Agricultural Development Co., Ltd. (*)	Subsidiary	Purchase of goods and services	-	83,166,966
Hoang Tho Material One Member Co., Ltd.	Related company	Purchase of goods and services	-	9,328,145
Others related parties		Purchase of goods and services	259,851	268,067
TOTAL			37,850,378	279,061,680
Short-term advances from customers (Note 20)				
Gia Lai Livestock JSC	Related company	Advance for construction services	-	194,864,544
Dai Thang Agricultural Development Co., Ltd. (*)	Subsidiary	Advance for purchase of goods and services	-	128,617,878
Others related parties	Related company	Advance for purchase of goods and services	-	621,570
TOTAL			-	324,103,992

(*) As Note 4, on 17 March 2018, Dai Thang Agricultural Development Co., Ltd. became subsidiary in the Group.

VND'000				
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Short-term other payables (Note 23)				
Mr. Doan Nguyen Duc	Chairman	Borrowing	136,000,000	-
		BCC	-	240,000,000
Ms. Doan Thi Nguyen Nguyen	Related party	Borrowing	20,000,000	-
Mr. Nguyen Anh Hoa	Related party	Borrowing	15,305,360	-
Hoang Anh Housing Development and Construction JSC	Associate	Borrowing	11,786,058	-
Le Me JSC	Related company	Borrowing	11,685,000	-
Saigon Mekong Investment JSC	Related company	Temporary borrowings	6,450,000	6,450,000
Hung Thang Loi Gia Lai JSC (*)	Subsidiary	Temporary borrowings	-	500,000,000
		Interest expense	-	10,120,174
Gia Lai Livestock JSC	Related company	Temporary borrowings	-	250,098,890
		Interest expense	-	40,329,333
Tay Nguyen Agricultural Service JSC	Related company	BCC	-	150,000,000
		Temporary Borrowings	-	4,100,000
Mr. Duong Thanh Bich	Related party	BCC	-	150,000,000
Mr. Nguyen Ngoc Mai	Related party	BCC	-	140,000,000
Mr. Nguyen Thuong Trung	Related party	BCC	-	137,000,000
Mr. Thuy Ngoc Dung	Related party	BCC	-	135,000,000
Ms. Nguyen Thi Hong Luyen	Related party	BCC	-	115,000,000
Mr. Tran Quang Dung	Related party	BCC	-	110,000,000

(*) As Note 4, on 17 March 2018, Hung Thang Loi Gia Lai JSC became subsidiary in the Group.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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34. TRANSACTIONS WITH RELATED PARTIES (continued)

34.2 Balance of receivables and payables (continued)

As at the balance sheet date, amounts due to and due from related parties were as follows: (continued)

VND'000				
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Other short-term payables (Note 23) (continued)				
Ms. Ho Thi Kim Chi	Related company	BCC	-	55,500,000
Ms. Le Thuy Duong	Related party	BCC	-	50,000,000
East Asia Investment Construction and Consultant JSC	Related company	Temporary borrowings	-	10,666,989
Hoang Anh Ban me JSC	Related company	Temporary borrowings	-	5,711,421
An Phu Real Estate Investment JSC	Related company	Temporary borrowings	-	3,000,000
An Tien Co., Ltd.	Related company	Temporary borrowings	-	2,654,276
		Dividend	-	2,034,000
Mr Duong Hoang Bac	Related party	Temporary borrowings	-	1,958,300
Huynh De Construction JSC	Related company	Temporary borrowings	-	22,147,125
Others related parties	Related party	Others	1,687,710	3,160,011
TOTAL			202,914,128	2,144,930,519
Other long-term payables (Note 23)				
An Tien Co., Ltd.	Related company	BCC	550,000,000	550,000,000
		Others	2,034,000	-
Mr. Doan Nguyen Duc	Chairman	BCC	180,000,000	-
Ms. Ho Thi Kim Chi	Deputy General Director	BCC	105,000,000	-
Hoang Anh Gia Lai - Bangkok Co., Ltd.	Related company	Others	7,666,626	-
Other related parties	Related party	Others	25,148	77,566
TOTAL			844,725,774	550,077,566

