



HOANG ANH GIA LAI GROUP • **SOLIDIFYING TRUSTS** • ANNUAL REPORT 2015

# Table of contents

## 02 SOLIDIFYING TRUSTS

- 03 Vision, mission
- 04 General information
- 06 Preliminary financial information
- 08 Message from the Chairman of the Board of Directors

## 10 STRENGTHENING FOUNDATION

- 12 Key milestones
- 14 Outstanding events in 2015
- 18 Administration model & Administrative organization
- 22 Related companies
- 24 Business sectors
- 26 Products and services
- 36 Orientation of the Group's activities
- 40 Achievements in 2015

## 42 GENERATING MOMENTUM FOR DEVELOPMENT

- 44 Information on the Board of Directors
- 46 Information on the Board of Management
- 47 Information on the Board of Supervision
- 48 Organization and personnel
- 50 Report of operations in 2015
- 56 Report of the Board of Management
- 60 Report of the Board of Directors
- 62 Structure of shareholders

## 64 CREATING VALUES

- 66 Management activities
  - + Activities of the Board of Directors
  - + Report of the Board of Supervision
  - + Risk management
  - + Investor relation

## 74 FAITH IN THE FUTURE

- 76 Sustainable development
  - + Economic development
  - + Care provision for employees and support for social communities
  - + Environmental protection
  - + Mutual development

## 96 FINANCIAL STATEMENTS

- 98 General information
- 100 Report of management
- 101 Independent auditors' report
- 103 Consolidated balance sheet
- 105 Consolidated income statement
- 106 Consolidated cash flow statement
- 108 Notes to the consolidated financial statements



# SOLIDIFYING TRUSTS



Overcoming difficulties of the market as well as challenges of the process of restructuring and changing business functions, together with the achievements after a time of investment and integration, Hoang Anh Gia Lai has been improved better and better for the purpose of bringing sustainable and long-term values and building trusts over time. “Fire proves gold, adversity proves men”, Hoang Anh Gia Lai decides to aim at long-term development targets and ensures long-term benefits for the Company’s investors, partners and customers as well as for the whole society.



## VISION

To become a leading Group in Vietnam and in the region in agribusiness.

## MISSION

To maintain the 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.

## GENERAL INFORMATION



### TRANSACTION NAME

**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



### BUSINESS REGISTRATION CERTIFICATE

**Business code**  
5900377720

**Registered for the first time**  
1<sup>st</sup> June 2006



**CHARTER CAPITAL**  
VND 7,899,679,470,000



**FACE VALUE PER SHARE**  
VND 10,000

**Business registration certificate**  
No. 3903000083 dated 1<sup>st</sup> June 2006 granted by  
the Department of Planning and Investment of  
Gia Lai Province (registered for the first time).

**The 27<sup>th</sup> amended certificate**  
18<sup>th</sup> June 2015



**SECURITIES CODE**  
HAG



**TOTAL NUMBER OF SHARES**  
789,967,947

**Address:** 15 Truong Chinh, Phu Dong Ward,  
Pleiku City, Gia Lai Province

**Tel:** (+84) 59 222 5888

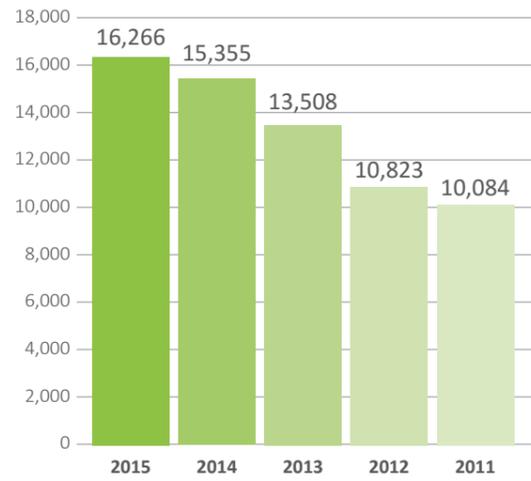
**Fax:** (+84) 59 222 2335

**Website:** [www.hagl.com.vn](http://www.hagl.com.vn)

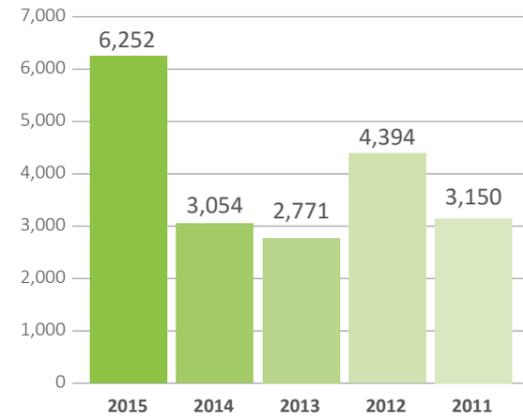


# PRELIMINARY FINANCIAL INFORMATION

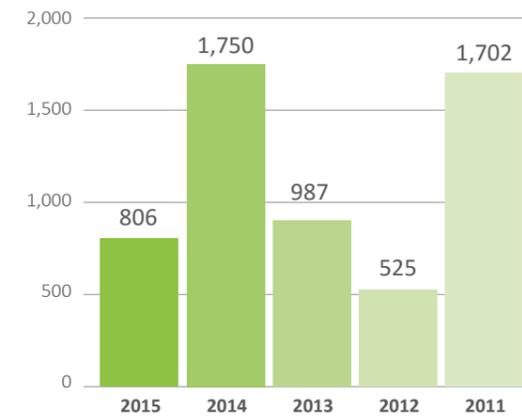
**OWNER'S EQUITY (VND Billion)**



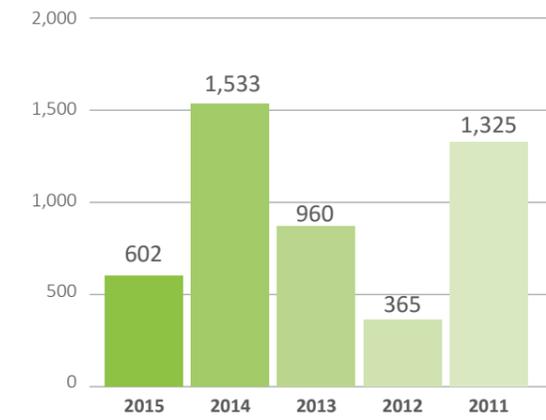
**NET REVENUE (VND Billion)**



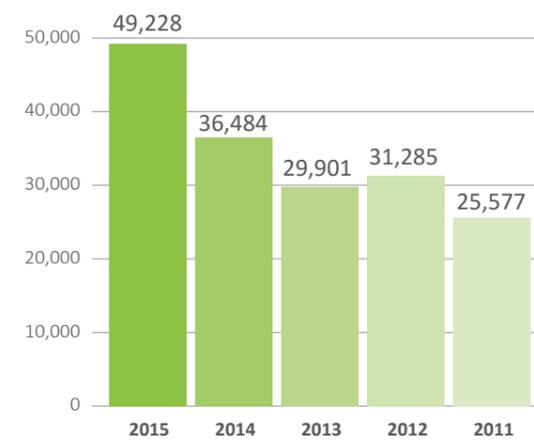
**PROFIT BEFORE TAX (VND Billion)**



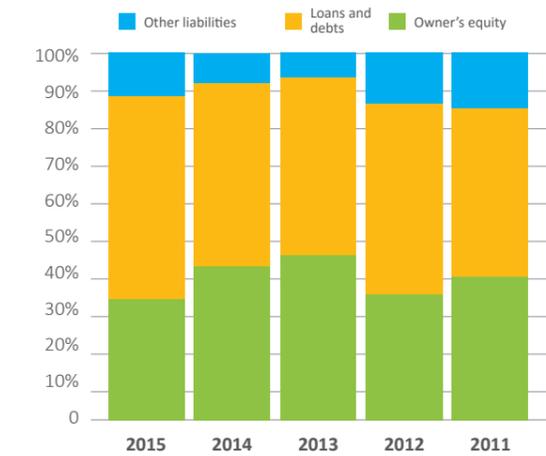
**PROFIT AFTER TAX (VND Billion)**



**TOTAL ASSETS (VND Billion)**



**LIABILITIES AND OWNER'S EQUITY**



## MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



### *Dear shareholders and investors !*

First of all, on behalf of the Board of Directors, I would like to express my sincere thanks to the shareholders and investors who have been accompanying with HAGL over the recent years.

As for HAGL, the year 2015 is full of difficulties and challenges. The drastical drop of rubber price from the top of USD 5,750/ton in February 2011 down to just approximately USD 1,000/ton and El Nino phenomenon have caused certain effects on HAGL's operation, leading to the fact that the revenue and profit of last year have not met our expectations. We really wish to receive the sympathies of the shareholders and investors. We commit to make every effort to overcome difficulties, to maintain and develop the huge properties being managed by the Company so that these properties can bring in the highest value. Indeed, we need more time and patience of the shareholders and investors.

Reviewing HAGL's operations in 2015, as we can see, the serious decline of rubber and crude palm oil prices has directly caused bad effects on the operating and investing activities of an enterprise owning a huge area of rubber and oil palm plantation like HAGL.

The average manufacturing cost of each ton of rubber latex of HAGL in 2015 is approximately VND 35 million/ton (including loan interest expenses and depreciation expenses), which is equivalent to the average cost of this sector. However, with the serious decline of rubber price, even the plantations having the lowest expenses and high productivity also find it difficult to recoup the investments. Consequently, HAGL has controlled the expansion of rubber tapping area to wait for the recovery of rubber price.

In 2015, the consumption of 66,337 heads of cow of HAGL has brought in VND 2,541 billion in revenue, making up 41% of the total revenue. However, regarding livestock sector, due to the unfavourable effects of weather on grassland, the number of consumed cows and the profit margin have also fallen short of our expectations. The only flash is that the sugarcane sector has maintained its productivity and output, satisfying the planned revenue. In respect of the real estate project in Myanmar, the delay of putting the office building for lease and 5-star hotel into operation has resulted from the impacts of disadvantageous factors related to labourers and materials imported into Myanmar to complete the final stages. Generally, the year 2015 is a difficult year for HAGL when most of the targets, especially profit, could not be reached.

Regarding investment situation, in 2015, HAGL did not expand anymore rubber planting area and still maintained the total planting area at 90,000 ha. In which, the planting areas of rubber, oil palm and sugarcane are 38,428 ha, 28,626 ha and 6,000 ha respectively, and the remains are planting areas

“ With many huge investments in Laos and Cambodia as well as initial remarkable success in business, **HAGL has been recognized by the governments of these countries**, helping to strengthen the friendly relationships and impulse the commercial exchanges with these countries and then speed up the economic growth in the region. ”

of other plants. Regarding the real estate project in Myanmar, HAGL has focused on completing Phase 1 and putting the commercial center and office building for lease into operation at the end of 2015; particularly, the 5-star hotel should be given 6 months more to be finished, decorated and recruited personnel for its grand opening event.

In 2016, HAGL will try to reduce the disbursements for investment projects, mainly make investment in maintaining and nursing plantations in development phase and completing the processing plants. It is expected that the plan of building palm oil processing plants in Cambodia and Laos will be finished in the 3<sup>rd</sup> quarter of 2016 and in the first half of 2017 respectively. The construction of phase 2 of Myanmar project will be mainly based on the proceeds of phase 1 and the sales of apartments of phase 2.

In 2015, HAGL has also done many activities related to sustainable developments. In addition to the values which can be directly contributed to the local and State budgets, HAGL's investments in many large scale projects in Vietnam, Laos, Cambodia and Myanmar has given favourable conditions and strong motive force for economic development of the project areas by offering many jobs to thousands of local people. Being the pioneer in investing high technology in agribusiness, HAGL has contributed to the gradual change of the traditional manufacturing habits into modern manufacturing, fixed cultivation and sedentarization, helping to improve the living quality and bring earnings to local people who live in the project areas. With many big investments in Laos and Cambodia as well as initial remarkable success in business, HAGL has been recognized by the governments of these countries, helping to strengthen the friendly relationships and impulse the commercial exchanges with these countries and then speed up the economic growth in the region.

In 2016, rubber price has got some signs of recovery, mostly thanks to the decrease of supply and the restoration of oil price. Besides, the key and irreplaceable role of natural rubber latex in manufacturing tyres is one of the factors impulsing the rebound of rubber price. Palm oil price is expected to slightly rise too, thanks to its key and irreplaceable role among other kinds of oil and fat supply in the world. The demand for

palm oil is still expected to maintain at an average grow rate of 6.7%/year, thanks to the development of biological fuel manufacturing sector in Asia and the satisfactory growth of food consumption rates in China and India. Consequently, we hope that in 2016, the demand will exceed supply and the price will rise again.

Regarding sugarcane sector, HAGL enjoys the incentive import tax rate of 0% in accordance with the Border Trade Agreement.

Regarding livestock sector, although this sector has just come into operation, it could bring in remarkable revenue accounting for 41% of the total revenue of HAGL. Thus, this is still the key sector of HAGL in the upcoming development orientation.

Regarding the real estate project in Myanmar, HAGL has strived for reaching the rates of leasing commercial center surface and leasing offices at more than 95% and more than 80% respectively. Moreover, all of 429 rooms of the 5-star hotel are expected to be put into operation.

Regarding financing activities, HAGL is now encountering difficulties with its cash flow; however, we think that these difficulties are temporary since HAGL's projects have many valuable assets that can create cash flows to settle the Company's liabilities once they are continually invested, paid attention to and managed better. With the re-structuring of liabilities, we are confident to overcome difficulties and keep on our development.

Finally, we would like to express our sincere thankfulness to everyone, including the members of the Board of Directors, the management and employees for your devotion to and companionship with HAGL to go through the hard time. We also want to show our gratitude to our partners, customers and shareholders for your continual supports over the past time.

Chairman of the BOD  
**DOAN NGUYEN DUC**



# STRENGTHENING FOUNDATION

# KEY MILESTONES

## BEGINNING STAGE

1990 - 1993

**Sole proprietorship enterprise:**  
Furniture production



### 1990

A small furniture workshop

### 1993

Building the first furniture factory;  
Establishing Hoang Anh Gia Lai Enterprise

## PUBLIC STAGE

2002 - 2012

**Public company:**  
Real estate was the key business while diversification strategies were being implemented



### 2002

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

### 2006 - 2007

Transforming from a sole proprietorship enterprise to a joint stock company

## SUSTAINABLE DEVELOPMENT STAGE

2013 - PRESENT

**Focusing on developing 2 main sectors:**  
Agribusiness and real estate



### AGRICULTURE

Rubber, sugarcane, oil palm, raising beef and dairy cows

#### Rubber

Current planted area is 38,428 ha

#### Oil palm

Current planted area is 28,626 ha

#### Sugarcane

Current planted area is 6,000 ha

#### Raising cows

At the end of 2015, HAGL has imported 130,000 cows to raise in the Company's farms in Gia Lai, Laos and Cambodia.

### REAL ESTATE

Spinning off subsidiaries owning apartment projects in Vietnam from the Group, only retaining some projects owned by Hoang Anh Housing Development and Construction JSC, in which Hoang Anh Gia Lai Myanmar Center project plays the key role.

## OUTSTANDING EVENTS 2015

February 2015

### H.E. SOMSAVAT LENGSAVAD, DEPUTY PRIME MINISTER OF LAOS, "THE FIRST CALLER ON NEW YEAR'S DAY" TO HAGL ATTAPEU

On 24 February 2015, falling on the 6<sup>th</sup> day of Tet, the Deputy Prime Minister of Laos, Somsavat Lengsavad accompanied by a delegation of senior government officers of Laos played the first callers to HAGL cattle farm in Attapeu Province, Laos. This is a model of advanced cattle raising farm that can produce Australian beef of high quality. The Deputy Prime Minister

hailed HAGL Group's leaders for their responsibility and endeavour to comply with requirements for environmental impacts, to make plenty of positive contributions to the economic development of Laos, improving the social welfare of local people.



March 2015

### LEADERS OF THE STATE, THE FATHERLAND FRONT VISITING HOANG ANH GIA LAI MYANMAR PROJECT

During his friendship visit to Myanmar, Mr. Nguyen Thien Nhan, Politburo Member and President of the Central Committee of the Vietnam Fatherland Front (VFF) had a meeting with Vietnamese businesses and representatives of the host country's governing departments. Also in this visit, President Nguyen Thien Nhan made a tour of the HAGL Myanmar Center invested by HAGL in Myanmar with a total value of USD 440 million. On 12 March 2015, Vice President Nguyen Thi Doan paid a visit to the project of Hoang Anh Gia Lai in Yangon, Myanmar. On behalf of the leaders of the Communist Party and the State, Vice President Nguyen Thi Doan praised the endeavor and efforts of HAGL Group. Vice President suggested that the Ministry of Planning and Investment as well as related ministries actively give supports to HAGL Group in order to create the most favorable conditions so that HAGL Myanmar project can bring high economic effectiveness, forming a good image of the relationship between Vietnam and Myanmar.



June 2015

### PHASE 1 HANDOVER CEREMONY OF HOANG ANH GIA LAI MYANMAR CENTER

On 23 June 2015, Prime Minister of Vietnam Nguyen Tan Dung, Vice President of Myanmar Sai Mauk Kham, together with the high-ranking delegations of Vietnam and Myanmar and around 400 enterprises from these two countries attended the Phase 1 Handover Ceremony of Hoang Anh Gia Lai Myanmar Center. There were some items being put into operation including a commercial center and two 27-storey office buildings of Grade A for lease with the net lettable area (NLA) of 192,000 m<sup>2</sup>; and a five-star 23-storey hotel of 429 rooms under the brand name of Melia Yangon. Prime Minister Nguyen Tan Dung lauded the efforts and good performance of HAGL, requested businesses to continue participating in social security activities, helping to improve the living standards of Myanmar residents, significantly contributing to the socio-economic development of Myanmar, strengthening the good relations between the two countries.

## OUTSTANDING EVENTS

### 2015 (continued)

June 2015

#### PRESS AND INVESTORS' FIELD TOUR OF HAGL'S PROJECT SITES IN LAOS, CAMBODIA AND VIETNAM

Following the inauguration of the Attapeu International Airport, from 30 May 2015 to 1 June 2015, HAGL arranged a three-day field trip of the Group's projects in Laos, Cambodia and Vietnam for over 60 investors, representatives from investment funds, stock companies and press agencies, etc. HAGL CEO Vo Trung Son together with other Group leaders directly guided the visitors around the rubber and sugarcane plantations, and cattle farms.



November 2015

#### MINISTER OF PUBLIC SECURITY TRAN DAI QUANG VISITED HAGL AND HAGL ARSENAL - JMG - ACADEMY

On 26 November 2015, General Tran Dai Quang, Politburo member, Minister of Public Security and Head of Central Highlands Steering Committee together with a work team visited the head office of HAGL Group. Minister Tran Dai Quang appreciated the fact that HAGL has confidently and actively made big investment in agribusiness and livestock sectors with initial significant socioeconomic efficiency, has enhanced social and environmental activities to bring more jobs to local people so that they can have better lives. On the same day, Minister Tran Dai Quang and his team visited HAGL Arsenal - JMG - Academy. The Minister intimately wished the trainees many efforts to become good players in the future and bring fame to Vietnamese football on the world's arena.



July 2015

#### HNG SHARES OFFICIALLY LAUNCHED ON HO CHI MINH STOCK EXCHANGE (HSX)



On 20 July 2015, Ho Chi Minh Stock Exchange held a ceremony to hand over the listing decision of the shares of Hoang Anh Gia Lai Agricultural Joint Stock Company with the securities code HNG.

August 2015

#### HAGL FORMALLY ADMITTED INTO THE GENERAL COUNCIL OF AGRICULTURE AND RURAL DEVELOPMENT OF VIETNAM

For the purpose of uniting efforts for the agricultural development of Vietnam, HAGL Group and Chairman of the Board of Directors – Mr. Doan Nguyen Duc applied for membership of the General Council of Agriculture and Rural Development of Vietnam.

On 25 August 2015, Mr. Ho Xuan Hung - Chairman of the General Council of Agriculture and Rural Development of Vietnam handed over to Mr. Vo Trung Son, General Director of HAGL Group, the Decision No. 79/QD-THNNVN granting HAGL Group official membership of the Council; Chairman of the Board of Directors Doan Nguyen Duc being an individual member of the Council. HAGL is the pioneer in investing and adopting advanced technology in agribusiness to manufacture products of high quality and productivity.