VND'000				
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Short-term accrued expense				
Mr. Doan Nguyen Duc	Chairman	Interest expense	4,001,707	-
Long-term accrued expense				
Mr. Doan Nguyen Duc	Chairman	Interest expense	2,389,416	-
Short-term loans (Note 24)				
Mr. Doan Nguyen Duc	Chairman	Loan	612,995,000	-
Gia Lai Livestock JSC	Related company	Loan	-	298,000,000
Hung Thang Loi Gia Lai JSC (*)	Subsidiary	Loan	-	12,091,300
Mr. Duong Hoang Bac	Related party	Loan	-	7,823,000
TOTAL			612,995,000	317,914,300
Long-term loans (Note 24)				
Mr. Doan Nguyen Duc	Chairman	Loan	129,709,600	-

(*) As Note 4, on 17 March 2018, Hung Thang Loi Gia Lai JSC became subsidiary in the Group.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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34. TRANSACTIONS WITH RELATED PARTIES (continued)

34.3 An Phu Group receivables

Amounts due to from An Phu Group were as follows (extracted from Note 34.2):

By recorded accounts:

	VND'000	
	Ending balance	Beginning balance
Long-term loan receivables	6,095,915,457	7,435,714,993
Short-term loan receivables	489,039,660	1,090,388,994
Other short-term receivables	450,594,792	497,088,437
Short-term trade receivables	200,544,787	496,649,239
Other long-term receivables	328,991,673	639,920,595
Short-term advance to suppliers	29,771,109	410,301,606
TOTAL	7,594,857,478	10,570,063,864

By entities:

	VND'000	
	Ending balance	Beginning balance
Gia Lai Livestock JSC	4,550,604,168	5,134,717,173
Le Me JSC	1,556,446,096	-
Phu Hoang Anh JSC	341,668,291	538,603,338
Huynh De Construction JSC	229,216,928	210,127,665
HAGL Wooden and Furniture JSC	224,338,556	170,427,556
Thanh Binh Construction Investment Consultant Co., Ltd.	219,817,820	257,185,434
Thang Long Agriculture Development Co., Ltd.	200,852,876	-
An Tien Co., Ltd.	124,235,470	136,889,504
Phuc Bao Minh Construction Service and Trading JSC	67,975,000	62,905,556
Dai Loc Hung Thinh Co., Ltd.	61,576,500	793,185,574
Hoang Anh Me Kong JSC	12,624,059	12,624,059
Minh Tuan Trading and Service Co., Ltd.	5,501,714	85,355,361
An Phu Real Estate Investment JSC	-	2,668,212,942
Saigon Mekong Investment JSC	-	381,703,227
Hoang Tho Material Co., Ltd.	-	118,126,475
TOTAL	7,594,857,478	10,570,063,864

As at the date of these financial statements, the Group's total receivables from the An Phu Group as mentioned above were secured by the assets of Mr. Doan Nguyen Duc - Chairman of the Board of Directors, and the assets of other related companies and individuals.

34.4 Remuneration for the member of the Board of Management, the Board of Supervisors, the Board of Directors and the Board's secretary

Net salaries, bonus and remunerations for the members of the Board of Management, the Board of Supervisors, the Board of Directors and the Board's secretary are as follows:

	VND'000	
	Current year	Previous year
Board of Management and Board of Directors		
Salary	11,558,691	10,309,200
Board of Supervisors		
Salary	1,008,000	1,548,000
Board's secretary		
Salary	401,333	132,000
TOTAL	12,968,024	11,989,200

35. COMMITMENTS

Operating lease commitments

As a lease

The Group leases parcels of land in Vietnam, Laos and Cambodia to build factories, football facilities, hotels; office; cattle farm and for rubber trees and other plantations. As at the balance sheet dates, the lease commitments under the operating lease agreements as follows:

	VND'000	
	Ending balance	Beginning balance
Less than one year	29,032,155	98,021,128
From one to five years	116,048,422	709,537,635
More than five years	1,046,633,514	7,397,081,714
TOTAL	1,191,714,091	8,204,640,477

Warranty provision for the airport projects

As at 31 December 2018, the Group has been in progress to construct and complete remaining works of two airport projects namely The Attapeu Airport Construction Project at Attapeu Province and The Nongkhang Airport Construction Project at Huaphan Province, Lao People's Democratic Republic. The Group did not recognise provision for warranty for the two projects, because these projects have not been handed-over to contractors.

As mentioned at section 13.2 of Contract of the Attapeu Airport Construction Project No. LAO-ATP(01) dated January 2013 and section 13.2 of Contract of the Nongkhang Airport Construction Project No. LAO-NKP(01) dated 15 June 2013, the guarantee period is one year after the of handover the project.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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35. COMMITMENTS (continued)

Other commitment

As at 31 December 2018, the Group was the defendant in a dispute relating to Capital contribution agreement signed on 19 December 2011 between FPT Fund Management Joint Stock Company (“FPT Capital”), Hoang Anh Gia Lai Agricultural Joint Stock Company (formerly Hoang Anh Gia Lai Rubber Joint Stock Company or HAG Rubber), Mr. Doan Nguyen Duc - Chairman of the Board of Directors of the Company, in which, FPT Capital sued and requested the Group to buy all 2,242,500 shares of HAG Rubber (HNG) that FPT Capital was holding with the excercise amount of VND’000 141,353,823. Under the terms of the Capital contribution contracts, in any case and at any time after 6 months from the date HAG Rubber got listed (10 July 2015), the Group was obliged to repurchase all of HAG Rubber shares that FPT Capital was holding in case Mr. Doan Nguyen Duc did not implement this commitment.

According to the management’s assessment, at the date of these consolidated financial statements, the terms of the contracts and payment commitments mentioned above contain contents that violate the law, resulting in invalid contract commitments. On 19 October 2018, the Group sent a counterclaim to request the People’s Court of Pleiku City, Gia Lai Province to invalidate the contracts. In addition, at the date of these consolidated financial statements, Mr. Doan Nguyen Duc also committed to be capable of performing potential contract terms that may be convicted by the Court without requiring the Group to incur any other obligation regarding this contract.

36. OFF BALANCE SHEET ITEMS

ITEM	Ending balance	Beginning balance
Foreign currencies:		
- Laos KIP (LAK)	120,520,076	1,307,232,151
- Cambodia Riels (KHR)	84,386,864	215,851,975
- United States Dollar (USD)	1,860,416	3,083,091
- Euro (EUR)	455	7,143
- Myanmar Kyat (MMK)	-	525,633,509
- Thai Baht (THB)	-	3,093,096

37. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the Group’s risks and rates of return are affected predominantly by differences in the products and services provided. Secondary information is reported geographically, therefore:

- external sales by geographic area based on the location of the customer, if the outward sales of each part accounts for 10% or more of the total external sale;
- the total remaining value of part assets according to the position of the assets, if the properties of each part account for 10% or more of total assets of all geographical areas; and
- total expenses incurred in the year to purchase fixed assets - part assets expected to be used more than one year (tangible fixed assets, intangible fixed assets and other long-term assets) according to their position property, if the property of that part accounts for 10% or more of the total assets of segments,

37.1 Business segment

The Group’s business activities are organised and managed according to the nature of the products and services provided by the Group with each of them being a strategic business unit providing various products and serving in different markets.

Prices applied to transactions between divisions are determined on an arm-length basis similar to those of third parties. Revenue, costs and income statement of divisions including transactions between departments. These transactions are excluded when preparing the consolidated financial statements.