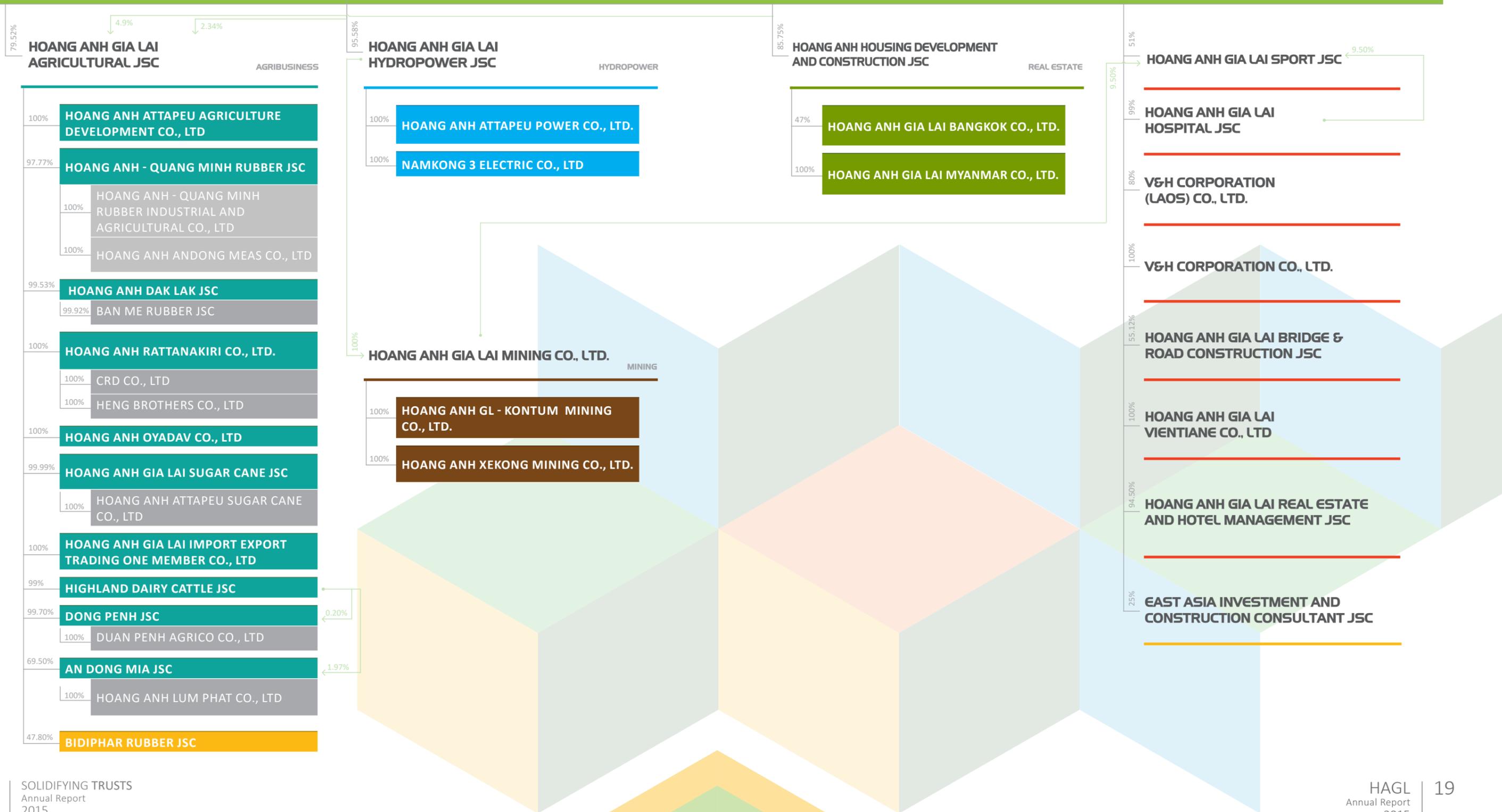
On 5 December 2015, HAGL Group officially opened Myanmar Plaza - the most modern and largest commercial center in Yangon City. With a total NLA of 40,000 m<sup>2</sup>, Myanmar Plaza has been put into operation under international standards with all items, meeting the consumption and entertainment demands of customers. Myanmar Plaza has made a breakthrough in Myanmar's retail market at the occupancy rate of 95% with hundreds of big brand names of the world and Myanmar.

December 2015

#### GRAND OPENING OF MYANMAR PLAZA

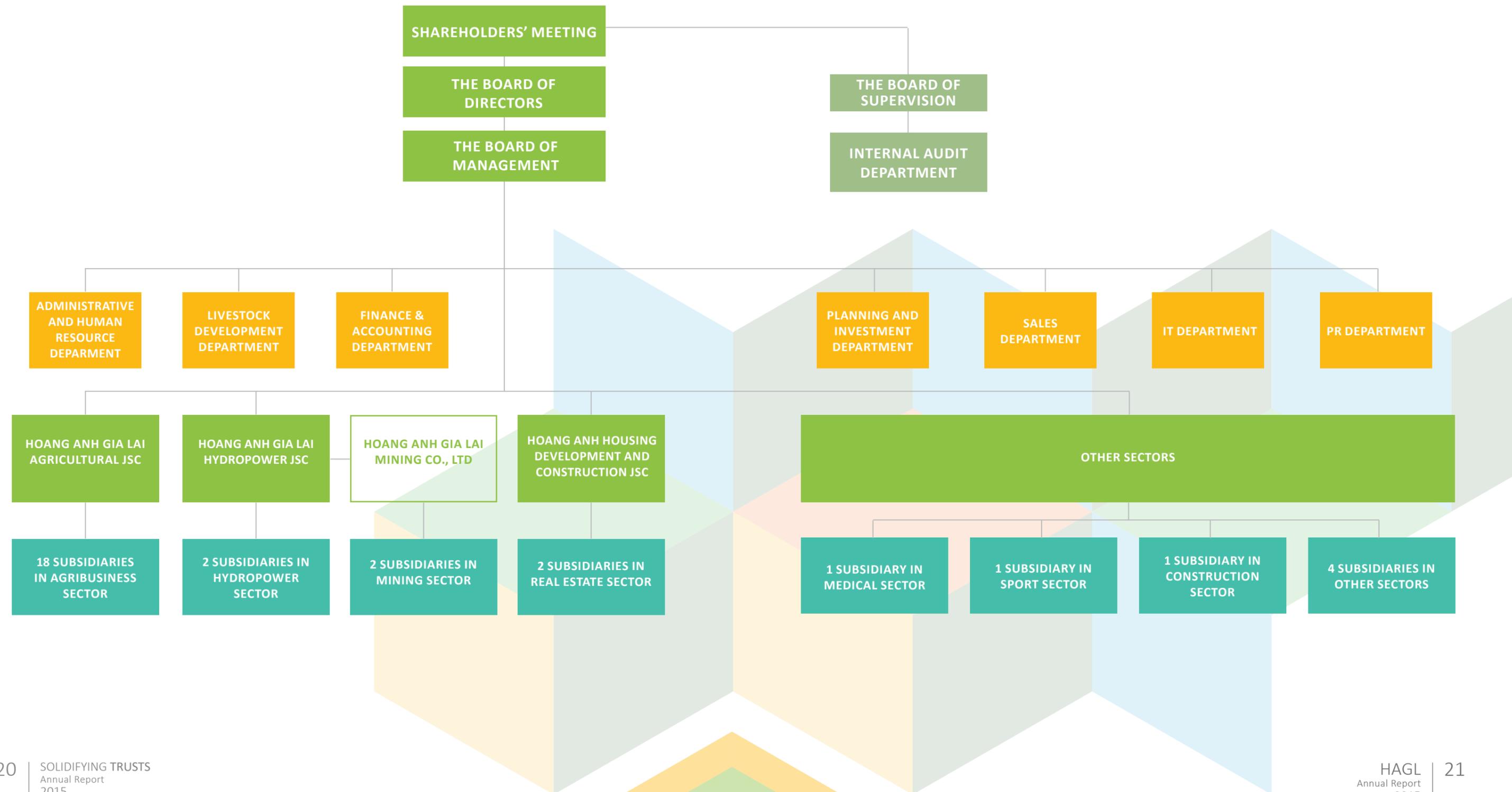
# ADMINISTRATION MODEL

## HOANG ANH GIA LAI JOINT STOCK COMPANY as at 31 December 2015



## ADMINISTRATIVE ORGANIZATION

Hoang Anh Gia Lai Group includes the parent company, 3 major corporations in charge of relevant sectors and 32 subsidiaries as in the following organizational structure:



## INFORMATION ON RELATED COMPANIES

COMPANIES	ADDRESS	RATES
<b>REAL ESTATES</b>		
1 HOANG ANH HOUSING DEVELOPMENT AND CONSTRUCTION JSC	No. 783 Tran Xuan Soan, Tan Hung Ward, District 7, Ho Chi Minh City, Vietnam	85.75%
2 HOANG ANH GIA LAI - BANGKOK CO., LTD.	Soi Sua Yai Uthit, Ratchada Phisek Street, Bangkok, Thailand	40.30%
3 HOANG ANH GIA LAI MYANMAR CO., LTD.	No. 192, Kaba Aye Pagoda, Bahan District, Yangon, Myanmar	85.75%
<b>HYDROPOWER</b>		
4 HOANG ANH GIA LAI HYDROPOWER JSC	No. 15 Truong Chinh Street, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	95.58%
5 HOANG ANH ATTAPEU POWER CO., LTD.	Phai Village, Saysettha District, Vientiane, Laos	95.58%
6 NAMKONG 3 ELECTRIC CO., LTD.	Vatluong Village, Samackhixay District, Attapeu Province, Laos	95.58%
<b>AGRIBUSINESS</b>		
7 HOANG ANH GIA LAI AGRICULTURAL JSC	No. 15 Truong Chinh Street, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	85.95%
8 HOANG ANH GIA LAI IMPORT - EXPORT TRADING ONE MEMBER CO., LTD.	No. 859 Truong Chinh Street, Chi Lang Ward, Pleiku City, Gia Lai Province, Vietnam	85.95%
9 HOANG ANH GIA LAI SUGAR CANE JSC	No. 15 Truong Chinh Street, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	85.94%
10 HOANG ANH ATTAPEU SUGAR CANE CO., LTD.	Nasuak Village, Phouvong District, Attapeu Province, Laos	85.94%
11 HOANG ANH - QUANG MINH RUBBER JSC	No. 15 Truong Chinh Street, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	84.03%
12 HOANG ANH - QUANG MINH RUBBER INDUSTRIAL AND AGRICULTURAL CO., LTD.	18B Street, Khanmaccong Village, Saysettha District, Attapeu Province, Laos	84.03%
13 HOANG ANH DAK LAK JSC	No. 40 Hung Vuong Street, Tu An Ward, Buon Ma Thuot City, Dak Lak Province, Vietnam	85.94%
14 BAN ME RUBBER JSC	No. 40 Hung Vuong Street, Tu An Ward, Buon Ma Thuot City, Dak Lak Province, Vietnam	85.48%
15 HOANG ANH ATTAPEU AGRICULTURE DEVELOPMENT CO., LTD.	Km 30, 18B Street, Hatxan Village, Saysettha District, Attapeu Province, Laos	85.95%
16 HOANG ANH ANDONG MEAS CO., LTD.	Rattanakiri, Cambodia	84.03%
17 HOANG ANH OYADAV CO., LTD.	Village 3, National Road 78, Labanseak Ward, Banlung City, Rattanakiri Province, Cambodia	85.95%
18 HENG BROTHERS CO., LTD.	No. 8, Road 99, Boeung Trabek Ward, Chamkarmon District, Phnom Penh, Cambodia	85.95%
19 CRD CO., LTD.	No. 1 Road 291, Sangkat Boeung Kak 1 Ward, Khan Toul Kork District, Phnom Penh, Cambodia	85.95%

COMPANIES	ADDRESS	RATES
20 HOANG ANH RATTANAKIRI CO., LTD.	Village 3, National Road 78, Labanseak Ward, Banlung City, Rattanakiri Province, Cambodia	85.95%
21 HIGHLAND DAIRY CATTLE JSC	No. 15 Truong Chinh Street, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	85.09%
22 DONG PENH JSC	No. 859 Truong Chinh Street, Chi Lang Ward, Pleiku City, Gia Lai Province, Vietnam	85.69%
23 DAUN PENH AGRICO CO., LTD.	CheyOdom Commune, Lumphat District, Rattanakiri Province, Cambodia	85.69%
24 AN DONG MIA JSC	No. 20 Phan Boi Chau Street, Hoi Thuong Ward, Pleiku City, Gia Lai Province, Vietnam	61.41%
25 HOANG ANH LUMPHAT CO., LTD.	Village 3, National Road 78, Labanseak Ward, Banlung City, Rattanakiri Province, Cambodia	61.41%
26 BIDIPHAR RUBBER JSC	No. 498 Nguyen Thai Hoc Street, Quy Nhon City, Binh Dinh Province, Vietnam	40.99%
<b>MINING</b>		
27 HOANG ANH GIA LAI MINING CO., LTD.	No. 15 Truong Chinh Street, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	95.58%
28 HOANG ANH GL – KONTUM MINING CO., LTD.	No. 394 Tran Phu Street, Quan Trung Ward, Kontum City, Kontum Province, Vietnam	95.58%
29 HOANG ANH XEKONG MINING CO., LTD.	Khanmakong Village, Samackhixay District, Attapeu Province, Laos	95.58%
<b>CONSTRUCTION, TRADING AND SERVICES</b>		
30 HOANG ANH GIA LAI SPORT JSC	No. 01 Phu Dong Street, Pleiku Province, Gia Lai Province, Vietnam	69.48%
31 HOANG ANH GIA LAI HOSPITAL JSC	Le Duan Street, Tra Ba Ward, Pleiky City, Gia Lai Province, Vietnam	99.00%
32 V&H CORPORATION (LAOS) CO., LTD.	Vatnacnhay Village, Sisattanak District, Vientiane, Laos	80.00%
33 V&H CORPORATION CO., LTD.	Vatnacnhay Village, Sisattanak District, Vientiane, Laos	100.00%
34 HOANG ANH GIA LAI BRIDGE & ROAD CONSTRUCTION JSC	No. 15 Truong Chinh Street, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	55.12%
35 HOANG ANH GIA LAI VIENTIANE CO., LTD.	Vatchan Village, Chanthabouly District, Vientiane, Laos	100.00%
36 HOANG ANH GIA LAI REAL ESTATE AND HOTEL MANAGEMENT JSC	No. 01 Nguyen Van Linh Street, Nam Duong Ward, Hai Chau District, Da Nang City, Vietnam	94.50%
37 EAST ASIA INVESTMENT AND CONSTRUCTION CONSULTANT JSC	No. 7/1 Thanh Thai Street, District 10, Ho Chi Minh City, Vietnam	25.00%

# BUSINESS SECTORS



## RUBBER

38,428 ha have been planted in Vietnam, Laos and Cambodia.

The advantages of HAGL are to own a contiguous low-cost land bank and to have a skillful and experienced workforce specializing in agriculture and forestry.



## OIL PALM

HAGL has experimented to plant oil palm trees since 2012 with 4,000 ha. Until the end of 2015, 28,626 ha have been planted, in which 7,055 ha and 21,571 ha have been planted in Attapeu, Laos and Rattanakiri, Cambodia respectively.



## SUGARCANE

HAGL has completed the investment in sugar industrial complex in Samakhixay and Phouvong Districts, Attapeu Province with the total investment capital of approximately USD 70 million, which has been put into operation since February 2013. This project includes a material area of 6,000 ha and a sugarcane pressing plant with a capacity of 7,000 ton/day.



## CATTLE RAISING

In 2014, HAGL decided to invest in developing the model of raising beef and dairy cattle.

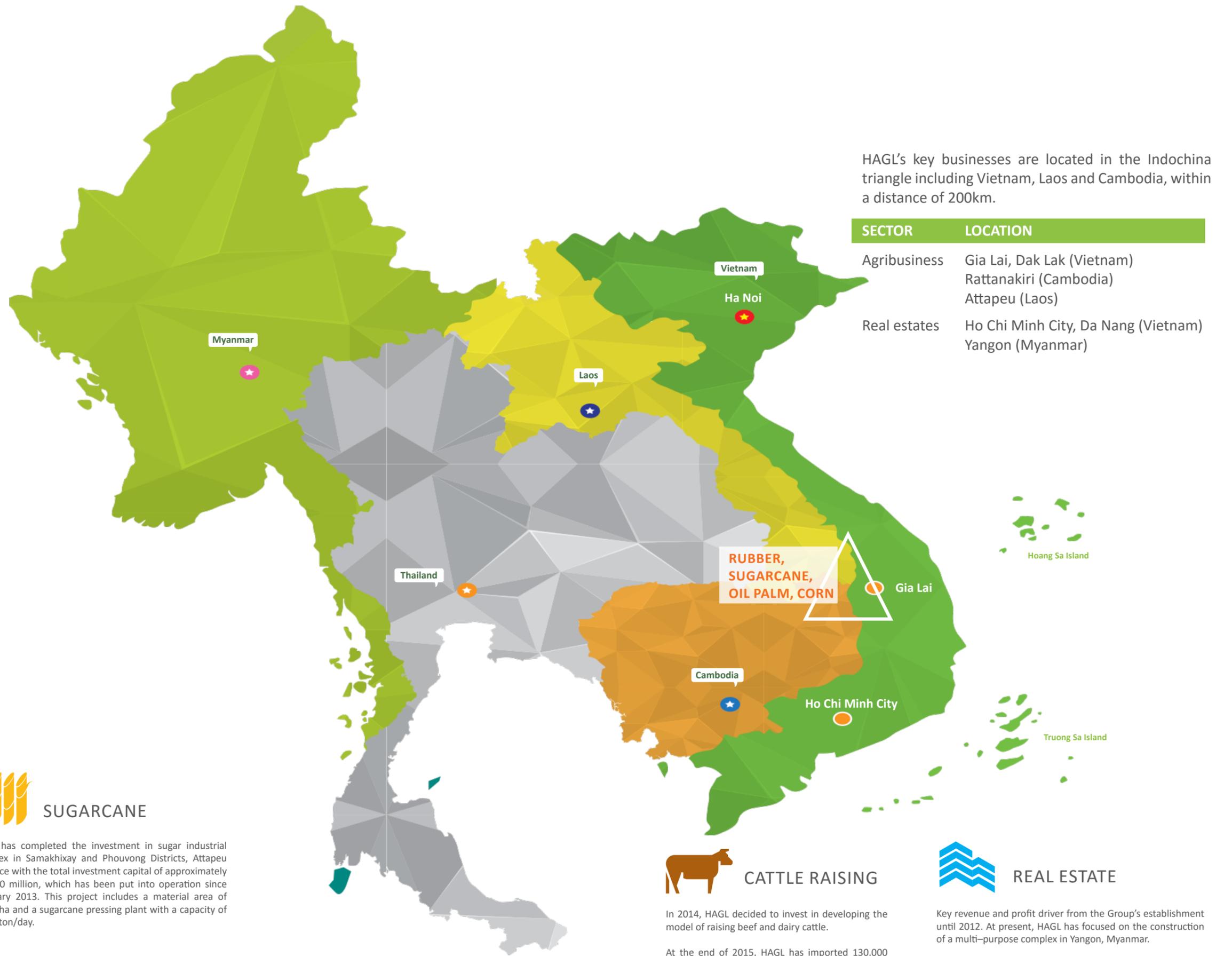
At the end of 2015, HAGL has imported 130,000 heads and the total number of cattle of the Group is expected to increase as in the business plan.



## REAL ESTATE

Key revenue and profit driver from the Group's establishment until 2012. At present, HAGL has focused on the construction of a multi-purpose complex in Yangon, Myanmar.

Phase 1 of Myanmar project has been completed and put into operation since the end of 2015. HAGL continues Phase 2 including a commercial - office center connecting to 2 blocks of office buildings, 2 blocks of service apartments and 3 blocks of residential apartments.



HAGL's key businesses are located in the Indochina triangle including Vietnam, Laos and Cambodia, within a distance of 200km.

SECTOR	LOCATION
Agribusiness	Gia Lai, Dak Lak (Vietnam) Rattanakiri (Cambodia) Attapeu (Laos)
Real estates	Ho Chi Minh City, Da Nang (Vietnam) Yangon (Myanmar)



# RUBBER

At present, HAGL is running a latex processing plant in Laos with the capacity of 25,000 tons/year. All of rubber areas are expected to be tapped in 2022.



Latex products manufactured under Standard Vietnamese Rubber (SVR)  
**TCVN 3769:2004**

**SVR 3L latex**

Made from rubber latex, used to manufacture tires, industrial rollers and other products requiring high quality, light coloured rubber. In addition, SVR 3L is sometimes used as an alternative to some other types of natural rubber because its lower viscosity enables quicker processing time.

**SVR 10 latex**

Made from coagulated and miscellaneous latex, it is used to manufacture tyres, water pipes and quality footwear items.

**BY-PRODUCTS:**

**Rubber wood:**

Rubber tree after liquidation is used for wood processing industry, serving furniture market.

Sugar industrial complex in Samakhixay and Phouvong Districts, Attapeu Province, Laos.



## SUGARCANE

HAGL has completed the investment in a sugar industrial complex in Samakhixay and Phouvong Districts, Attapeu Province with the total investment capital of approximately USD 70 million, which has been put into operation since February 2013. This project includes a material area of 6,000 ha and a sugarcane pressing plant with a capacity of 7,000 tons/day. HAGL selects seeds originated from Vietnam and Thailand, which can bring high productivity and are adaptable to the climate and soil in the project areas such as K.84-200, MY, Sufan, R579, K2000-89, Khong Kaen 3, 88-92...

HAGL has applied modern machinery and equipment in planting, nursing, and harvesting sugarcane. The Israeli drip irrigation system is set up at each row of sugarcanes, continuously providing moisture to help HAGL plant sugarcanes even in the dry season, and the sugarcanes can grow fast in these months due to the high photosynthesis efficiency.

The preparation of land and the plantation of sugarcanes are absolutely done by machines. The fertilization is also automatically done by the dissolution in water and the irrigation to each row of sugarcanes with the irrigation system. In harvest, the machinery and equipment also help in saving much time and cost.



In 2015, HAGL imported sugar to consume in Vietnamese market in compliance with the quota of **50,000 tons** at the import tax rate of **2.5%**





## OIL PALM

In all types of oil production crops, oil palm is the one that gives the highest oil content. After only 30 months from the planting date, oil palm trees begin to give fruits and are put into exploitation.

In addition, palm oil and other by-products made from oil palm are high-value exports. For this reason, the number of oil palm trees is now continually increasing in the countries of South East Asia, Africa and Latin America.

HAGL has experimented to plant oil palm trees since 2012 on the area of 4,000 ha. Until the end of 2015, 28,626 ha have been planted, in which 7,055 ha and 21,571 ha have been planted in Attapeu, Laos and Rattanakiri, Cambodia respectively. Especially, in Cambodia, most of oil palm planting areas are contiguous in Koun Mum District, Rattanakiri Province.

To enhance the investment effectiveness, HAGL decided to apply the Israeli drip irrigation system in the whole oil palm planting area. In Cambodia, the construction of a palm oil processing plant with the capacity of 45 tons of fruits/hour is expected to be finished in the 3<sup>rd</sup> quarter of 2016. This plant can process 270,000 tons of fruits/year, serving an area of 9,000 ha. In the future, once more oil palm area is exploited, HAGL will plan to upgrade this plant or build suitable additional processing plants

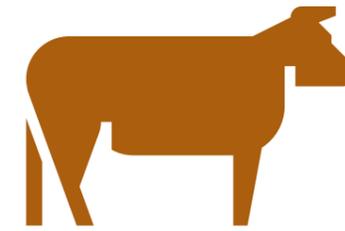
In Laos, HAGL is now building a palm oil processing plant with the capacity of 30 tons of fruits/hour, which is expected to be put into operation in the first half of 2017.





**130,000** cow heads

Number of cows imported until the end of 2015



## CATTLE RAISING

Based on the advantage of having a large land bank, abundant available food sources from grasslands, corn trees, oil palm trees and sugarcane, etc. as well as the experience in applying modern technology to agribusiness, HAGL has decided to invest in developing the advanced model of raising beef cows and dairy cows with high productivity. Breeding cattle originated in Australia, after being carefully selected and examined by experts, are imported into Vietnam and raised in the farms in Gia Lai and Daklak (Vietnam), Attapeu (Laos) and Rattanakiri (Cambodia).



In 2015, HAGL has expanded the farm scale, strictly managed the quality of input items like breeds, food material source and advanced raising technology in order to enhance the product quality.

By the end of 2015, HAGL has imported 130,000 heads and the total number of cattle of the Group is expected to increase as in the business plan.

PRODUCTS  
& SERVICES (continued)



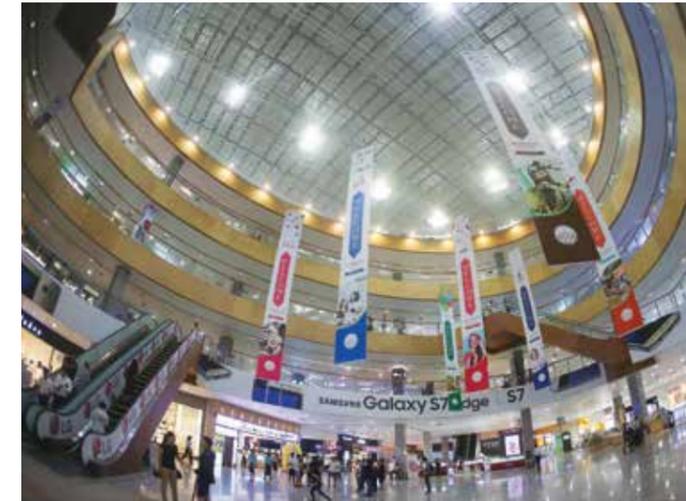
# REAL ESTATES

After restructuring its real estate sector, HAGL Group has given top priority to Hoang Anh Gia Lai Myanmar Center.

HAGL Myanmar Center with a total value of USD 440 million is located in the most favourable place in Yangon. Its two façades head toward main streets, in which one heads Inya Lake and the other heads Golden Pagoda - a 2,500-year-old well-known and sacred place of historic interest of Myanmar.

Being the first business making investment in Myanmar market, HAGL can enjoy competitive advantages of a low-cost land bank acquired a long time ago (around USD 740/m<sup>2</sup> for 70 years), good management experience in construction costs, and vertical integration model with subsidiaries in construction, furniture and granite production with reasonable costs. This project is considered to bring in big profit to the Group in the future.

Phase 1 of this project has been completed and put into operation since the end of 2015. HAGL is now developing Phase 2.



## ORIENTATION OF THE GROUP'S ACTIVITIES



## BREAKTHROUGH – CREATIVITY – COLLABORATION FOR MUTUAL DEVELOPMENT

### AGRICULTURAL INVESTMENT, RESOURCES RECYCLING

Keenly aware that there is a limit to natural resources, in the process of business and production oriented towards sustainable values, HAGL focuses on optimum investment in and exploitation of recycled resources. In practice, over the past years, HAGL has mobilized the total resources for planting rubber, oil palm, sugarcane, corn, etc. turning poor forests into farms, improving the environment and the local people's livelihood.

HAGL has made application of technological achievements to agricultural production such as Israel drip irrigation system, a micro-organic fertilizer factory, analysis of soil nutrition, etc. Such efforts have made a significant contribution to economizing on water, controlling exhausted soil and erosion, minimizing contamination, saving production cost, producing economic efficiency.

### PUBLIC PRIVATE PARTNERSHIP

HAGL is known as a pioneer in employing the model of Public Private Partnership (PPP) in agribusiness when expanding its operation to the neighboring countries.

The PPP model has brought great success in Laos, and Laos Government has viewed it as a typical model when calling for foreign investment. HAGL has also offered interest-free loans to Laos Government for infra-structure construction supporting the SEA Games, Attapeu international airport, bridges, hospitals, schools, houses, administrative offices, etc. for many local communities.

PPP model also found success in Cambodia in aiding Football Federation of Cambodia to set up Bati National Football Academy in Takeo Province, build schools, health care facilities, and wells for deprived people, etc.

### INTENSIVE INVESTMENT AND VALUE CHAIN

We understand that in order to create a competitive advantage in the market, together with massive investment, we need to research and acquire the advanced technological solutions to apply to its practical production processes, especially in agribusiness.

We have put into use the Israel drip irrigation system in cultivation, employing a workforce of over 1,000 Vietnamese engineers to research and serially launch advanced technical applications, develop industrial trees and plants, cow herds in order to enhance efficiency, productivity and substantial economies.

### COLLABORATION FOR MUTUAL DEVELOPMENT

HAGL has all the time pursued and used the business philosophy “**Collaboration for mutual development**”, a guiding star adopted on the Group's business orientation. Thus, HAGL has enjoyed confidence, sympathy and good-willed assistance and cooperation of the shareholders, investors, partners, customers, social communities, and government agencies.

## ORIENTATION OF THE GROUP'S ACTIVITIES (continued)

### DEVELOPMENT STRATEGY

The year 2015 witnessed HAGL faced with challenges and difficulties. Under such circumstances, HAGL leaders remained the strategic restructuring of the low profitable sectors, making pivotal investments in highly-profitable sectors, minimizing risks to help HAGL lower its outstanding loan balances and improve its financial indices.

#### 1. TRADE STRATEGY AND PRODUCTS

##### AGRIBUSINESS

Since Vietnam joined the ASEAN Free Trade Area (AFTA) and Trans-Pacific Partnership (TPP), many opportunities have been opened up for enterprises in agribusiness. HAGL believes that this sector will provide high profit margin when the world market prices become stable, and the output reaches an expectant level.

**Industrial trees and plants:** In the recent years, the steep fall in the prices of rubber both domestically and overseas has adversely affected the Group's activities. Facing this challenge, HAGL has planted short-term and medium-term industrial trees like sugarcane, oil palm, corn and some others, etc. to diversify the products, realizing the target "short-term earnings takes care of long-term investment". In 2016, HAGL will start harvesting and processing palm oil and a variety of fruits.

**Livestock farming:** Since the end of 2014, HAGL has started cow farming on industrial scale with the breeds imported from Australia, New Zealand and farmed in Vietnam and Laos. Oriented towards a line of quality and safe products, HAGL has constructed a model of cow farming meeting international standards. With the advantage of enormous land bank for grass growing, making use of ample food sources available from corn, palm, sugarcane by-products as well as applying advanced technology to agribusiness such as Israel drip irrigation system, mechanic grass cutting, processing, and food mixing, etc. HAGL's products are competitively priced in the market.

In the past year, HAGL beef is supplied to major markets like Hanoi, Ho Chi Minh City, and Da Nang. In the near future, HAGL is going to expand its consumption to the markets nationwide.



#### REAL ESTATE

In 2015, HAGL handed over and put into operation phase 1 of the project and officially opened Myanmar Plaza. Now the Group has embarked on phase 2 of the project and put into operation the Melia Yangon 5-star hotel in 2016. The Group is determined to complete HAGL Myanmar Center as scheduled.

#### 2. CAPITAL USING STRATEGY

The Group is proactive in preparing its stable long-term cash flow plan, attaching great importance to the ways of generating cash flow in order to cut down debt balances, moving toward the balance of payment. Besides, the Group has also researched and invested in diversification of agricultural products launched to the markets for increased revenue, thus opening up business opportunities; real estate, services are exploited for regular revenue, and sale of the property projects is advocated when economic effect occurs for capital turnover.

Research is conducted on cutting down expenses by way of debt instruments, effective capital mobilization; in addition, the investment portfolio is subject to a review, and the assets not in the category of core business sectors or of low efficiency will be liquidated, minimizing scattered investments.

Financial regulations and internal regulations on spending, remuneration and bonuses will be built; besides, a policy is adopted on cash use appropriate for particular circumstances to produce considerable benefit for the Company.

#### 3. GOVERNANCE SYSTEM

Deciding that the governance system is the foundation for an enterprise's sustainable growth, HAGL always gives priority to the knowledge and good practice model of governance to put into operation.

Financial management, risk management and expenditure supervision are enhanced by effectively controlling the recovery of amounts receivable, applying expense-cutting measures.

The Group expands the markets both domestically and overseas to other countries in the region, standardizing the operation model, promoting the roles of branches and representative office locally and abroad.

The Group promotes the brand name, upholding the current customers, approaching potential ones by a variety of channels, information sources, flexibly grasping any opportunity for market expansion.

In parallel with the review of business results, HAGL attaches importance to improvement in its management system, organization and personnel to match the Group's development targets. Apart from that, enhancing the employees' professional qualification, giving training and planning for executives are viewed as the Group's vital tasks.

# ACHIEVEMENTS IN 2015



The year 2015 represented many challenges for Hoang Anh Gia Lai but the Group leaders along with all the staff and employees, by showing striving and perseverance, retaining faith and solidarity, surmounted all the difficulties and won certain achievements.



## THE 2015 ASEAN CORPORATE GOVERNANCE AWARD

On 14 November 2015, during the 2015 ASEAN Corporate Governance Conference in Manila, Philippines, there took place the ASEAN Corporate Governance Scorecard organized by the ASEAN Capital Markets Forum (ACMF) and the Philippines' Securities and Exchange Commission (SEC) to recognize the top 50 listed companies having remarkable practice on good corporate governance in the region of ASEAN. HAGL was ranked among the Top 2 publicly listed companies with the best score for Corporate Governance improvement in Vietnam.

The ASEAN Corporate Governance Award is the region's most prestigious event recognizing the efforts of companies who continuously perform good corporate governance in their operations and services.

HAGL honorably received this award, resulting from the independent assessment under the above governance standard among the listed companies in Vietnam. Over the past years, HAGL has continuously enhanced the governance efficiency. Consequently, from the year 2013 up to now, the company's Corporate Governance Scorecard has got remarkable improvement and HAGL has always been one of the companies with stable business operations in Vietnam.



## TOP 10 RELIABLE LISTED ENTERPRISES IN THE MASS MEDIA IN 2015

At the annual Vietnam CEO Summit 2015 in Ho Chi Minh City, HAGL was honored as one of the Top 10 Reliable Listed Enterprises in the mass media in 2015 held by Vietnam Report in cooperation with Vietnamnet.

Vietnam Report elected and coded all articles about 100 companies with good capitalization rate and liquidity in Vietnam stock market which were posted in investment or finance topics of 5 news agencies including Vietnam Economy, Saigon Times, Cafe F, Investment News and Stock Investment News from July 2014 to June 2015 on the basis of 12 specific assessment criteria.



## AWARDED OUTSTANDING EMULATION FLAG FOR LEADING IN ENTERPRISE BLOC

Hoang Anh Gia Lai Joint Stock Company was honored with outstanding emulation flag of Gia Lai Province for leading in enterprise bloc emulation in 2015. This award recognized the process of dedication and the efforts put in by the Company's staff and employees, making contribution to the province.



# GENERATING MOMENTUM FOR DEVELOPMENT

## INFORMATION ABOUT THE BOARD OF DIRECTORS



### MR. DOAN NGUYEN DUC

Chairman of the Board of Directors

- Year of birth: 1963
- Qualification: Overall management

#### WORKING EXPERIENCE

- 1992 - now: Hoang Anh Gia Lai JSC
- Current position: Chairman of the BOD
- Other managerial titles: Chairman of the BOD - Hoang Anh Gia Lai Agricultural Joint Stock Company



### MR. VO TRUONG SON

Member of the Board of Directors  
General Director

- Year of birth: 1973
- Qualifications: Master of Finance, Bachelor of Law, Member of the Association of Chartered Certified Accountants (ACCA), the Vietnam Association of Certified Public Accountants (VACPA), CFA

#### WORKING EXPERIENCE

- 1996 - 2003: Auditing and Consulting Company Ltd. (A&C)
- 2003 - 2008: Senior Audit Manager at Ernst&Young Vietnam
- 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

Member of the Board of Directors  
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 Enterprise
- 2006 - now: Hoang Anh Gia Lai JSC
- Current position at HAGL: BOD member, Deputy General Director
- Other titles: BOD Chairman - HAGL Furniture JSC



### MR. NGUYEN XUAN THANG

Member of the Board of Directors  
Deputy General Director

- Year of birth: 1977
- Qualifications: Bachelor of Finance

#### WORKING EXPERIENCE

- 1999 - 2000: Coffee Company No.15 - 15<sup>th</sup> army corps, Gia Lai province
- 2000 - 2003: Hung Binh Co., Ltd. , Pleiku City, Gia Lai province
- 2003 - 2004: Trung Hieu Co., Ltd. , Pleiku City, Gia Lai province
- 2004 - 2005: Viettel Group in Gia Lai
- 2005 - 2007: Highland Forestry school
- 2007 - now: Hoang Anh Gia Lai JSC
- Current position at HAGL: BOD Member, Deputy General Director
- Other titles: General Director - Hoang Anh Gia Lai Agricultural JSC



### MS. VO THI HUYEN LAN

Member of the Board of Directors

- Year of birth: 1971
- Qualifications: HEC MBA - France; Master in Finance, L'Université Dauphine - France

#### WORKING EXPERIENCE

- 2010 - now: Hoang Anh Gia Lai JSC
- Current position at HAGL:
  - BOD member - Hoang Anh Gia Lai JSC
  - BOD member - Hoang Anh Gia Lai Agricultural JSC
- Other titles:
  - General Director - Jaccar Holdings
  - BOD member - Long Hau JSC and BOD member - Hiep Phuoc Industrial Park JSC
  - BOD member - Agrex Saigon Foodstuffs JSC
  - BOD member - Au Viet JSC
  - BOD member - Hoang Anh Gia Lai Agricultural JSC



### MR. NGUYEN VAN MINH

Member of the Board of Directors  
Deputy General Director

- Year of birth: 1959
- Qualifications: Agro Engineer

#### WORKING EXPERIENCE

- 1981 - 1989: Agriculture Department at 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 - Hoang Anh Quang Minh Rubber JSC



### MR. PHAN THANH THU

Member of the Board of Directors

- Year of birth: 1963
- Qualifications: Music arts

#### WORKING EXPERIENCE

- 1984 - 1992: Dam San Theatre company
- 1993 - now: Hoang Anh Gia Lai JSC
- Current position at HAGL: BOD Member
- Other titles: Deputy General Director - Hoang Anh Gia Lai Agricultural JSC

## INFORMATION ABOUT THE BOARD OF MANAGEMENT



**MR. VO TRUONG SON**  
Member of the Board of Directors  
General Director

(For more information, see page 44)



**MR. NGUYEN VAN MINH**  
Member of the Board of Directors  
Deputy General Director

(For more information, see page 45)



**MR. DOAN NGUYEN THU**  
Member of the Board of Directors  
Deputy General Director

(For more information, see page 44)



**MR. NGUYEN XUAN THANG**  
Member of the Board of Directors  
Deputy General Director

(For more information, see page 44)



**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 Enterprise
- 2006 - now: Hoang Anh Gia Lai JSC
- Current position: BOD member, Deputy General Director, Chief Accountant

## INFORMATION ABOUT THE BOARD OF SUPERVISION



**MR. LAM HOANG HAI**  
Head of the Board of Supervision

- Year of birth: 1980  
- Qualifications: Bachelor of Economics

#### WORKING EXPERIENCE

- 2000 - 2008: Auditing and Consulting Company Ltd. (A&C)
- 2008 - now: Hoang Anh Gia Lai JSC
- Current position at HAGL: Head 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 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 - Assistant Director
- 2008 - 2013: Hoang Nguyen Construction and Housing Development JSC
- 2013 - now: Hoang Anh Gia Lai Myanmar Co., Ltd
- Current position at HAGL: Member of the Board of Supervision



**MR. NGUYEN TAN ANH**  
Member of the Board of Supervision

- Year of birth: 1970  
- Qualifications: Bachelor

#### WORKING EXPERIENCE

- 1985 - 2005: Journalist at Thanh Nien newspaper
- 2005 - now: Hoang Anh Gia Lai JSC
- Current position at HAGL: Member of the Board of Supervision

## PERSONNEL STRUCTURE



### ADHERING TO CONFIDENCE - SHARING VALUES

Ever since establishment, HAGL has all the time asserted that **“man is the key to success”** plays a vital role in deciding the sustainable growth of an enterprise. Throughout the journey over the past 22 years, HAGL has successfully built a force of well-qualified, highly-experienced and methodically trained executives full of enthusiasm, which lends an impetus to HAGL’s steady steps on the road ahead.

#### ORGANIZATION AND HUMAN RESOURCES

Hoang Anh Gia Lai Group operates under the parent-and-subsiary model including HAGL Agricultural Joint Stock Company, Hoang Anh Construction and Housing Development Joint Stock Company, HAGL Hydropower Joint Stock Company and the other companies operating in construction, health care, sports, etc.

During the period from 2013 to 2015, HAGL conducted the restructuring, excluding ineffective investment portfolio, focusing on development based on 2 major sectors namely, agribusiness and property while producing no considerable changes in its personnel structure. The total number of employees in 2015 is 20,814 including 5,527 regular employees and 15,293 seasonal workers.

#### WORKFORCE

At HAGL Group, specific job titles determine corresponding requirements; however, all the staff members and employees meet the requirements: professional qualifications, high sense of responsibility and firm discipline. The Company always recognizes and evaluates the executives’ and employees’ competence and work efficiency in order to promote creativity and healthy competition. The personnel policy is always fully respected and undergoes regular enhancement to create a positive and close knit working environment.

#### RECRUITMENT AND TRAINING POLICIES

HAGL always underlies the establishment of a suitable personnel policy and working environment to create ideal conditions for the employees to demonstrate their capabilities to the best.

Recruitment is conducted by a painstaking process to find the right people as required of respective positions, ensuring stable and qualified workforce to meet the requirements of the Group’s production and business operation. Besides, priority is assigned to employment of talented individuals, leading experts locally and abroad. HAGL takes pride in possessing a moral, well-qualified, enthusiasm, fully united workforce.