The Group’s geographical segment is determined by the location of the Group’s assets. External sales revenue presented in geographical segments is determined based on the geographical location of customers of the Group.

For management purposes, the Group is organised into business units based on their products and services, and has seven reportable operating segments as follows:

- Real estate: developing apartment projects for sale and lease; managing and development properties;
- Production: producing and trading fertilizers, pipes and other tools and supplies;
- Trading and services: asset management and trading of goods;
- Construction: construction of apartments, airport and cowshed;
- Power: developing and operating hydropower plants;
- Mining: exploiting and selling iron ore (ceased operation); and
- Agriculture: planting rubber, sugarcane and palm oil trees, processing and trading of rubber latex, rubber wood, sugar, palm oil and other tree plantations and livestock.

Management monitors the operating results of its business units separately for the purposes of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. The financing, including finance costs and finance revenue, and income taxes are managed on a Group basis and are not allocated to operating segments.

The segment information of the hospitality industry has been combined into the trading and services industry during the period as the hospitality industry is currently not the Group’s core business.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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37. SEGMENT INFORMATION (continued)

37.1 Business segment (continued)

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segment:

								VND'000
	<i>Real estate</i>	<i>Production</i>	<i>Trading and services</i>	<i>Construction</i>	<i>Agriculture</i>	<i>Power</i>	<i>Eliminations</i>	<i>Total</i>
For the year ended 31 December 2017								
<i>Revenue</i>								
External customers	782,795,151	464,954,062	606,673,377	80,381,541	2,906,420,943	-	-	4,841,225,074
Inter-segment elimination	-	347,049,601	66,190,098	8,072,330	616,520,622	-	(1,037,832,651)	-
Total	782,795,151	812,003,663	672,863,475	88,453,871	3,522,941,565	-	(1,037,832,651)	4,841,225,074
Segment results	341,345,337	257,259,508	161,539,394	22,475,012	948,922,826	-	-	1,731,542,077
Unallocated expenses								(1,250,947,281)
Profit before income tax, financial income and financial expense								480,594,796
Financial income								1,665,916,448
Financial expense								(1,697,932,438)
Share loss from associates								(18,433,513)
Profit before tax								430,145,293
Current income tax expense								(24,802,221)
Deferred income tax expense								(33,735,757)
Profit after tax for the year								371,607,315
As at 31 December 2017								
<i>Assets and liabilities</i>								
Segment assets	10,108,173,230	5,743,353,617	339,487,886	173,418,104	30,725,856,836	3,420,834,551	-	50,511,124,224
Cash of the Group								141,473,491
Investments in associates								847,332,517
Unallocated assets								1,562,197,424
Total assets								53,062,127,656
Segment liabilities	(5,182,475,843)	(6,616,331,417)	(68,879,664)	(260,523,722)	(21,807,357,090)	(2,933,736,948)	-	(36,869,304,684)
Unallocated liabilities								1,595,149,706
Total liabilities								(35,274,154,978)

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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37. SEGMENT INFORMATION (continued)

37.1 Business segment (continued)

								VND'000
	<i>Real estate</i>	<i>Production</i>	<i>Trading and services</i>	<i>Construction</i>	<i>Agriculture</i>	<i>Power</i>	<i>Eliminations</i>	<i>Total</i>
For the year ended 31 December 2018								
<i>Revenue</i>								
External customers	567,372,089	470,270,787	406,544,334	22,667,344	3,921,345,846	-	-	5,388,200,400
Inter-segment elimination	-	427,371,708	66,985,430	-	982,375,852	-	(1,476,732,990)	-
Total	567,372,089	897,642,495	473,529,764	22,667,344	4,903,721,698	-	(1,476,732,990)	5,388,200,400
Segment results	301,161,009	310,474,238	38,503,195	(2,798,549)	1,727,365,281	-	-	2,374,705,174
Unallocated expenses								(2,074,963,839)
Profit before income tax, financial income and financial expense								299,741,335
Financial income								1,404,799,179
Financial expense								(1,721,684,164)
Share loss from associates								64,840,488
Profit before tax								47,696,838
Current income tax expense								(2,998,375)
Deferred income tax expense								(38,454,058)
Profit after tax for the year								6,244,405
As at 31 December 2018								
<i>Assets and liabilities</i>								
Segment assets	562,947,574	6,705,004,847	328,813,728	635,254,936	33,170,287,045	3,136,811,361	-	44,539,119,491
Cash of the Group								337,736,719
Investments in associates								2,771,892,520
Unallocated assets								462,692,886
Total assets								48,111,441,616
Segment liabilities	(928,303)	(8,448,995,001)	(51,841,968)	(9,229,926)	(19,857,001,631)	(2,589,612,515)	-	(30,957,609,344)
Unallocated liabilities								(342,945,586)
Total liabilities								(31,300,554,930)