Every year, the Group runs training courses to the workers in particular areas like cultivation, animal farming, and real estate in Vietnam, Laos, Cambodia and Myanmar. Internal refresher courses are also offered to introduce new technology, working process, thus improving professional skills. As for managerial executives, the company places importance on enhancement of knowledge, expertise and the ability to approach scientific and technological methods and application worldwide.

Oriented towards long term investments, HAGL has sent executives, employees and students to National Universities in Laos, Cambodia and Myanmar for the native languages and profession studies. Completing the courses, these people will be employed at the Group’s projects.

#### REMUNERATION, BONUS AND WELFARE

HAGL’s remuneration and bonus policies are formulated based on the criteria of capability, work efficiency and contribution appropriate to the value created from each position. The company complies with the laws on social insurance, medical insurance and unemployment allowance.

Periodically at HAGL Medicine and Pharmacy University Hospital, the Group provides medical exams, treatments and medication to the staff 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 the employees, provides apartments to executives and senior experts working away from home, builds tenement blocks, and offers private apartments to households of which there are two people working for a plantation. HAGL also provides necessary equipment such as internet, cable TV services to the far-off plantations to create conditions for the workers’ entertainment.

# REPORT OF OPERATIONS IN 2015

## INVESTMENT POSITION AND PROJECT IMPLEMENTATION

### Hoang Anh Gia Lai Myanmar Center

This project is built on a parcel of 73,358 m<sup>2</sup>, including 1 commercial center, 4 blocks of office buildings for lease, 1 five-star hotel and 5 luxury apartment blocks. In December 2015, phase 1 of the project was completed and officially put into operation comprising one commercial center and two 27-storey blocks of office buildings of for lease with the gross construction area of 192,000 m<sup>2</sup>. The Myanmar Plaza operates by international standards covering a complete set of works meeting customers' demand for shopping and entertainments. The Melia-branded 5 star hotel of 429 rooms is under completion work and expected to come into operation by the end of June 2016.

The phase 2 of the project comprises 5 blocks of 28 storeys with the gross floor area of 130,000 m<sup>2</sup> accounting for 1,134 apartments and a office block for lease with the total area of 126,000 m<sup>2</sup>. On 19 March 2016, HAGL conducted the ground-breaking ceremony for Phase 2 of HAGL Myanmar Center. Currently, 30% of these apartments have been booked and officially leased.

### Dairy and beef cow farming

The total herd of cows supplied to the market by the end of 2015: 66,337 heads, generating a revenue of VND 2,541 billion.

Possessing an enormous land bank for grass and corn growing and sources of by-products from sugar cane and oil palm, HAGL is able to yield competitively-priced products of high quality. The dairy and beef cow farming promises substantial revenue, bringing in considerable profits for the Group.

### Project of growing oil palm trees and building oil palm processing plan

By the end of 2015, HAGL has planted 28,626 ha of oil palm, of which 7,055 ha in Attapeu, Laos and 21,571 ha in Rattanakiri, Cambodia. Especially in Cambodia, most of the oil palm area is gathered into an adjoining area in Koun Mum, Rattanakiri.

The company will start harvesting oil palm and have processed in 3<sup>rd</sup> quarter of 2016. The total area will be under exploitation in 2018.

In Cambodia, the palm oil factory with a capacity of 45 tons of fresh fruit bunches/ hour, expected to come into operation in 3<sup>rd</sup> quarter of 2016.

In Laos, the company has been building a palm oil plant with a capacity of 30 tons of fresh fruit bunches/ hour, expected to come into operation in the 1<sup>st</sup> half of 2017.

### Sugarcane and rubber

In 2015, the sugar factory in Laos with a capacity of 7,000 tons of canes/day was in normal operation, supporting the harvest and processing for the crop 2014 - 2015 and part of the 2015 - 2016 crop.

As for rubber, HAGL converted some area of rubber into cow farming. Therefore, the rubber area dropped to 38,428 ha, of which 22,177 ha in Laos, 2,394 ha in Vietnam and 13,857 ha in Cambodia.

## PRODUCTION AND BUSINESS POSITIONS

HAGL's business and production results are as follows:

ITEM	2015	2014	INCREASE/DECREASE AS COMPARED TO 2014	COMPLETION AGAINST GSM'S PLAN
Net revenues	6,252	3,054	104.7%	116.9%
Profit before tax	806	1,750	-53.9%	38.4%
Profit after tax	602	1,533	-60.7%	36.8%

Following are the factors that affected the Group's business and production positions in 2015:

**Beef cow farming** contributed a high proportion to the Group's revenues and profit, accounting for 40.7% of the Group's total revenue and 40% of the gross profit. This result exceeded the GSM's plan.

**Construction** represents the highest proportion second to beef cow farming. This sector works mainly on the airport in Laos and cow sheds. Owing to its irregularity, this sector will end upon the completion of the projects.

**Sugarcane** this pool of sugar plants have been working normally, contributing revenues and profit to the Group.

Commodity and products are used mainly for cultivation and cow farming.

**Real estate** the Group keeps on selling the apartments and withdrawing capital from the projects in Vietnam in order to focus resources on highly profitable projects, i.e. HAGL Myanmar project.

**Corn** is supportive of cow farming, so its operation was not significant.

**Rubber** under the severe impact of the sharp fall in the world's oil price and demand, thus affecting the Group dramatically.

**Mining** undergoes restructuring and all assets including equipment, machinery and facilities were eliminated due to its ineffective operations.

## FINANCIAL POSITION

ITEM	2015	2014	INCREASE/ DECREASE
Total assets	49,228	36,484	34.9%
Net revenue	6,252	3,054	104.7%
Profit before tax	806	1,750	-53.9%
Profit after tax	602	1,533	-60.7%

### Assets

As at 31 December 2015, the total assets were recorded as VND 49,228 billion, increasing by 34.9% as compared to that of the same period last year, mainly due to the increase of long-term assets in progress of VND 8,712 billion resulting in the ratio of profit over total assets (ROA) reaching 1.2%. Revenue increased but the receivables fell from VND 2,049 billion to VND 1,607 billion, which means collectability had been improved. The increased long-term assets in progress in the year mainly comprised of investments in Myanmar project, cow farms, oil palm plantations, and processing plants, Namkong 2 hydropower project in Laos. These are profitable and high-valued assets.

### Liabilities

As at 31 December 2015, the total liabilities increased from VND 18,127 billion to VND 27,099 billion, of which short-term loans increased by VND 1,458 billion and long-term loans increased by VND 7,514 billion. Short-term loans were mainly for financing the working capital in cow farming sector and sugarcane. Long-term loans were for investment in facility construction at the subsidiaries for planting and nurturing rubber, oil palm, investment in HAGL Myanmar Center and Namkong 2 hydropower project in Laos.

## PRELIMINARY FINANCIAL INDICES

ITEM	2015	2014
<b>Liquidity</b>		
Current ratio	1.00	1.02
Quick ratio	0.72	0.80
<b>Capital structure</b>		
Total loans and debts / Total assets	0.55	0.50
Total loans and debts / Owner's equity	1.67	1.18
<b>Profitability</b>		
Profit after tax/ Net revenue	9.6%	50.2%
Profit after tax/ Owner's equity	3.7%	10.0%
Profit after tax/ Total assets	1.2%	4.2%
Operating profit/ Net revenue	19.8%	56.5%



MAJOR PROJECT

**DAIRY AND BEEF COW FARMING**

**BEEF COW FARMING**

HAGL started its beef cow farming in mid-2014. The Company has advantages of an enormous land bank, large sources of fodder from the grass lands, corn, oil palm, sugarcane, etc. as well as experience in advanced technology application to agribusiness, so the project is expected to be able to mitigate the risks from market fluctuations.

HAGL selects Australian beef breed as the Company's flagship product at the early stage. Beef cows for fattening and cows for breeding are imported from Australia. HAGL also ensures that the Company and its slaughter partners

comply with the Exporter Supply Chain Assurance System (ESCAS) introduced by Australian Government to regulate the export of Australian livestock to abattoirs to provide humane treatment to livestock.

Possessing a large land bank, HAGL has Pakchong 1 Grass grown to adequately supply food for the livestock, and makes full use of agricultural by-products such as cane buds, molasses, corn grain and stalk, palm oil stem and residue, making the livestock farming more self-contained. It can be said that since the start of operation, beef cow farming has so far become a major source of revenues for HAGL.

**DAIRY COW FARMING**

HAGL has imported Holstein Friesian (HF), a good and most favourite breed of Dutch origin, with high dairy yield, quality, adaptable to various climate zones. To support the livestock farming, the Company established a Food Analysis Department staffed with qualified professionals for analysis and working out cow feeding rations suitable for development of a quality herd.

In collaboration with its strategic partner, Nutrition Food Joint Stock Company (Nutifood), HAGL undertakes the development of the dairy cows while Nutifood is responsible for investing in a fresh milk plant in Gia Lai and guaranteeing consumption of the whole amount of milk from Hoang Anh Gia Lai farms, yielding fresh milk and yoghurt for markets currently.

## HOANG ANH GIA LAI MYANMAR CENTER

It is HAGL Group's great zeal in HAGL Myanmar Center project, which is invested via a build, operate and transfer (BOT) agreement over a period of 70 years with a total investment capital of USD 440 million. The project is built on a parcel of 73,358 m<sup>2</sup> in Yangon, the biggest and most dynamic city of Myanmar. Since its commencement of construction in 2013, by the end of 2015, HAGL handed over and put into operation phase 1 of the project as a result of an arduous working process performed by the team of Vietnamese leaders, engineers, technicians and over 2,700 Myanmar workers. Part of the project including 1 commercial center, 2 blocks of Grade A 27-storey office buildings for lease with a gross construction area of 192,000 m<sup>2</sup> and Melia Yangon 23-storey 5-star hotel comprising 429 rooms by international standard.

The 2 blocks of office building for lease are under CBRE's management covering an area of 85,701 m<sup>2</sup>, of which over 50% has been reserved through contract negotiation and signature entered by major clientele like Thailand petroleum, China petroleum, Thailand airlines, BIDV bank, international financial and audit companies, etc.

The Myanmar Plaza of approximately 40,000 m<sup>2</sup> operated by international standards already has 95% of its capacity leased.

5-star Hotel: HAGL Group has officially engaged The Melia Hotels International Group to provide hotel management services. Under the terms of the agreement, the hotel invested by HAGL in Myanmar is known as Melia Yangon and plays a part of the chain of 350 five-star hotels under Melia's management globally.

Phase 2 of HAGL Myanmar Center project includes 1 commercial center and office block, adjoining 2 office towers, 2 service apartment blocks and 3 residential apartment towers. This center comprises a 5-floor base, two 23-storey office towers, expected to feature an entertainment area for children and a cinema complex on an area of 94,000 m<sup>2</sup>.

In 2015 HAGL started the sale of The Lake Suites apartment building located in HAGL Myanmar Center. This event caught the interest of investors in Myanmar and from other countries.

With dogged effort and determination demonstrated by the executives, engineers and workers from Vietnam and in Myanmar, the project construction work is now gathering pace for completion of phase 2 on schedule.



# REPORT OF THE BOARD OF MANAGEMENT

## 1. ASSESSMENT OF BUSINESS RESULTS

IN 2015, DESPITE THE SLUGGISH ECONOMY AND ADVERSE MARKET FACTORS, THE BOARD OF MANAGEMENT, SUPPORTED BY ALL THE STAFF AND EMPLOYEES RAN AND GOVERNED THE COMPANY SURMOUNTING DIFFICULTIES AND ACHIEVED SOME RESULTS THOUGH NOT AS EXPECTED BUT THE TOTAL REVENUE GROWTH WAS SIGNIFICANT REACHING VND 6,252 BILLION ACCOUNTING FOR AN INCREASE OF 105% AS COMPARED WITH THAT IN THE YEAR 2014, MEETING 117% OVER THE TARGET. THE STRUCTURE OF REVENUES BY SECTORS IS AS FOLLOWS:

SECTOR	2015		2014		2013	
	Revenue (VND billion)	Proportion (%)	Revenue (VND billion)	Proportion (%)	Revenue (VND billion)	Proportion (%)
Cow	2,541	41%	-	-	-	-
Construction	1,040	17%	765	25%	533	19%
Sugarcane	871	14%	1,042	34%	838	30%
Commodity	614	10%	309	10%	330	12%
Corn	323	5%	205	7%	-	-
Service provision	254	4%	224	7%	229	8%
Investment property	215	3%	-	-	-	-
Apartments	198	3%	238	8%	247	9%
Rubber	196	3%	227	7%	241	9%
Mining	-	-	44	2%	231	8%
Hydropower	-	-	-	-	122	5%
<b>Total revenue</b>	<b>6,252</b>		<b>3,054</b>		<b>2,771</b>	



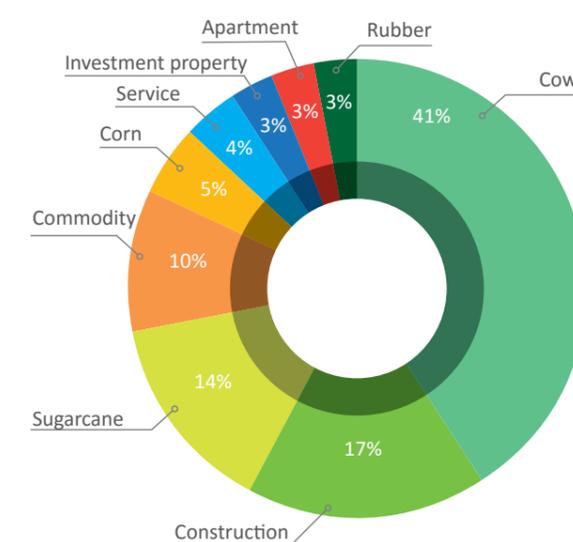
Of which :

- **Revenue from cow sales** reached VND 2,541 billion representing a proportion of 41%. The gross profit was VND 743 billion and gross profit margin was 29%. This is the major contribution to the HAGL's revenue growth rate as well as gross profit in 2015.
- **Revenue from construction** gained VND 1,040 billion representing a proportion of 17%. The gross profit was VND 240 billion and gross profit margin was 23%. As compared with 2014, this revenue increased by VND 275 billion mainly from construction of cow sheds and completion of test acceptance of Attapeu airport and part of the construction volume of Nongkhang, Huaphan province, Laos.
- **Revenue from sugarcane** obtained VND 871 billion representing a proportion of 14%. The gross profit was VND 370 billion and gross profit margin was 42%.
- **Revenue from commodity** gained VND 614 billion representing a proportion of 10%. The gross profit was VND 95 billion and gross profit margin was 16%. As compared with 2014, this revenue increased by VND 305 billion mainly supporting the cow farming and cultivation.
- **Revenue from corn** gained VND 323 billion representing a proportion of 5%. The gross profit was VND 196 billion and gross profit margin was 61%.

As compared with 2014, this revenue decreased by VND 171 billion mainly because part of sugarcane area was converted into grass growing to support cow farming as planned from the beginning of the year. However, the normal operation of the plant and the sugarcane resource area made some contribution to HAGL's stable revenue.

- **Revenue from service provision** gained VND 254 billion representing a proportion of 4%. The gross profit was VND 53 billion and gross profit margin was 21%. As compared with 2014, this revenue increased mainly from HAGL Medicine and Pharmacy University Hospital health care service and hotel business.
- **Revenue from sales of investment property** gained VND 215 billion representing a proportion of 3%. The gross profit was VND 116 billion mainly from the sale of land in Nguyen Van Linh street, Da Nang City.
- **Revenue from sale of apartments** reached VND 198 billion representing a proportion of 3%. The gross profit was VND 36 billion and gross profit margin was 18%. As compared with 2014, this revenue decreased by VND 40 billion mainly because the Bau Thac Gian project had been nearly sold out.
- **Revenue from rubber** reached VND 196 billion representing a proportion of 3% mainly because in 2015 there was a steep drop in rubber price, so HAGL did not expand the area and, instead, retained the current area, resulting in a fall in the revenue as compared with 2014.

## REVENUE STRUCTURE



# REPORT OF THE BOARD OF MANAGEMENT (continued)

## 2. FINANCIAL POSITION

### a. Assets



The total assets in 2015 increased by 35% as compared with those in 2014, accounting for

**VND 12,744 BILLION**

The total assets in 2015 increased by 35%, as compared with those in 2014 accounting for VND 12,744 billion. Details are as follows:

Unit: VND billion

ITEM	2015	2014	Fluctuation	%
Current assets	13,216	9,678	3,538	37%
Long-term assets	36,012	26,806	9,206	34%
- Construction in progress	21,459	12,747	8,712	68%
- Other long-term assets	14,553	14,059	494	4%
<b>Total assets</b>	<b>49,228</b>	<b>36,484</b>	<b>12,744</b>	<b>35%</b>

The total assets increased mainly because of a considerable increase in cost of the construction in progress up to VND 8,712 billion. The reason is that HAGL was in the process of project investments with the details as follows:

Unit: VND billion

ITEM	2015	2014	Fluctuation	%
Rubber and palm oil plantations	10,813	6,634	4,179	63%
HAGL Myanmar Centre project	5,495	2,717	2,778	102%
Hydropower plant	3,305	1,667	1,638	98%
Other construction works	1,846	1,729	117	7%
<b>Construction in progress</b>	<b>21,459</b>	<b>12,747</b>	<b>8,712</b>	<b>68%</b>

### b. Liabilities

In 2015, HAGL's total liabilities increased by VND 11,833 billion. Details are as follows:

Unit: VND billion

ITEM	2015	2014	Fluctuation	%
Current liabilities	13,213	9,457	3,756	40%
- Short-term loans and debts	8,298	6,840	1,458	21%
- Other short-term liabilities	4,915	2,617	2,298	88%
Long-term liabilities	19,749	11,672	8,077	69%
- Long-term loans and debts	18,801	11,287	7,514	67%
- Other long-term liabilities	948	385	563	146%
<b>Total liabilities</b>	<b>32,962</b>	<b>21,129</b>	<b>11,833</b>	<b>56%</b>

The total liabilities accounts for 67% of HAGL total capital as at the end of 2015. Details are as follows:

### LIABILITIES AND OWNER'S EQUITY



The ratio of total loans and debts over total assets increased from 0.5 time by the end of 2014 to 0.55 time by the end of 2015 and the ratio of total loans and debts over Owner's equity increased from 1.18 time by the end of 2014 to 1.67 time by the end of 2015, which represented HAGL's financial leverage reflecting a desire to increase the earnings per share. However, the use of this leverage did not really produce effects as HAGL is in transition from basic construction to business operation while HAGL's modest revenues fail to pay the principals on loans and loan interest due.

# REPORT OF THE BOARD OF DIRECTORS

## ASSESSMENT OF THE COMPANY'S OPERATIONS

**Sugarcane:** significant contributor to the Company's revenues.

**Rubber:** not having generated satisfactory revenue due to a steep fall in price. Time is needed for recovery.

**Oil palm:** expected to reap the harvest and operated the plant on trial from the 3<sup>rd</sup> quarter of 2016.

**Livestock farming:** principal business producing substantial revenue after a short-time operation.

**Corporate governance system:** under consolidation and perfection, improving the professional expertise of the Company's management and leadership, enhancing management in respective sectors and conducting strategic governance including planning, implementation, scrutiny and strategy assessment.



## ASSESSMENT OF THE BOARD OF MANAGEMENT'S OPERATIONS

The Board of Directors is responsible for the Board of Management as stipulated by the Company's Charter and Governance Regulations. Under the Board of Directors' running, the Board of Management drew up the plans for production and business. However, in 2015, the principal business targets were not reached due to difficulties, especially profit targets. The Board of Management also made prompt reports to the BOD on the rate of progress and arising entanglements that needed steering from the Board of Directors.

Between the BOD and the Board of Management there was a regular communication, close coordination in orientation, steering, and execution of the tasks through periodical as well as extraordinary meetings of the Board of Directors. From such meetings, the BOD and the Board of Management both are made aware of the positions of the Company's operations, together working out solutions to the problems in capital mobilization for plantation nurture, negotiation with creditors on extension of principal and interest repayment schedules, and other problems arising during the business and production. Therefore, all the grave problems arising in the Company are promptly and effectively resolved by the BOD in conjunction with the Board of Management.

In 2015, in adverse economic circumstances, fluctuations in the prices of commodity in the world made negative impacts on the Company's business and production. However, the Board of Management, working closely with the BOD, ran the Company under the BOD's instructions, put forward suggestions in time to the BOD, leading the Company through hardship.



## DEVELOPMENT PLAN FOR 2016

In 2016, the Board of Directors will instruct the Board of Management to consolidate the whole personnel structure to make it streamlined and professional.

**Finance:** Currently, the Company is faced with cash flow problems which, however, are only temporary as the Company's investment projects possess valuable assets able to raise cash for loan repayment if further investing is made, interest maintained, and management improved. In parallel with debts restructuring, the Company will strive to arrange new capital to invest in and nurture the plantations. The Company will also dispose ineffective assets and focus on core business sectors.

**Cultivation sector:** the Company will not expand the cultivation area, but focus on nurturing and exploitation; maintaining and efficiently operating the rubber, sugar and palm oil plants.

**Livestock farming:** the Company will concentrate on developing the beef herd to make the most of the fodder from the by-products available. The company will also actively implement construction of cowsheds, growing grass and corn, and building facilities for irrigation and transport to meet the demand of the growing herd.

As for the property project in Myanmar, in the first half of 2016, the 5-star hotel will be completed and put into operation. Construction of phase 2 corresponding to the cash flows from the operating business of Phase 1 and sale of the apartments of phase 2.

# SHAREHOLDER STRUCTURE

## SHARE OWNERSHIP OF THE MEMBERS OF THE BOARD OF DIRECTORS

No.	Names	31 Dec. 2014		20 Jan. 2016		Changes		Causes for changes
		Quantity	Rate	Quantity	Rate	Quantity	Rate	
1	Doan Nguyen Duc – BOD Chairman	342,765,533	43.39%	347,765,533	44.02%	5,000,000	0.63%	Additional purchase
2	Doan Nguyen Thu – BOD member	6,457,456	0.82%	6,457,456	0.82%	-	0.00%	
3	Phan Thanh Thu - BOD member	29,426	0.00%	29,426	0.00%	-	0.00%	
4	Nguyen Van Minh - BOD member	3,370,057	0.43%	3,370,057	0.43%	-	0.00%	
5	Vo Truong Son - BOD member	603,654	0.08%	803,654	0.10%	200,000	0.03%	Additional purchase
6	Vo Thi Huyen Lan - BOD member	-	-	-	-	-	0.00%	
7	Nguyen Xuan Thang - BOD member	20,598	0.00%	30,598	0.00%	10,000	0.00%	Additional purchase

## SHARE OWNERSHIP OF THE MEMBERS OF THE BOARD OF MANAGEMENT

No.	Names	31 Dec. 2014		20 Jan. 2016		Changes		Causes for changes
		Quantity	Rate	Quantity	Rate	Quantity	Rate	
1	Ho Thi Kim Chi - Deputy General Director	145,159	0.018%	145,159	0.018%	-	0%	

## SHARE OWNERSHIP OF THE MEMBERS OF THE BOARD OF SUPERVISION

No.	Names	31 Dec. 2014		20 Jan. 2016		Changes		Causes for changes
		Quantity	Rate	Quantity	Rate	Quantity	Rate	
1	Lam Hoang Hai - BOS Head	-	0%	-	0%	-	0%	
2	Nguyen Tan Anh - BOS member	-	0%	-	0%	-	0%	
3	Nguyen Thi Huyen - BOS member	63,140	0.01%	63,140	0.01%	-	0%	

## MAJOR SHAREHOLDERS AS AT 20 JANUARY 2016

No.	Institution/Individual	ID card/ Passport/ Business License No.	Address	Number of shares	Ownership
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Major shareholders (holding more than 5% of shares)

1	Doan Nguyen Duc	230046495	147 Tran Phu, Pleiku, Gia Lai	347,765,533	44.02%
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## SHAREHOLDER STRUCTURE BY LIST

Item	Number of shares	Ownership
Total share capital	789,967,947	100%
Founding shareholders	357,593,050	45.27%
Treasury shares	68,664	0.01%
Major shareholders (holding more than 5% of voting shares)	-	0.00%
Shareholders holding 1% - 5% of voting shares	98,384,701	12.46%
Shareholders holding less than 1% of voting shares	333,921,532	42.27%
<i>of which:</i>		
Foreign shareholders		
Institution	103,769,536	13.14%
Individual	5,230,730	0.66%

## CHANGES IN OWNER'S EQUITY

In 2015, the Company did not have any change in its capital. Share capital as at 31 Dec. 2015: 789,967,947

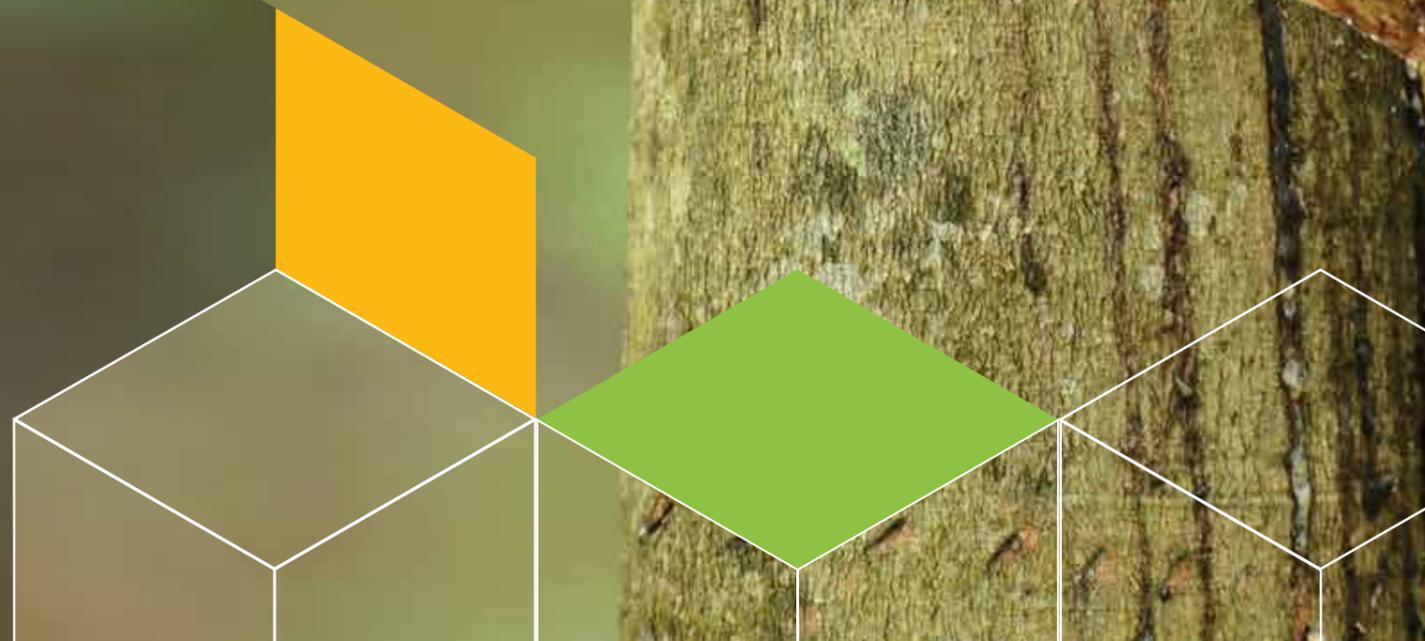
Capital increase process by year	VND billion
01/06/2006	289
31/12/2006	297
31/12/2007	1,200
31/12/2008	1,789
31/12/2009	2,705
31/12/2010	3,115
31/12/2011	4,673
31/12/2012	5,374
31/12/2013	7,182
31/12/2014	7,900
31/12/2015	7,900

## TOTAL NUMBER OF SHARES

Number of shares allowed to be issued	Shares issued and fully paid	Treasury shares
<b>789,967,947</b>	<b>789,967,947</b>	<b>68,664</b>



**CREATING  
VALUES**



# CORPORATE GOVERNANCE

## ACTIVITIES OF THE BOARD OF DIRECTORS

### MEETINGS OF THE BOARD OF DIRECTORS

In 2015, the Board of Directors of Hoang Anh Gia Lai Joint Stock Company (“the Company”, “HAG”) held 13 meetings:

**1**  
On 19 January 2015, the Company held a meeting of the Board of Directors for “Approval on the issuance of bonus shares to the Company’s employees”;

**2**  
On 30 March 2015, the Company held a meeting of the Board of Directors for “Approval on the business results in the year 2014, the plans of business, production and investment in the year 2015, the appointment of the General Director and the issues to be presented to the 2015 Annual General Meeting of Shareholders”;

**3**  
On 03 April 2015, the Company held a meeting of the Board of Directors for “Approval on the change in the name of Hoang Anh Gia Lai Rubber Joint Stock Company to Hoang Anh Gia Lai Agricultural Joint Stock Company and the listing of shares of Hoang Anh Gia Lai Agricultural Joint Stock Company on Ho Chi Minh City Stock Exchange”;

**4**  
On 13 May 2015, the Company held a meeting of the Board of Directors for “Approval on the plan for treasury stock purchase of the Company”;

**5**  
On 19 May 2015, the Company held a meeting of the Board of Directors for “Approval on the pricing principle in the plan of repurchasing treasury stocks as in the Resolution of the Board of Directors No. 1305/15/NQHDQT-HAGL dated 13 May 2015”;

**6**  
On 08 June 2015, the Company held a meeting of the Board of Directors for “Approval on the finalization of list of shareholders to conduct polls in writing”;

**7**  
On 01 July 2015, the Company held a meeting of the Board of Directors for “Approval on the updated report on business results for the 2<sup>nd</sup> quarter of 2015 of the Company and the implementation of the listing of shares of Hoang Anh Gia Lai Agricultural Joint Stock Company”;

**8**  
On 05 July 2015, the Company held a meeting of the Board of Directors for “Approval on the change of the plan of purchasing treasury stocks”;

**9**  
On 14 August 2015, the Company held a meeting of the Board of Directors for “Approval on the financial statements for the 2<sup>nd</sup> quarter of 2015, and the resignation and election for new member of the Company’s Board of Directors”;

**10**  
On 24 August 2015, the Company held a meeting of the Board of Directors for “Approval on the amendment of some terms and conditions of the HAG-CB2011 Bond issued in accordance with the plan for convertible bond issuance passed by the GMS on 18 August 2010”;

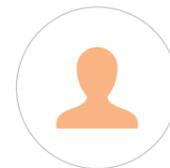
**11**  
On 30 September 2015, the Company held a meeting of the Board of Directors for “Approval on the implementation of the scheme of dividend payment by means of shares”;

**12**  
On 22 October 2015, the Company held a meeting of the Board of Directors for “Approval on the separate financial statements and the consolidated financial statements for the 3<sup>rd</sup> quarter of 2015”;

**13**  
On 30 November 2015, the Company held a meeting of the Board of Directors for “Approval on the financial plans of parent company and subsidiaries, and approval on the issuance of shares of subsidiaries to pay dividends or bonus shares to existing shareholders of parent company”.



#### ATTENDEES:



**MR. DOAN NGUYEN DUC**  
Chairman

ATTENDING TIMES **13 ~ 100%**

**MR. DOAN NGUYEN THU**  
Member

ATTENDING TIMES **13 ~ 100%**

**MR. NGUYEN VAN SU**  
Member

ATTENDING TIMES **8 ~ 60%**

REASON Resigned on 14 August 2015

**MR. NGUYEN VAN MINH**  
Member

ATTENDING TIMES **13 ~ 100%**

**MR. PHAN THANH THU**  
Member

ATTENDING TIMES **10 ~ 77%**

**MS. VO THI HUYEN LAN**  
Member

ATTENDING TIMES **13 ~ 100%**

**MR. PORNCHAI LUEANG-A-PAPONG**  
Member

ATTENDING TIMES **3 ~ 23%**

REASON Resigned on 15 April 2015

**MR. VO TRUONG SON**  
Member

ATTENDING TIMES **11 ~ 84%**

REASON Additionally elected on 15 April 2015

**MR. NGUYEN XUAN THANG**  
Member

ATTENDING TIMES **4 ~ 30%**

REASON Additionally elected on 14 August 2015

**ACTIVITIES OF THE BOARD OF DIRECTORS** (continued)

**SUPERVISION ACTIVITIES OF THE BOARD OF DIRECTORS TO THE BOARD OF MANAGEMENT**

In 2015, the Board of Directors gave instructions and exercised supervision on the following activities of the Board of Management:

The Board of Directors actively directed the Board of Management and related departments to successfully hold the 2015 Annual General Meeting of Shareholders on 15 April 2015.

The Board of Directors instructed the Board of Management and related departments to organize some big events as follows:

- On 30 May 2015, the inauguration and hand-over ceremony of Attapeu International Airport solemnly took place in Attapeu Province – Laos in the presence of the State President of Vietnam Truong Tan Sang, and H.E. Chummaly Sayasone – General Secretary and President of the Lao People’s Democratic Republic, accompanied by the high-rank delegations of the two countries.
- On 23 June 2015, the Company organized the Phase 1 Handover Ceremony of Hoang Anh Gia Lai Myanmar Center in Yangon City, Myanmar attended by Prime Minister of Vietnam Nguyen Tan Dung, Vice President of Myanmar Sai Mauk Kham, together with the high-ranking delegations and around 400 enterprises from Vietnam and Myanmar.

The Board of Directors gave instructions to the Board of Management and related departments to complete the listing procedures of shares of HNG (“Hoang Anh Gia Lai Agricultural Joint Stock Company”). On 20 July 2015, Ho Chi Minh Stock Exchange held a ceremony to hand over the listing decision and celebrate the date of official trading of these shares.

The Board of Directors directed the Board of Management and related departments to implement the issuance of 2,150 bonds with the total value of VND 2,150 billion on 23 July 2015.

On 29 September 2015, Nutifood Nutrition Food Joint Stock Company launched a new product – Nuti 100% fresh milk – the achievement from the co-operation with Hoang Anh Gia Lai Group, and announced the co-operation project to develop material area for soymilk among NutiFood, Hoang Anh Gia Lai and Institute of Agricultural Science for Southern Vietnam (IAS).

The Board of Directors instructed and performed good corporate governance. On 14 November 2015, HAGL was ranked among the Top 2 publicly listed companies with outstanding achievements in corporate governance in Vietnam at the awarding ceremony organized by the ASEAN Capital Markets Forum (ACMF) and the Philippines’ Securities and Exchange Commission (SEC) in Manila Polo Club, Manila, Philippines to recognize the top 50 publicly listed companies from ASEAN countries having the most remarkable practice on corporate governance.

On 05 December 2015, under the instruction of the Board of Directors, the Board of Management and related departments held an event where HAGL Group officially opened Myanmar Plaza - the most modern and largest commercial center in Yangon City.

The Board of Directors guided the Board of Management and related departments to well implement social and community works in 2015 by giving 30 breeding cows to the poor in Thang Binh District, Quang Nam Province.

The Board of Directors directed the Board of Management and related departments to support Ernst & Young Vietnam Limited to carry out the auditing work on the financial statements quickly, accurately and legally.

**REPORT OF THE BOARD OF SUPERVISION**

**MEMBERS AND STRUCTURE OF THE BOARD OF SUPERVISION**

NO.	MEMBERS	POSITON	VOTING RIGHTS (31 DECEMBER 2015)
1	Mr. Lam Hoang Hai	Head of the BOS	0.00%
2	Mr. Nguyen Tan Anh	Member	0.00%
3	Ms. Nguyen Thi Huyen	Member	0.01%

**ACTIVITIES OF THE BOARD OF SUPERVISION**

Members of the Board of Supervision (BOS) are voted by the General Meeting of Shareholders (GMS) to perform supervision activities in accordance with legal regulations and the Company’s Charters. In 2015, the BOS kept on checking and supervising as well as suggesting some necessary changes in the Company’s operational administration. Also, supervision measures were strengthened to ensure the transparency of the Company’s financial activities.

The BOS held periodical meetings to evaluate BOS members’ performance, assess quarterly financial statements of the BOM as well as review the auditing scope and result with the external independent auditor.

**PERFORMANCE OF THE BOARD OF SUPERVISION**

**Supervising the implementation of Resolutions of the 2015 GMS**

In 2015, the Company faced some difficulties in implementing the contents approved in Resolutions of the 2015 GMS due to economic turmoil. Details are as follows:

*The Company made extraction for funds, including:*

- Business promotion fund: 5%
- Welfare fund: 3%

*Dividends paid in 2014:*

- Not yet.

*Business results of the year 2015:*

- Revenue gained 117% and profit before tax reached 38% as compared with the plan.

*Remunerations paid to the BOD, the BOS and the Board of Secretaries:*  
In 2015, the Company paid remunerations to the BOD, the BOS and the Board of Secretaries as follows:

- Non-executive member of the BOD: VND 22,000,000/month/person.
- BOS member: VND 15,000,000/month/person for Head of the BOS and VND 11,000,000/month/person for members.
- 5% of profit after tax extracted to give to executive members of the BOD, members of the BOM and the Board of Secretaries based on their performance: not implemented.

**Supervising the financial position in 2015**

In 2015, the BOS continuously boosted its frequent interaction with the external independent auditor of HAGL (Ernst & Young Vietnam Limited) to assess the Company’s financial operations and risk management measures thereof.

The audited financial statements for the fiscal year 2015 gave a true and fair view, in all material respects, of the financial position of HAGL, the consolidated results of its operations and its cash flows, in conformity with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the relevant statutory requirements.

Due to the unfavorable business situation, the Company was in violation of certain loan and bond covenants. Thus, its ability to continue as a going concern was drawn attention by the auditor. Currently, HAGL has been in progress to negotiate with creditors and relevant authorities for restructuring these loans and bonds.

In addition, the Company gave some short-term and long-term loans to related parties that have not yet been approved by the shareholders at the General Meeting as required under Circular No. 121/2012/TT-BTC issued by the Ministry of Finance on 26 July 2012 providing regulations on corporate governance applicable to public companies.

**Supervising the activities between the BOS and the BOD, the BOM and Shareholders**

In 2015, the BOS participated in BOD’s meetings, timely caught up with the actual business situation of HAGL and gave comments to the BOD and the BOM regarding the performance of the approved goals by the GMS.

The BOS was given access and provided with information fully and timely on decisions of the BOD and other documents filed at the Company as requested.

Regularly, the BOS supervised the publicity of HAGL’s information to be assuredly brought out to Shareholders fully, accurately and timely. Besides, no letters, requests or complaints were sent to the BOS by Shareholders during the year.

**Selecting the external independent auditor for the fiscal year 2016**

The BOS informed the BOD about the procedures of choosing the external independent auditor for the fiscal year 2016 submitted to the GMS for approval at the latest GMS.

## CORPORATE GOVERNANCE (continued)

### RISK MANAGEMENT

Hoang Anh Gia Lai operates in many sectors and in different geographical areas. Therefore, there exist potential risks associated with each sector, geographical area and economic condition. The Group has identified major risks and implemented the following risk management measures:

#### MARKET RISKS

##### Nature:

The prices of output products from the Group's cultivation and livestock sectors including rubber, sugar, palm oil, corn, beef, milk, etc. are sensitive to the global market and under an ongoing movement. This factor has a direct impact on the profitability, cash flows and progress of investment capital returns. The real estate sector is directly affected by the changes of the financial market and macro-economic conditions. Therefore, adverse economic fluctuations can lead to the decrease of liquidity of the real estate market and negatively impact the selling prices of products of real estate projects.

##### Risk management measures:

By applying the low cost strategy consistently in all 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 sharp decrease in prices in the global market. Even in the worst situation, losses are still able to be minimized in a short-term period. Besides, the multi-sector strategy helps the Group cover the loss in one sector by the profit of another sector when there is a reduction in 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, long-term trading contracts signed with major partners at a fixed price, etc.

#### EXCHANGE RATE RISKS

##### Nature:

In recent years, the exchange rates between Vietnam Dong and foreign currencies (especially US Dollar) have not changed much, under the State Bank's control, and caused little effects on the Group's operations involving payments

in foreign currency to overseas partners, especially for the import of equipment and machinery, raw materials, construction materials, etc. However, the Group always places an importance on the exchange rate risk management and gives out appropriate risk management measures to avoid negative effects upon the future large fluctuations on exchange rates.

##### Risk management measures:

The Group's operations comprise both import and export transactions, so the exchange rate movements can be offset against each other to reduce the impacts on the Group's profit and cash flows. Moreover, future export revenues will provide foreign-currency inflows to meet import payment needs.

The Group has carefully planned the timing and payment schedule for import and export activities with foreign partners to minimize exchange rate risks.

#### INTEREST RATE RISKS

##### Nature:

The Group's operations require a huge investment capital source to invest in projects of real estate in Myanmar, dairy and beef cattle under implementation boost, etc. A large proportion of the required capital has been raised by borrowing from banks and issuing corporate bonds at floating interest rate. If the interest rate gets increased, the borrowing costs become more burdensome and adversely affect the Group's businesses.

##### Risk management measures:

Currently, management measures on interest rate risks are not popular in Vietnam market. Thus, no measures have proved efficiency to minimize risks yet to the Group and it is still affected upon the increase of the market interest rates.

#### PROJECT IMPLEMENTATION RISKS

##### Nature:

The Group has had some business sectors, of which the project development period is long, i.e. from 3 to 5 years for real estate projects, over 5 years for rubber projects and over 3 years for oil palm projects. The implementation work includes legal procedures for land, environment, site clearance, compensation, reclamation, cultivation, construction, nursing and etc. Problems arising during any phase can significantly affect the overall implementation progress, slow down the capital turnover, and negatively impact the set business plan.