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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37. SEGMENT INFORMATION (continued)

37.2 Geographical segment

The following tables present revenue, expenditure and certain asset information regarding the Group's geographical segments:

	VND'000					
	Vietnam	Laos	Cambodia	Myanmar	Others	Total
For the year ended 31 December 2017						
<i>Revenue</i>						
Sales to external customers	2,095,062,446	1,331,396,451	185,986,793	1,108,579,730	120,199,654	4,841,225,074
Capital expenditure	236,117,052	711,056,002	320,878,133	30,068,437	7,019	1,298,126,643
As at 31 December 2017						
<i>Others segment information</i>						
Segment assets	16,833,346,285	15,622,303,647	9,765,409,189	6,301,084,842	55,124,130	48,577,268,093
Cash						141,473,491
Investment in associates						847,332,517
Unallocated assets						3,496,053,555
Total assets						53,062,127,656
For the year ended 31 December 2018						
<i>Revenue</i>						
Sales to external customers	2,404,557,735	1,425,895,038	462,576,959	709,295,233	385,875,435	5,388,200,400
Capital expenditure	369,573,685	1,376,177,891	738,160,181	123,728,000	-	2,607,639,757
As at 31 December 2018						
<i>Others segment information</i>						
Segment assets	14,312,987,426	18,630,100,529	11,175,137,728	-	-	44,118,225,683
Cash						337,736,719
Investment in associates						2,771,892,520
Unallocated assets						883,586,694
Total assets						48,111,441,616

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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38. RECLASSIFICATION OF CORRESPONDING FIGURES

In addition, certain corresponding figures on the Group's consolidated balance sheet as at 31 December 2017 have been reclassified to reflect the presentation of the current year's consolidated financial statements accordance with guidance in Circular 200/2014/TT-BTC Guidance on Enterprise accounting regime issued by the Ministry of Finance on 22 December 2014. Details are as follows:

			VND
	Beginning balance (previously stated)	Reclassification	Beginning balance (restated)
CONSOLIDATED BALANCE SHEET			
Short-term advance from customers	3,595,954,762	(431,809,106)	3,164,145,656
Short-term accrued expense	1,231,386,531	397,103,920	1,628,490,451
Short-term unearned revenue	13,984,482	300,140,104	314,124,586
Other short-term payable	3,755,607,293	(397,103,920)	3,358,503,373
Long-term accrued expense	987,071,192	332,106,423	1,319,177,615
Long-term unearned revenue	-	131,669,002	131,669,002
Other long-term payable	1,269,645,155	(332,106,423)	937,538,732

39. EVENTS AFTER THE BALANCE SHEET DATE

No significant events after the balance sheet date are required to be adjusted or presented in the consolidated financial statements of the Company.



Tran Thi Thanh Hieu

Preparer



Le Truong Y Tram

Chief Accountant



Vo Truong Son

General Director

30 March 2019



HAGL Group

The 2018 Annual Report of Hoang Anh Gia Lai Joint Stock Company is established as printed version and also published online, should you be interested, please visit our website www.hagl.com.vn

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