##### Risk management measures:

With extensive experience in project management and close relationships with relevant authorities, the Group has strict control over the implementation of its projects. Moreover, with many projects being undertaken simultaneously, the Group's 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 other regulations of the stock exchange. However, the laws and regulations are still under continuous improvement, so possible legal and policy changes will have certain impacts on the management and operation activities of the Group.

Moreover, the real estate business is governed by the Land Law, Construction Law, and Real Estate Business Law, etc. Changes in these legal requirements may affect the liquidity of the real estate market, the time spent on administrative procedures and the capital mobilization method of the Group.

##### Risk management measures:

The Group has a legal department comprising qualified and experienced lawyers. The department will update legal changes and impacts on a regular and timely basis to advise the Board of Directors and the Board of Management. Besides, the legal department is responsible for reviewing the Group's business agreements to mitigate legal risks.

When necessary, the Group can seek for independent legal advices from both domestic and international professional law consulting firms on the complex transactions.

#### OTHER UN-SYSTEMATIC RISKS

##### Nature:

Each business has one or more un-systematic risks. The cultivation, for example, is exposed to risks of natural disasters, drought, flood or fire; the livestock is very sensitive to diseases; the real estate business is exposed to risks of fire or accidents during construction; the hydropower sector is subject to drought risks, etc. Whether we like it or not, these risks always exist and potentially affect the Group's business activities.

##### Risk management measures:

The Group evaluates the possibility of risks materializing for each sector and the expected loss, and simultaneously identifies the suitable insurance policies for such risks and the associated premiums. On that basis, the Group will make decision to either accept and self-manage the risk or transfer the risk by purchasing the appropriate insurance policies. The Group has fully purchased insurance policies of construction, fire for real estate projects and factories; livestock risk insurance for cattle farms; tree insurance for rubber, oil palm, sugarcane and corn plantations; labor accident insurance for employees, third party liability insurance, etc.



Mr. Doan Nguyen Duc – HAGL's Chairman – discussed with Investors at the project site



Investors visited HAGL cattle farms



Mr. Somsavat Lengsavad – Deputy Prime Minister of Laos – paid a visit to HAGL Attapeu project



Investors visited oil palm plantations

## INVESTOR RELATION

Being well aware of shareholders and investors' importance on enterprise development, HAGL's Leaders always take initiatives in sharing and updating information regularly and continuously to its shareholders and investors, whereby they can have a comprehensive view and enough information on the Group to be able to make the best and timely decisions.

### INFORMATION TRANSPARENCY

HAGL increases its information transparency to investors through the following activities:

- Timely publishing information on business operations, investments and financial position through annual report, financial statements, press releases on the Company's website at: [www.hagl.com.vn](http://www.hagl.com.vn), as well as on website of Ho Chi Minh Stock Exchange (HOSE) and other media channels.
- The Leaders of the Group directly exchange information and receive comments of shareholders and investors through the Annual General Meeting of Shareholders, direct meetings, investor conferences, teleconferences and road shows in order to help the shareholders and investors have a comprehensive view of the Group.

### ACTIVITIES OF CONTACTING WITH INVESTORS

In order to help investors and partners have a deep understanding of the Group's business operations, HAGL regularly arranges site visits to the Group's projects in Vietnam, Laos, Cambodia and Myanmar for them. Such site visits give a chance for the Leaders to directly exchange information with, make a warm and open talk with, listen and answer all questions from investors and partners, whereby they can understand clearly about the Company's business situation. In 2015, HAGL invited its investors, partners and representatives from competent authorities to join some significant events such as the Inauguration Ceremony of Attapeu International Airport in Laos, the Phase 1 Handover Ceremony of HAGL Myanmar Center in Yangon - Myanmar, visits to HAGL cattle farming projects in Gia Lai, etc.

# FAITH IN THE FUTURE



# REPORT OF SUSTAINABLE DEVELOPMENT

The 2015 Sustainable Development Report of HAGL focuses on recording the Group's significant activities in association with sustainable development issues in 2015 via 6P model: Productivity, People, Planet, Partners, Portfolio and Profit. To step by step achieve this goal, HAGL goes for 4 concentrated points:



This report is formed in accordance with the G4 Sustainability Reporting Guidelines of Global Reporting Initiative (GRI).

Fiscal year: 01 January 2015 – 31 December 2015

### CONTACT INFORMATION

Should there are any comments or questions regarding the report, please contact:

**MR. NGUYEN TAN ANH**

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Please visit HAGL's website at [www.hagl.com.vn](http://www.hagl.com.vn) for more details of sustainable development activities

## ECONOMIC DEVELOPMENT

Being one of the leading private Groups in Vietnam, HAGL continually strives for, in its business and investment activities, the best profits for its employees and values for shareholders and investors, simultaneously developing the national economy.

### CREATING THE BACKGROUND FOR DEVELOPING LOCAL, NATIONAL AND REGIONAL ECONOMY

In addition to those values directly contributed to local and the State budget, the Group's investments in large-scale projects in Western Highland, Laos, Cambodia and Myanmar strongly helped boost the development at project areas by creating jobs for thousands of villagers. By leading the investment in advanced technology applicable to agribusiness, HAGL gradually helped change living habits of the local people from the primary lifestyle to industrial and settlement lifestyle which could improve their living standards and provide them incomes. Also, HAGL actively conducted social welfare programs at local areas including building infrastructures such as roads, bridges, airports, hospitals, schools, wells, resettlement areas,...

Gaining some first achievements in business activities in Laos, Cambodia and Myanmar, HAGL was trusted by the Governments of those countries, cementing the friendly relation, accelerating commercial exchanges between neighboring countries and pushing the regional economy as well.



The opening ceremony of Myanmar Plaza, a part of HAGL Myanmar Centre.



The ceremony of delivering investment certificate and signing the agreement on giving support to develop dairy cattle in Ha Nam.

### CREATING VALUES FOR SHAREHOLDERS AND INVESTORS

With the motto of **"Profit balance for increased efficiency"**, HAGL's operations always aim for the Company's sustainable development profits and long-term profits of its shareholders and investors.

In 2015, the global economy still showed its turmoil where it was stuck in a slow recovery, and has yet to gain its growth. Also, there were strong fluctuations in world commodity prices in the decreasing trend that significantly affected exporting countries, especially agricultural enterprises including HAGL.

However, HAGL drew up decisive policies and business strategies flexibly and timely in line with the market movements. Those policies and strategies focused on restructuring, assigning priority to exploit core strengths, spotting trends, and proactively creating stable cash flows by maintaining and developing efficient operations.

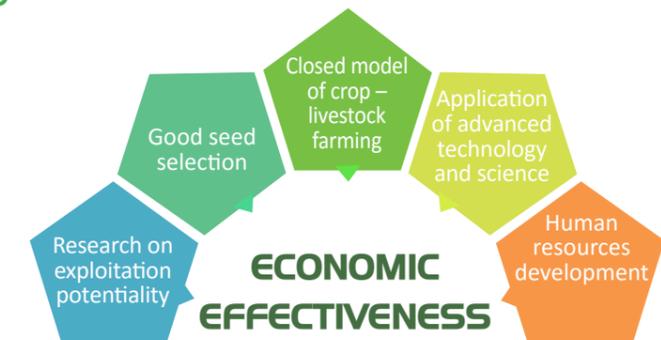
### EMPLOYING LOCAL PEOPLE AT THE PROJECT AREAS

Employing local people means a lot of importance in HAGL's socio-economic development strategy. At the plantations, processing plants, real estate projects, etc. thousands of local employees have been recruited and trained by foreign and

Vietnamese experts. The employees have labor contracts with lots of benefits and are arranged accommodation at the resettlement areas built by HAGL.

### INCREASING ECONOMIC EFFECTIVENESS BY APPLYING PRACTICAL SOLUTIONS

In determination of agriculture as a key strategy, HAGL made systematic investments, applying modern methods for the Group's sustainable orientation.



#### DOING RESEARCH AND LEARNING EXPLOITATION POTENTIALITY

Prior to the decision to invest in agriculture in Laos and Cambodia, HAGL conducted research, analyzed soil, water resources and made farming trials. Accordingly, HAGL could accurately identify climate conditions, nutritional ingredients of soil, and needs of water and nutrition for trees and animals. This stage was a very important premise on which HAGL successfully planted rubber trees, oil palm, sugarcanes and raised cattle as today.

#### SELECTING EXCELLENT SEEDS MATCHING THE FARMING CONDITIONS

HAGL works on the criterion of choosing products adaptable to farming conditions at the Group project areas from reliable suppliers. For instance, HAGL's cattle are 100% imported from Australia, or the grass with high protein content and productivity used as cattle feed is originated from Thailand.

#### BUILDING CLOSED PROCESS OF CROP - LIVESTOCK FARMING

The closed network of crop - livestock farming enables HAGL to take full advantages of all products and by-products made from all of the Group's operating sectors, optimize the productivity while minimizing the wastes, reducing manufacturing costs, creating competitive advantages for output products and helping protect environment as well.



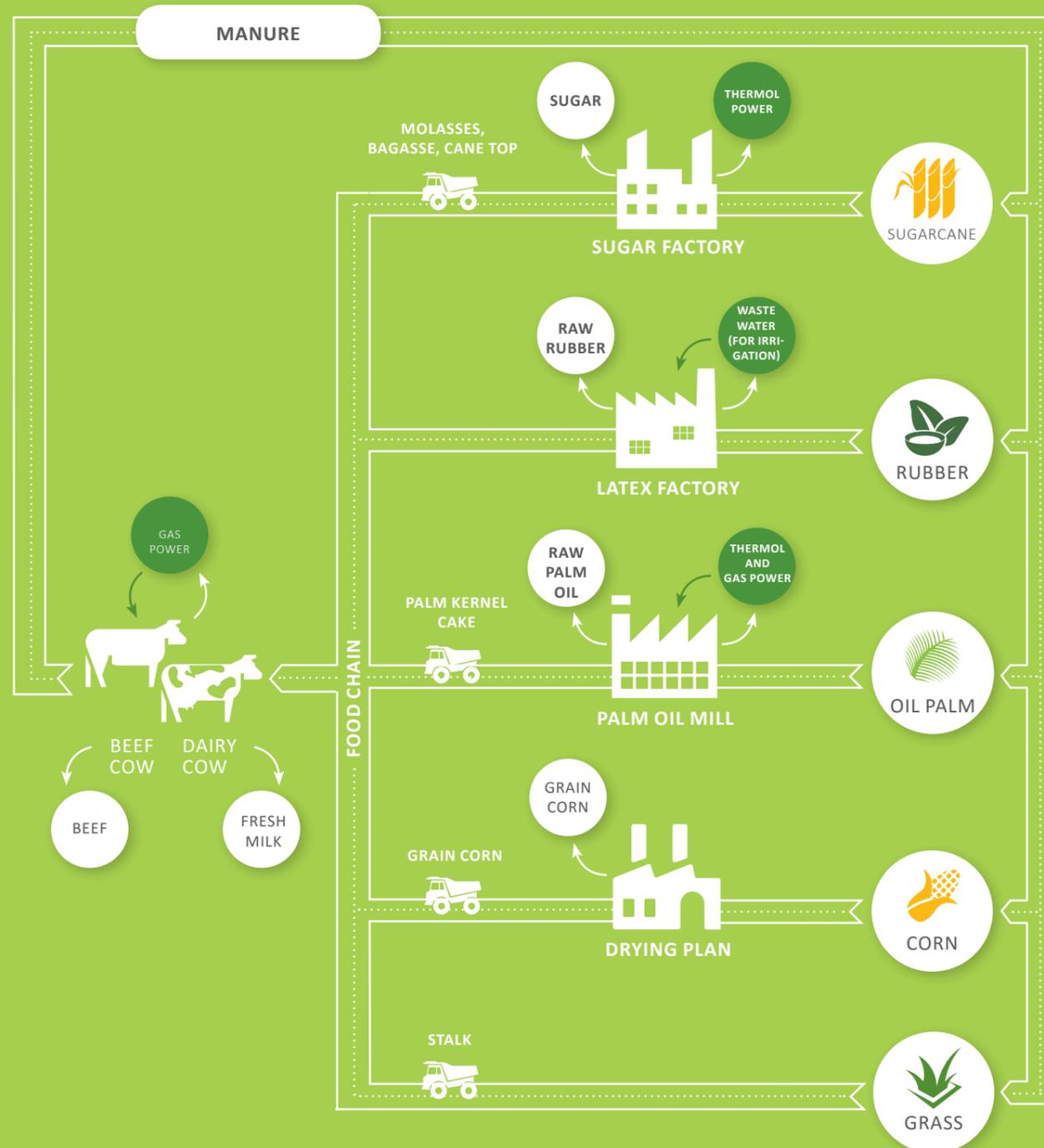
HAGL breeding cows 100% originated from Australia.



Grass harvesting.

# ECONOMIC DEVELOPMENT (continued)

## Closed agriculture production cycle HOANG ANH GIA LAI



### BUILDING AN AGRICULTURAL MODEL OF ADVANCED TECHNOLOGY

The application of modern technology to agribusiness determined by HAGL will result in increased productivity, liberation of manual work and declined costs.

**Israeli drip irrigation system:** Ensuring water and nutrition supplies for trees, helping them grow vigorously even in the dry season; optimizing the amount of water and fertilizer; saving weeding cost.

**Mechanization of all steps in the cultivation and production procedures:** For high productivity and good product quality with lower costs, HAGL made comprehensive investments in machinery and equipment, applied advanced technology and science from the stages of tilling soil, arranging pipes, seeding, fertilizing, ... to harvesting and processing stages.

In livestock sector, HAGL constructed the farm system of Australian standards from growing grass, harvesting to grinding, mixing and scattering feed, cleaning cages.

### DEVELOPING HUMAN RESOURCES

Running and managing crop-livestock farming process at HAGL require qualified laborers. Therefore, HAGL invited experienced experts from Australia, Israel, ... to run, to transfer technology and to technically train Vietnamese workers.

### APPLYING INITIATIVES AND INTERNATIONAL STANDARDS

Having operations in various sectors and in different countries, HAGL puts the focal point in ensuring governance efficiency, reasonably allocating resources and tightly controlling business and production process. Thus, initiatives and international administrative standards were applied to the Group's operations, including SAP ERP system, ISO 9001:2008 quality management system...

30%

Cost invested in modern technology and science accounts for 30% of that invested in agriculture.



All stages of grass grinding, feed scattering and cage sanitation are mechanized.

1,000 COWS

Average number of cows nursed by each worker applying advanced machines.



Australian Ambassador Hugh Borrowman paid a visit to cattle farm.

# CARE FOR EMPLOYEES AND SUPPORTS FOR COMMUNITIES

## HUMAN RESOURCES GOVERNANCE

Human resource is the fundamental foundation for an enterprise's success and the element ensuring creativity as well as the one directly running the Company's operations. Being aware of this principle, HAGL pays much attention to the development of personnel policies and working environment in order to create the best conditions for employees to promote their abilities.

### 1. RESEARCH ON AND PLAN FOR HUMAN RESOURCES

During its course of operation, HAGL proactively analyzes the need for necessary labor force based on the following criteria: Right quantity, right time, right person and right task. This enables HAGL to meet the human resource requirements, and ensures that the Company is out of the shortage of labor force or the situation of excessive employees over task shortages.

### 2. RECRUITMENT AND TRAINING POLICIES

#### Recruitment

The recruitment of new employees is implemented by assessing their abilities, experience, qualifications and skills suitable to each position. We respect diversification and heighten fair chances regardless of their sexes, religions or nationalities. Female employees share the same working conditions, ability development and promotion to male employees. HAGL does not employ school-age children for project areas.

#### Training and skill development for employees

HAGL encourages and creates the most favorable conditions for its employees to maximize their working abilities. The Group regularly organizes training courses in different sectors to improve quality, enhance professional skills and develop the potential of each employee. In determination of long-term investment and development at foreign countries, HAGL appointed staff and students to study at National Universities of Laos, Cambodia and Myanmar.

Activities	Training contents
Periodical training in tapping latex in Vietnam, Laos and Cambodia	Courses are opened regularly during the year from March to supplement tapping workers.
Training at Medical University – HAGL Hospital	<ul style="list-style-type: none"> <li>In 2015, 14 training classes were opened to enhance professional skills at the hospital for 625 trainees.</li> <li>2 classes of professionally medical training and communication skills for 165 people undertaken by a lecturer from University of Medicine and Pharmacy, Ho Chi Minh City.</li> </ul>
Training in growing and nursing sugarcane and oil palm	Periodically held to improve skills for new or low-skilled workers.

### 3. CORPORATE CULTURE

Unity is the Group's core value. From the establishment date up to now, HAGL has achieved sustainable developments thanks to all of its members who have always stood together with oneness of mind, shared all working values and kept unanimity towards the Group's success.

**Leaders and employees:** HAGL's Leaders always care for, listen to and exchange information with employees. These Leaders act as advisors, giving inspiration to their junior staff in a clear and identified direction that help increase trust and loyalty to employees. HAGL's employees are encouraged to directly work, contribute opinions and make personal comments to their Leaders.

**Employees and employees:** Each employee is a single piece bearing their own identity together forming a harmonious and powerful HAGL Group. To strengthen the spirit of co-operation and mutual assistance among the employees of the Company, HAGL regularly organizes courses of teambuilding and develops team works in order to both improve the work efficiency and strengthen the solidarity among individuals.

**Employees and customers:** Activities carried out by the Company and its employees all aim to the highest target that is to satisfy all customers' needs. To achieve such a goal, HAGL organizes training courses on friendly and professional behaviors in order to form a methodical and trusted working style of the employees towards customers and partners. Accordingly, this will increase the efficiency of transactions and negotiations of HAGL.

### 4. WORKING ENVIRONMENT

A friendly and fair working environment is promoted in the Company, helping create forces for productivity improvement. The Group invests in building spacious infrastructures that give comfortable working spaces for its employees to promote their creativity, helping increase working efficiency and accelerating the Company's development.

#### Labor safety

In order to minimize risks in production, HAGL built up safely operational procedures for its employees in conformity with standards provided by the local authorities and local regulations on labor safety of Vietnam, Laos, Cambodia and Myanmar.

The Group released policies on labor safety and environment sanitation. Besides, HAGL regularly inspected and assessed the implementation thereof at project sites, organized training courses on accident prevention for laborers, provided adequate labor safety equipment such as clothes, helmets, shoes, glasses,... depending on their working environment, invested in and improved production technology to ensure safety for employees.

#### Health care services

Medical examination is provided for the Group's employees once per year. Also, employees enjoy 50% of medical examination costs and 100% of treatment costs for cases caused by occupational accidents supported by Medical University - Hoang Anh Gia Lai Hospital.

 VND **513** BILLION  
Total salary paid to the Group's employees

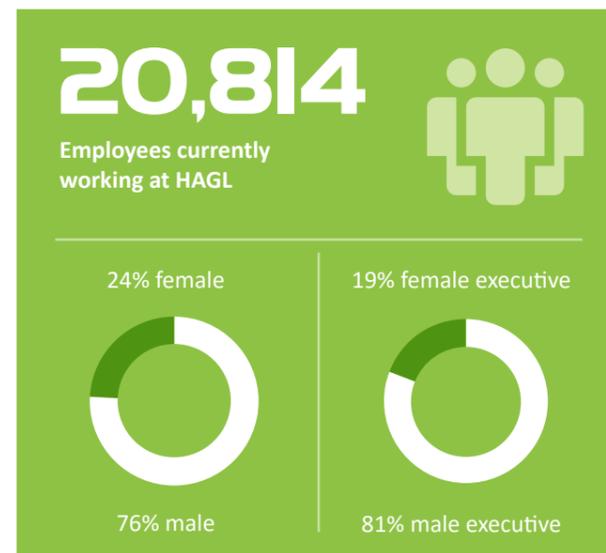


#### Salary, bonus and welfare policies

In order to stimulate the working spirit as well as to promote the staff's working creativity and efforts, HAGL has developed its fair salary and bonus policies based on such criteria as capacity, work performance, contribution to the Group's development.

All policies of welfare, health insurance, social insurance, and unemployment insurance are implemented in accordance with the prevailing Labor Codes applied at the host countries. In addition, laborers can enjoy other welfares such as bonuses on public holidays, annual leaves, etc.

The Group has a preferential policy for local employees with good qualifications and working ethics, who have worked in big cities and would like to work with the Group in Pleiku City and project locations. The Group also provides company buses and houses right at the project sites to help them feel secured doing their jobs.



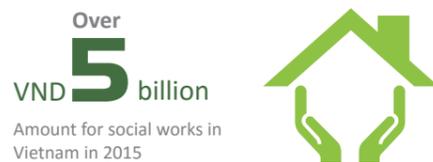
## CARE FOR EMPLOYEES AND SUPPORTS FOR COMMUNITIES (continued)

### COMMUNITY CONNECTION AND SOCIAL LIFE IMPROVEMENT

Besides its profit target, HAGL always puts the community responsibility and social life development in a focal point. With all employees' supports, HAGL regularly engaged in essential activities to support the communities in the spirit of reciprocation of kindness and assistance in Vietnam, Laos, Cambodia and Myanmar.

#### VIETNAM

Following the spillover effect of charity-sponsor activities performed in 2014, HAGL continued to bring more social welfare programs to deprived areas, mainly including infrastructure construction, health care and education services provision, development of people's cultural and spiritual life, etc.



#### INFRASTRUCTURE INVESTMENT

HAGL upgraded Pleiku stadium to the one with a capacity of over 10,000 seats for sports events of the province and its residents. Moreover, the Company built roads and electricity lines serving essential daily needs of inhabitants in Phu Cat District, Binh Dinh Province.

#### CULTURE AND EDUCATION

Besides infrastructure investment, HAGL heightens the investment in culture and education. In 2015, HAGL financed the statue construction of the national hero Hung Dao Vuong Tran Quoc Tuan in Pleiku City, Gia Lai Province. This is one among other works in commemoration of national heroes and heroic martyrs who sacrificed for the country establishment and defense.

HAGL invested in building up Le Anh Xuan primary school in District 7, Ho Chi Minh City for the total amount of VND 10 billion in sponsorship. Every year, the Group appropriates its profit to support Study Promotion Funds in Gia Lai Province.



HAGL Club and Nutifood HAGL - Arsenal - JMG Football Academy visited Tam Binh Disabled and Orphanage Center, Ho Chi Minh City.

#### ECONOMIC LIFE

With the guideline of "Joining hands to build a better society", social welfare and sponsorship programs have become HAGL's regular activities such as supporting Fund for the Poor, Blind Association, Children Patronage Center, Agent Orange Fund, donating to people living in flooded areas, giving Tet gifts to deprived households, etc. Those social activities are not only from the Group's profit but also from its staff's contributions personally. Also, HAGL - Arsenal - JMG Football Academy and HAGL Football Club frequently organize charity programs at Children Patronage Center in Gia Lai and Khanh Hoa, help the helpless elderly, ...

Moreover, in 2015, HAGL gave breeding cattle to the poor, contributing to the poverty alleviation in Quang Nam Province.

#### HEALTH CARE

After a course of 4-year operation, being well-equipped with modern devices and great-experienced medical staff, MPU-HAGL Hospital is currently performing medical quality improvement very well for residents in Western Highland provinces. In 2015, the hospital provided examinations and treatments to 201,804 cases, over 12,000 cases of inpatient treatments, 3,500 cases of surgery, of which 30% was endoscopy surgery.

Apart from providing diagnoses and treatments within its site, the hospital regularly carried out social activities, comprising of organizing Mid-Autumn Festival for children right at the hospital, humanitarian diagnoses and treatments, programs of providing diagnoses, drugs and free ocular operations at far-off areas in Gia Lai Province in particular and also in Laos and Cambodia.

In the future, setting itself a goal to become the first modern model of University - Hospital in Western Highlands, the hospital would be invested in constructing one additional 10-storey building, increasing the capacity to 500 beds, continuously purchasing cutting-edge equipment and enhancing professional skills for medical staff, with the hope that the hospital is capable of performing both domestic and international medical techniques and helping develop medical conditions for ethnic people there.



Doctors diagnosed a poor patient.



Free diagnoses and treatments provided for people from ethnic minorities in Gia Lai.



HAGL Medical Pharmacy University Hospital

## CARE FOR EMPLOYEES AND SUPPORTS FOR COMMUNITIES (continued)



HAGL U21 Team celebrated their title of Thanh Nien Newspaper U21 International Football Championships

## COMMUNITY CONNECTION AND SOCIAL LIFE IMPROVEMENT (continued)

### VIETNAM

#### SPORTS

Employing a highly-skillful and devoted way of playing, completing satisfaction of their fans as usual, HAGL - Arsenal - JMG Football Academy kept on its tremendously proud contribution to Vietnam Football by their win of the title of Thanh Nien Newspaper U21 International Football Championships against other leading teams such as Thailand, Myanmar and Korea.

In parallel with professional skill improvement, HAGL players frequently showed their social responsibility through their attendance in community activities and charity programs to alleviate the misfortune of many lives: donations to flooded areas, visits and gifts for disabled children, orphans and the elderly at Social Patronage Centers in Ho Chi Minh City, Gia Lai Province, Khanh Hoa Province, ... With popular images imprinted on fans' heart, HAGL was invited, for the second time to represent UNFPA in the campaign for ending violence against women and girls. This was an honor and responsibility as well of HAGL young players in communicating messages on gender equality to Vietnam youth.

HAGL Arsenal JMG Football Academy has been training young talent generations, as its mission, not only in professional skills but ethics as a part in positive changes of Vietnam Football.



HAGL Club continually represented UNFPA in the campaign for ending violence against women and girls.

# CARE FOR EMPLOYEES AND SUPPORTS FOR COMMUNITIES (continued)

## COMMUNITY CONNECTION AND SOCIAL LIFE IMPROVEMENT (continued)

### CAMBODIA

In 2015, the Group continuously performed the “Community development” program in Cambodia as previously committed by HAGL’s Leaders via practical supports to upgrade basic living standards of villagers around the project sites.



Cows and cash were delivered to support villages.



Food was given in between-crop period.

### INFRASTRUCTURE INVESTMENT

Infrastructure works executed in recent years by HAGL helped improve communities’ living conditions, including roads, bridges, power system and wells. In upcoming years, HAGL will keep on its construction works as committed.

According to the plan, HAGL will build 3,000 houses for workers to live and work right at the project sites with the total value of USD 3,500 for each house. All houses are fully provided electricity, water, toilets, together with complete medical services for each cluster of villagers.

### FOOD AND FINANCIAL SUPPORT

Annually, HAGL gives food support to deprived and poor households. In the between-crop period in April 2015, the Company visited and provided 50kg rice and one carton of noodles for each of 349 households.

Besides, via the Compliance Advisor Ombudsman (CAO) – a member of the World Bank Group in cooperation with Non-profit Organizations, HAGL delivered one 400kg cow and cash to each village around the project area to support their religious spirit ceremony for a total amount of USD 23,800.

*“Added by the Company’s support, we feel so warm and happy; to some extent, villagers here will not concern about their meals or have to suffer starvation any more, as before.”*

**Mr. So Khum**  
Local villager shared



### LAOS

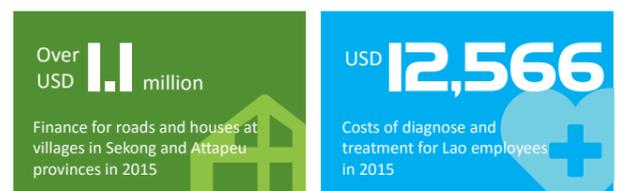
Children in Attapeu, Laos came to school built by HAGL.

### INFRASTRUCTURE DEVELOPMENT

The Group constructed a 200-bed hospital, 2,000 houses for workers, offices at the villages, schools, solid bridges, hundreds of kilometers of gravel roads facilitating people’s travel, and electricity lines for people in the project areas. In parallel with HAGL’s projects, the Company helped provide jobs for locals and people in nearby areas.

In delivery of commitment with Laos Government to support the construction of new administrative center for Phu Vong District, Attapeu Province, up to now, the Group has completed 20% of the work with the total investment of USD 3 million.

In May 2015, Attapeu International Airport constructed by the support of HAGL to Laos Government was opened and put into operation, giving significant change in Attapeu’s economy and efficiently serving people’s needs for travel. Previously, HAGL financed Laos Government an amount of USD 19 million to build the 25<sup>th</sup> SEA Games Athletes Village.



### HEALTH CARE

Addition to such construction of 200-bed hospital at Attapeu addressing diagnose and treatment within the hospital and enhancing medical conditions for local people, every year, Lao villagers, workers, employees and staff are facilitated to travel to HAGL MPU Hospital for free treatment.

Moreover, HAGL actively finances and supports villages, districts, provinces to organize festivals, Tet holidays, partially establishes sports activities, and finances Lao students to study in Vietnam,...

## CARE FOR EMPLOYEES AND SUPPORTS FOR COMMUNITIES (continued)

## ENVIRONMENT PROTECTION

### COMMUNITY CONNECTION AND SOCIAL LIFE IMPROVEMENT (continued)

#### MYANMAR

With the total investment of USD 440 million, HAGL Myanmar Center is currently the largest investment project in Yangon, which is very meaningful to the socio-economic developments of Yangon City in particular and Myanmar as a whole; helping improve and strengthen the good relationship between Vietnam and Myanmar. Once it is put into operation, the project is planned to provide 2,500 stable jobs for local laborers and add millions of dollars to the annual budget of Myanmar.

Not focusing only on business, HAGL Myanmar always strives to implement its social responsibility through community programs. Recently, HAGL Myanmar has paid a visit to two Patronage Centers for Orphans and Children in Special Circumstances in Yangon City. This was a very meaningful trip after a survey for those children's wish had been made before the trip. Accordingly, HAGL Myanmar's staff could deliver the right gifts to each of the children there.

In coming years, the company will continually develop much more meaningful activities in the city.

*I would like to express my utmost respect to HAGL for your sustainable investment and cooperation efforts in constructing the international-standard hotel and commercial building, and we really wish to work more and more with you.*

Mr. U Htay Aung -  
Minister of Myanmar Hotels and Tourism

Being thoroughly aware of the crucial role of the environment on production and sustainability, we strive to develop measures on effective utilization of natural resources, comply with regulations on ecological environment protection and on potential exploitation of renewable energy resources and minimize negatively environmental effects...

Stable jobs created  
**2,500**  
for local laborers



Gifts given to children at the Patronage Center for Orphans and Children in Special Circumstances in Yangon City.



# ENVIRONMENT PROTECTION (continued)

## MINIMIZING ENVIRONMENTAL EFFECTS

- **Establishing a closed production process:** The Company takes full advantages of by-products including bagasse, molasses, corn stalks and seeds to use as cattle feed; and uses manure to fertilize plants. Given such closed production process, the Group's factories and farms could minimize hazardous wastes into the environment, protect the land and water resources around the projects.
- **Applying the Israeli drip irrigation system:** This system helps save up to **50% – 70%** of water, minimize the excessive amount of fertilizer, reduce negative effects on soil and groundwater, improve internal microclimate, and prevent the soil from being eroded or impoverished...

## EFFECTIVELY EXPLOITING RENEWABLE RESOURCES

- Making use of agricultural by-products such as bagasse, palm oil residues to generate power serving the entire project. Currently, the thermo power plant using bagasse as feedstock is under efficient operation.

- Striving to perfect the waste treatment system: Wastes after production are reused when passing through the treatment system, which helps minimize environmental pollution, protect water resources and save costs.

## COMPLYING WITH THE LAW ON ENVIRONMENT PROTECTION

- The Group's operations are in compliance with the environmental laws and regulations released by the Governments of Vietnam, Laos, Cambodia and Myanmar. Up to now, HAGL has received approval on the Environmental Impact Assessment Report of 17 projects in Vietnam, 10 projects in Laos and 03 projects in Cambodia.
- HAGL has established the Environment Department in charge of implementing production control measures in compliance with the regulations on environment protection at present and afterwards.
- During the reclamation and cultivation process, HAGL always requires its partners and subcontractors to comply with the project boundaries as granted by local governments, not to violate the buffer zones of the major rivers and streams in the project areas as well as wild animal and plant reservation areas as regulated.

- In November 2015, HAGL officially promulgated Regulations on utilization of chemicals as per laws, placing maximum limit of the use of pesticides and chemical products to minimize negative impacts on land, water and human health.
- In order to ensure livelihood benefits around the projects as well as undertake corporate responsibilities and obligations upon the investment, HAGL issued Mechanism on receiving and responding to feedback and petition of individuals around the projects to promptly rectify any environmental and social impacts during investment.
- HAGL has cooperated with Bureau Veritas – an international organization in testing, evaluating and certifying the implementation of commitments on sustainability towards the community value protection and natural resources preservation.



**BUREAU  
VERITAS**

- In 2014, HAGL applied the ISO 9001:2008 quality management system to its oil palm project in Cambodia. This system helps the Group control the production process from the input stage to the output one clearly and accurately. Therefore, all of HAGL's agricultural products to be launched into the market can ensure all environment protection standards. HAGL is on its route to get Global GAP Certification on its agricultural products and applying SA 8000 or RSPO standards ... to farming as well.

## RAISING INDIVIDUAL AWARENESS TOWARDS ENVIRONMENT PROTECTION

To have good performance **"For green environment"**, the Group concentrates on raising the awareness of every HAGL's employee.

- Launching a saving movement by using two-sided paper to print documents or for other use.
- Gradually developing the Sustainable Development Report on mobile version to minimize the printing and wasting of paper resource.
- Consistently guiding the execution of Regulations on utilization of chemicals for subsidiaries' workers in Vietnam, Laos and Cambodia to ensure the comprehensive and strict implementation.

All HAGL's staff and employees are called for awareness of environment protection and joint contribution to the sustainable development from practical actions.



Natural reservation area in Attapeu, Laos

**50-70%**  
Amount of water saved thanks to the application of Israeli drip irrigation system



Israeli drip irrigation system

# MUTUAL DEVELOPMENT

Based on confidence, sharing, and cooperation for mutual benefit, retaining long-lasting interests between related parties; respecting transparency; observing entrepreneurial code of ethics, HAGL attaches special attachment to building and developing sustainable relationship with the parties involved.

## 1. SHAREHOLDERS, INVESTORS

Making transparent all business activities, regularly updating information in order to strengthen the confidence and improve the relationship between the company and its investors creating solid unity:

- Proactively disclosing reliable, precise information about business operations, financial positions by way of annual reports, financial statements, press releases, websites of the company, HOSE, and mass media, etc.
- The Group leaders always appreciate the shareholders' and investors' comments via face-to-face meetings, press conferences, general meeting of shareholders, etc.
- Regularly organizing site trips, visiting the Group's project sites in Vietnam, Laos, Cambodia and Myanmar, providing investors a comprehensive view of the Group's activities.
- Ensuring the investors' interests.

## 2. CUSTOMERS AND PARTNERS

At present, HAGL is working in collaboration with Nutifood for production and consumption of pure fresh milk; entering into a management service contract with an established hotel management group for operating Melia Yangon hotel; working with CBRE in managing and exploiting Myanmar Center Plaza, etc. With such cooperation, HAGL and its partners are able to produce high quality products and services to supply to the market.

## 3. EMPLOYEES

- HAGL encourages its employees to talk directly with the leaders, making contribution to the Group's production and business activities.
- Communicating, updating information for the employees via intranet, email, telephone, online meetings.
- Promoting unity among the employees through informal gatherings, birthday parties, teambuilding, etc.

## 4. MEDIA AGENCIES

Media agencies serve as a bridge between HAGL and the parties concerned, making information about the Group's activities explicit, precise, for the investors, customers and the public who are concerned.

- HAGL exchanges and shares information with press agencies in HAGL's press conferences and events as well as seminars on the sectors the Group is involved in.
- Journalists are invited to participate in most of the Group's activities.
- Announcing press releases, doing interviews in order to provide and update latest news related to the Group.



## 5. SOCIAL COMMUNITY

All the Group's activities are aimed at the target of improving the livelihood of the local communities through active supporting programs like:

- Priority is given to employment of the local human resources in order to create jobs, generating steady income for the people.
- Together with the local authorities, building basic facilities such as housing, roads, wells, hospitals, schools, etc. improving the people's livelihood.
- Conducting charity programs, providing free health examinations, supplying food to deprived people.
- In cooperation with schools, hospitals and charities organizations supporting, creating conditions for underprivileged children.

## 6. SUPPLIERS

A supplier is one of the key elements in HAGL's solid value chain. Responsible for the output of the production process, the partners picked by HAGL who are supplying technology, technique, printing, plant varieties, breeds, etc. are established contractors, satisfying requirements of quality and ensure compliance with environmental principles, typical of which is the supply of cow breeds and cow caring technology from

reliable Australian partners. That makes HAGL's livestock farming projects effective and minimize detrimental impact on environment.

The cows imported from Australia meet the requirements of the Exporter Supply Chain Assurance System (ESCAS) by the government of this country to regulate the export of Australian livestock to abattoirs to provide humane treatment to livestock.

## 7. GOVERNMENT, AUTHORITIES AND AGENCIES

HAGL is among the enterprises highly estimated by the host countries for its remarkable contributions to the building and development of the countries, cementing the relationships between Vietnam and the countries where HAGL is making its investments in:

- Investment on economic development of the local communities, improving the people's livelihood.
- Participating in conferences and seminars held by government, ministries and other agencies for voicing comments.
- Participating in the activities of organizations, associations: Business Council for Sustainable Development, Vietnam Football Federation, Association of Vietnamese Investors in Myanmar, the General Council of Agriculture of Vietnam.



# FINANCIAL STATEMENTS

General information	98 - 99
Report of management	100
Independent auditors' report	101 - 102
Consolidated balance sheet	103 - 104
Consolidated income statement	105
Consolidated cash flow statement	106 - 107
Notes to the consolidated financial statements	108 - 188



## THE COMPANY

Hoang Anh Gia Lai Joint Stock Company (“the Company”) is incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate No. 3903000083 issued by the Department of Planning and Investment of Gia Lai Province on 1 June 2006 and twenty seven (27) subsequent Amended Business Registration Certificates.

The 25<sup>th</sup> amendment dated 5 February 2015 approved the supplement of business activity: trade of cattle foods (Business code No. 4620).

The 26<sup>th</sup> amendment dated 16 April 2015 approved the change of legal representative of the Company.

The 27<sup>th</sup> amendment dated 18 June 2015 approved the supplement of business activities: warehouse, processing agricultural products and agricultural services (Business codes No. 5210, 0163 and 1079).

The Company’s shares were listed on the Ho Chi Minh City Stock Exchange (“HOSE”) with code HAG in accordance with Decision No. 124/QD-SGDHCM issued by HOSE on 15 December 2008.

The Group has nine (9) direct subsidiaries, twenty six (26) indirect subsidiaries and two (2) associates as disclosed in Note 17 to the consolidated financial statements of the Company and its subsidiaries (“the Group”) for the year ended 31 December 2015.

The current principal activities of the Group are manufacturing and trading cattle foods, fertilizers; warehouse services, processing of agricultural products and services; breeding and trading dairy cows and cows for meat; developing and operating rubber, sugarcane, palm oil and other tree plantations; developing apartments, trade centres, office buildings for sale and lease; construction; developing and operating hydropower plants; mechanics; mining; 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 Doan Nguyen Thu	Member	
Mr Nguyen Van Minh	Member	
Ms Vo Thi Huyen Lan	Member	
Mr Phan Thanh Thu	Member	
Mr Vo Truong Son	Member	appointed on 15 April 2015
Mr Nguyen Xuan Thang	Member	appointed on 14 August 2015
Mr Nguyen Van Su	Member	resigned on 14 August 2015
Mr Pornchai Lueang-a-papong	Member	resigned on 15 April 2015

## BOARD OF SUPERVISORS

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

Name	Position	
Mr Lam Hoang Hai	Head	
Ms Nguyen Thi Huyen	Member	
Mr Nguyen Tan Anh	Member	appointed on 15 April 2015

## MANAGEMENT

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

Name	Position	
Mr Vo Truong Son	General Director	appointed on 31 March 2015
Mr Nguyen Van Su	General Director	resigned on 31 March 2015
Mr Doan Nguyen Thu	Deputy General Director	
Mr Nguyen Van Minh	Deputy General Director	
Mr Nguyen Xuan Thang	Deputy General Director	
Ms Ho Thi Kim Chi	Deputy General Director	

## LEGAL REPRESENTATIVE

The legal representatives of the Company during the year and at the date of this report are:

Mr Vo Truong Son	appointed on 31 March 2015
Mr Nguyen Van Su	resigned on 31 March 2015

## AUDITORS

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

## REPORT OF MANAGEMENT

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 2015.

### 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, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2015 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

8 April 2016

## INDEPENDENT AUDITORS' REPORT

Reference: 60752790/17793928-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 8 April 2016 and set out on pages 103 to 188 which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

### Management’s responsibility

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 consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of 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 entity’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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

B01-DN/HN

VND'000

**Opinion**

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2015, and of the consolidated results of its operations and its consolidated cash flows for the year then ended 31 December 2015 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 Notes 2.1 and 26 to the consolidated financial statements, the accompanying consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern. As at 31 December 2015, the Group reported loans and bonds payable amounting to VND'000 27,099,215,061 of which VND'000 8,297,755,147 will be due for repayment in 2016. Moreover, as at 31 December 2015, the Group is in violation of certain bank and bond covenants as mentioned in Notes 26.1, 26.3, 26.5 and 26.6 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 the consolidated financial statements, the Group is still in progress to negotiate with creditors and relevant authorities for restructuring above loans and bonds.

In addition, we draw attention to Note 37 to the consolidated financial statements. As at 31 December 2015, the Group reported short-term and long-term loans receivable from related parties amounting to VND'000 821,465,844 and VND'000 5,050,459,374 that have yet been approved by the shareholders at Annual General Meeting as required under Circular No. 121/2012/TT-BTC issued by the Ministry of Finance on 26 July 2012 providing regulations on corporate governance applicable to public companies.

Ernst & Young Vietnam Limited



Duong Le Anthony  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 2223-2013-004-1

Ho Chi Minh City, Vietnam  
8 April 2016

Doan Thi Thu Thuy  
Auditor  
Audit Practicing Registration Certificate  
No. 1070-2013-004-1

Code	ASSETS	Notes	Ending balance	Beginning balance (As restated – Note 41)
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>13,215,916,673</b>	<b>9,678,319,508</b>
<b>110</b>	<b>I. Cash</b>	<b>5</b>	<b>967,966,695</b>	<b>978,413,817</b>
111	1. Cash		967,966,695	978,413,817
<b>130</b>	<b>II. Current accounts receivable</b>		<b>8,469,868,136</b>	<b>6,426,635,674</b>
131	1. Short-term trade receivables	6	1,607,110,089	2,048,582,210
132	2. Short-term advances to suppliers	7	1,661,082,955	2,127,283,332
135	3. Short-term loan receivables	8	3,699,988,122	1,366,336,857
136	4. Other short-term receivables	9	1,511,776,819	889,733,471
137	5. Provision for doubtful debts		(10,089,849)	(5,300,196)
<b>140</b>	<b>III. Inventories</b>	<b>10</b>	<b>3,646,452,010</b>	<b>2,084,905,558</b>
141	1. Inventories		3,651,634,817	2,084,905,558
149	2. Provision for obsolete inventories		(5,182,807)	-
<b>150</b>	<b>IV. Other current assets</b>		<b>131,629,832</b>	<b>188,364,459</b>
151	1. Short-term prepaid expenses		13,427,321	47,264,148
152	2. Value-added tax deductible		33,767,746	44,408,079
153	3. Tax and other receivables from the State	23	2,238,777	14,908,992
155	4. Other current asset	11	82,195,988	81,783,240
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>36,012,472,005</b>	<b>26,805,913,965</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>6,141,903,570</b>	<b>6,729,891,525</b>
215	1. Long-term loan receivables	8	6,062,008,291	6,311,592,294
216	2. Other long-term receivables	9	79,895,279	418,299,231
<b>220</b>	<b>II. Fixed assets</b>		<b>6,287,742,157</b>	<b>5,303,946,388</b>
221	1. Tangible fixed assets	12	6,176,778,419	5,145,616,089
222	Cost		7,116,522,216	5,805,775,693
223	Accumulated depreciation		(939,743,797)	(660,159,604)
227	2. Intangible assets	13	110,963,738	158,330,299
228	Cost		146,580,676	176,921,034
229	Accumulated amortisation		(35,616,938)	(18,590,735)
<b>230</b>	<b>III. Investment properties</b>	<b>14</b>	<b>81,725,494</b>	<b>147,263,493</b>
231	1. Cost		84,074,852	148,013,552
232	2. Accumulated depreciation		(2,349,358)	(750,059)
<b>240</b>	<b>IV. Long-term assets in progress</b>		<b>21,458,876,315</b>	<b>12,747,259,561</b>
242	1. Construction in progress	15	21,458,876,315	12,747,259,561
<b>250</b>	<b>V. Long-term investments</b>		<b>328,257,789</b>	<b>500,435,332</b>
252	1. Investments in associates	17.2	252,299,640	463,677,182
253	2. Investments in other entities	18	75,938,149	36,738,150
255	3. Held-to-maturity investments		20,000	20,000
<b>260</b>	<b>VI. Other long-term assets</b>		<b>1,713,966,680</b>	<b>1,377,117,666</b>
261	1. Long-term prepaid expenses	19	1,156,515,098	1,054,603,703
262	2. Deferred tax assets	36.3	82,941,387	148,861,210
269	3. Goodwill	20	474,510,195	173,652,753
<b>270</b>	<b>TOTAL ASSETS</b>		<b>49,228,388,678</b>	<b>36,484,233,473</b>

## CONSOLIDATED BALANCE SHEET (continued)

as at 31 December 2015

B01-DN/HN

VND'000

Code	RESOURCES	Notes	Ending balance	Beginning balance (As restated – Note 41)
<b>300</b>	<b>C. LIABILITIES</b>		<b>32,962,668,396</b>	<b>21,129,029,145</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>13,212,975,900</b>	<b>9,457,201,508</b>
311	1. Short-term trade payables	21	1,123,648,086	652,932,314
312	2. Short-term advances from customers	22	1,438,433,801	508,736,004
313	3. Statutory obligations	23	275,400,876	284,722,381
314	4. Payables to employees		46,519,890	44,733,270
315	5. Short-term accrued expenses	24	809,388,331	503,364,457
319	6. Other short-term payables	25	1,217,547,588	614,954,515
320	7. Short-term loans	26	8,297,755,147	6,839,582,567
322	8. Bonus and welfare fund		4,282,181	8,176,000
<b>330</b>	<b>II. Non-current liabilities</b>		<b>19,749,692,496</b>	<b>11,671,827,637</b>
337	1. Other long-term liabilities	25	546,724,865	169,773,513
338	2. Long-term loans	26	18,801,459,914	11,286,989,938
341	3. Deferred tax liabilities	36.3	395,127,749	208,457,044
342	4. Long-term provisions		6,379,968	6,607,142
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>16,265,720,282</b>	<b>15,355,204,328</b>
<b>410</b>	<b>I. Equity</b>		<b>16,265,720,282</b>	<b>15,355,204,328</b>
411	1. Share capital	27.1	7,899,679,470	7,899,679,470
411a	- Shares with voting rights		7,899,679,470	7,899,679,470
412	2. Share premium	27.1	3,539,078,784	3,539,078,784
415	3. Treasury shares	27.1	(686,640)	(686,640)
417	4. Foreign exchange differences	27.1	555,077,253	670,143
418	5. Investment and development fund	27.1	279,895,303	249,756,283
421	6. Undistributed earnings	27.1	2,023,903,249	2,517,123,517
421a	- Undistributed earnings up to prior year		1,570,546,874	1,092,953,681
421b	- Undistributed earnings of current year		453,356,375	1,424,169,836
429	7. Non-controlling interests	28	1,968,772,863	1,149,582,771
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>49,228,388,678</b>	<b>36,484,233,473</b>



Nguyen Thi Do Quyên  
Preparer



Ho Thi Kim Chi  
Chief Accountant




Vo Truong Son  
General Director

8 April 2016

## CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2015

B02-DN/HN

VND'000

Code	ITEMS	Notes	Current year	Previous year (As restated - Note 41)
<b>01</b>	<b>1. Revenues from sale of goods and rendering of services</b>	<b>30.1</b>	<b>6,252,482,061</b>	<b>3,055,283,747</b>
<b>02</b>	<b>2. Deductions</b>	<b>30.1</b>	<b>(35,528)</b>	<b>(952,791)</b>
<b>10</b>	<b>3. Net revenues from sale of goods and rendering of services</b>	<b>30.1</b>	<b>6,252,446,533</b>	<b>3,054,330,956</b>
<b>11</b>	<b>4. Costs of goods sold and services rendered</b>	<b>31</b>	<b>(4,398,020,571)</b>	<b>(1,827,338,066)</b>
<b>20</b>	<b>5. Gross profit from sale of goods and rendering of services</b>		<b>1,854,425,962</b>	<b>1,226,992,890</b>
<b>21</b>	<b>6. Finance income</b>	<b>30.2</b>	<b>1,053,656,518</b>	<b>1,477,819,111</b>
<b>22</b>	<b>7. Finance expenses</b>	<b>32</b>	<b>(1,203,667,607)</b>	<b>(628,138,146)</b>
23	- In which: Interest expenses		(1,078,711,240)	(604,691,381)
<b>24</b>	<b>8. Shares of loss of associates</b>		<b>(1,898,163)</b>	<b>-</b>
<b>25</b>	<b>9. Selling expenses</b>	<b>33</b>	<b>(111,239,060)</b>	<b>(82,212,779)</b>
<b>26</b>	<b>10. General and administrative expenses</b>	<b>34</b>	<b>(350,371,742)</b>	<b>(268,906,408)</b>
<b>30</b>	<b>11. Operating profit</b>		<b>1,240,905,908</b>	<b>1,725,554,668</b>
<b>31</b>	<b>12. Other income</b>	<b>35</b>	<b>180,631,718</b>	<b>106,382,214</b>
<b>32</b>	<b>13. Other expenses</b>	<b>35</b>	<b>(615,325,413)</b>	<b>(81,957,304)</b>
<b>40</b>	<b>14. Other (loss) profit</b>	<b>35</b>	<b>(434,693,695)</b>	<b>24,424,910</b>
<b>50</b>	<b>15. Accounting profit before tax</b>		<b>806,212,213</b>	<b>1,749,979,578</b>
<b>51</b>	<b>16. Current corporate income tax expense</b>	<b>36.2</b>	<b>(153,548,976)</b>	<b>(67,475,212)</b>
<b>52</b>	<b>17. Deferred income tax expense</b>	<b>36.3</b>	<b>(50,302,292)</b>	<b>(149,742,906)</b>
<b>60</b>	<b>18. Net profit after tax</b>		<b>602,360,945</b>	<b>1,532,761,460</b>
<b>61</b>	<b>19. Net profit after tax attributable to shareholders of the parent</b>		<b>502,343,207</b>	<b>1,453,002,809</b>
<b>62</b>	<b>20. Net profit after tax attributable to non-controlling interests</b>		<b>100,017,738</b>	<b>79,758,651</b>
<b>70</b>	<b>21. Basic earnings per share (VND)</b>	<b>29</b>	<b>613</b>	<b>1,831</b>
<b>71</b>	<b>22. Diluted earnings per share (VND)</b>	<b>29</b>	<b>613</b>	<b>1,778</b>



Nguyen Thi Do Quyên  
Preparer



Ho Thi Kim Chi  
Chief Accountant




Vo Truong Son  
General Director

8 April 2016

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2015

B03-DN/HN

VND'000

Code	ITEMS	Notes	Current year	Previous year (As restated – Note 41)
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Accounting profit before tax</b>		<b>806,212,213</b>	<b>1,749,979,578</b>
	<i>Adjustments for:</i>			
02	Depreciation of tangible fixed assets and investment properties and amortisation of intangible fixed assets (include amortisation of goodwill)		372,592,068	334,181,075
03	Provisions		9,745,286	4,983,141
04	Foreign exchange gains arisen from the revaluation of monetary accounts denominated in foreign currency		(115,305,562)	(11,047,343)
05	Profits from investing activities		(628,376,312)	(1,546,509,831)
06	Interest expenses	32	1,078,711,240	604,691,381
<b>08</b>	<b>Operating profit before changes in working capital</b>		<b>1,523,578,933</b>	<b>1,136,278,001</b>
09	Decrease (increase) in receivables		1,169,669,226	(1,528,393,473)
10	Increase in inventories		(1,916,001,996)	(229,052,284)
11	Increase in payables		1,699,906,910	848,233,213
12	Decrease (increase) in prepaid expenses		121,084,629	(52,706,791)
14	Interest paid		(932,571,773)	(545,854,900)
15	Corporate income tax paid	36.2	(109,599,492)	(89,958,416)
17	Other cash outflows from operating activities		(26,760,841)	(11,975,587)
<b>20</b>	<b>Net cash flows from (used in) operating activities</b>		<b>1,529,305,596</b>	<b>(473,430,237)</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases and construction of fixed assets and other long-term assets		(7,946,189,324)	(4,447,438,540)
22	Proceeds from disposals of fixed assets and other long-term assets		791,534,557	319,789,280
23	Loans to other entities		(6,581,690,554)	(3,610,212,923)
24	Collections from borrowers		4,476,003,816	1,679,373,093
25	Payments for investments in other entities (net of cash hold by entity being acquired)		(2,350,933,815)	(474,444,498)
26	Proceeds from sale of investments in other entities (net of cash hold by entity being disposed)		866,639,814	264,517,855
27	Interest and dividends received		411,747,874	460,400,684
<b>30</b>	<b>Net cash flows used in investing activities</b>		<b>(10,332,887,632)</b>	<b>(5,808,015,049)</b>

# CONSOLIDATED CASH FLOW STATEMENT (continued)

for the year ended 31 December 2015

B03-DN/HN

VND'000

Code	ITEMS	Notes	Current year	Previous year (As restated – Note 41)
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Capital contribution from non-controlling interest		159,000,000	1,100,000,000
32	Capital redemption to non-controlling interest		(2,200,000)	-
33	Borrowings received		15,978,713,459	10,846,172,358
34	Borrowings repaid		(7,342,378,545)	(7,130,396,235)
36	Dividends paid to non-controlling interest		-	(4,173,042)
<b>40</b>	<b>Net cash flows from financing activities</b>		<b>8,793,134,914</b>	<b>4,811,603,081</b>
<b>50</b>	<b>Net decrease in cash</b>		<b>(10,447,122)</b>	<b>(1,469,842,205)</b>
<b>60</b>	<b>Cash at the beginning of the year</b>		<b>978,413,817</b>	<b>2,448,256,022</b>
<b>70</b>	<b>Cash at the end of the year</b>	<b>5</b>	<b>967,966,695</b>	<b>978,413,817</b>



Nguyen Thi Do Quyen  
Preparer

8 April 2016



Ho Thi Kim Chi  
Chief Accountant



Võ Trương Sơn  
General Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2015 and for the year then ended

B09-DN/HN

## 1. CORPORATE INFORMATION

Hoang Anh Gia Lai Joint Stock Company (“the Company”) is incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate No. 3903000083 issued by the Department of Planning and Investment of Gia Lai Province on 1 June 2006 and twenty seven (27) subsequent Amended Business Registration Certificates.

The 25<sup>th</sup> amendment dated 5 February 2015 approved the supplement of business activity: trade of cattle foods (Business code No. 4620).

The 26<sup>th</sup> amendment dated 16 April 2015 approved the change of legal representative of the Company.

The 27<sup>th</sup> amendment dated 18 June 2015 approved the supplement of business activities: warehouse, processing agricultural products and agricultural services (Business codes No. 5210, 0163 and 1079).

The Company’s shares were listed on the Ho Chi Minh City Stock Exchange (“HOSE”) with code HAG in accordance with Decision No. 124/QD-SGDHCM issued by HOSE on 15 December 2008.

The Group has nine (9) direct subsidiaries, twenty six (26) indirect subsidiaries and two (2) associates as disclosed in Note 17 to the consolidated financial statements of the Company and its subsidiaries (“the Group”) for the year ended 31 December 2015.

The current principal activities of the Group are manufacturing and trading cattle foods, fertilizers; warehouse services, processing of agricultural products and services; breeding and trading dairy cows and cows for meat; developing and operating rubber, sugarcane, palm oil and other tree plantations; developing apartments, trade centres, office buildings for sale and lease; construction; developing and operating hydropower plants; mechanics; mining; 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 2015 is 4,198 (31 December 2014: 4,094).

## 2. BASIS OF PREPARATION

### 2.1 Going concern

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

As at 31 December 2015, the Group reported loans and bonds payable amounting to VND’000 27,099,215,061, of which VND’000 8,297,755,147 will be due for repayment in 2016. Moreover, as at 31 December 2015, the Group is in violation of certain bank and bond covenants as mentioned in Notes 26.1, 26.3, 26.5 and 26.6 to the consolidated financial statements. In view thereof, the Group’s ability to continue in business is dependent upon management’s success of achieving future cash flows to repay the loans and bonds payable or obtaining agreement from lenders to restructure the current loans and bonds in place.

As at the date of these consolidated financial statements, the Group is still in progress to negotiate with creditors and relevant authorities for restructuring above loans and bonds. Management believed that its restructuring plan would be approved and the Group can continue its operation as a going concern.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

## 2. BASIS OF PREPARATION (continued)

### 2.1 Going concern (continued)

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 Company and its subsidiaries (“the Group”) expressed in thousands of Vietnam dong (“VND’000”), are prepared in accordance with the Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

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

### 2.3 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 2015.

The financial statements of subsidiaries are prepared for the same reporting year 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 2. BASIS OF PREPARATION (continued)

#### 2.6 Basis of consolidation (continued)

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

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

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 year of the reporting year during which the Group has control.

Except for subsidiaries acquired under common control which are accounted for under the pooling of interests method (Note 3.13), other 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 Changes in accounting policies and disclosures

The accounting policies adopted by the Group in preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2014 except for the changes in the accounting policies in relation to the following:

##### 3.1.1 Circular No. 200/2014/TT-BTC providing guidance on enterprise accounting system

On 22 December 2014, the Ministry of Finance issued the Circular No. 200/2014/TT-BTC providing guidance on enterprise accounting system ("Circular 200") replacing Decision No. 15/2006/QD-BTC dated 20 March 2006 and Circular No. 244/2009/TT-BTC dated 31 December 2009 of the Ministry of Finance. Circular 200 is effective for the financial year beginning on or after 1 January 2015.

The effects of the change in accounting policies in accordance with Circular 200 to the Group are applied on a prospective basis as Circular 200 does not required for retrospective application. The Group also reclassifies certain corresponding figures of prior year following the presentation of the current year's consolidated financial statements in accordance with Circular 200 as disclosed in Note 42.

##### 3.1.2 Circular No. 202/2014/TT-BTC providing guidance on preparation and presentation of consolidated financial statements

On 22 December 2014, the Ministry of Finance issued the Circular No. 202/2014/TT-BTC providing guidance on preparation and presentation of consolidated financial statements ("Circular 202") replacing section XIII of Circular No. 161/2007/TT-BTC dated 31 December 2007. Circular 202 is effective for the preparation and presentation of consolidated financial statements for the financial years beginning on or after 1 January 2015.

The effects of the change in accounting treatment in accordance with Circular 202 are applied on a prospective as this Circular does not require for retrospective application.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

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

#### 3.2 Cash

Cash comprises cash on hand and cash in banks.

#### 3.3 Receivables

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

#### 3.4 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.

Apartments for sale under construction are carried at the lower of cost and net realisable value. Costs include all expenditures including borrowing costs, directly attributable to the development and construction of the apartments. Net realisable value represents current selling price less estimated cost to complete and estimated selling and marketing expenses.

##### 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 balance sheet date.

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

#### 3.5 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

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

#### 3.6 Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

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

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 certificates 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 asset and amortised over the term of benefits.

#### 3.7 Depreciation and amortisation

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

Buildings and structures	5 - 50 years
Machinery and equipment	5 - 20 years
Motor vehicles	6 - 20 years
Office equipment	3 - 10 years
Livestock and perennial trees	6 - 8 years
Land use rights	45 years
Computer software	8 years
Other assets	6 - 15 years

Land use right with indefinite useful life is not amortised.

Depreciation of rubber plantations is calculated in accordance with Official Letter 1937/BTC-TCDN issued on 9 February 2010 by Department of Business Finance – Ministry of Finance providing guidance on depreciation of rubber plantations and Decision 221/QD-CSVN issued on 27 April 2010 by Vietnam Rubber Group providing guidance on the depreciation rates applicable to rubber plantations within 20 years as follows:

Year	Rate (%)
First year	2.50
Second year	2.80
Third year	3.50
Fourth year	4.40
Fifth year	4.80
Sixth year	5.40
Seventh year	5.40
Eighth year	5.10
Ninth year	5.10
Tenth year	5.00

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

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

#### 3.7 Depreciation and amortisation (continued)

Year	Rate (%)
Eleventh year	7.00
Twelfth year	6.60
Thirteenth year	6.20
Fourteenth year	5.90
Fifteenth year	5.50
Sixteenth year	5.40
Seventeenth year	5.00
Eighteenth year	5.50
Nineteenth year	5.20
Twentieth year	Remaining carrying value

#### 3.8 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 50 years

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

#### 3.9 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.

#### Plantation costs

Plantation costs include costs directly attributable to the rubber, palm oil or pepper 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.

#### Cattle project

Cattle project costs include costs directly attributed to the formation and development of cattle projects such as the cost of breeder, infrastructure costs, cow pastures and other related costs.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

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

#### 3.9 Construction in progress (continued)

##### *Hoang Anh Gia Lai Myanmar Centre project*

This includes costs of construction and operation of Hoang Anh Gia Lai Myanmar Centre project at No. 192, Kaba Aye Pagoda Road, Bahan Township, Yangon Region, Myanmar, incorporated under the Certificate of Incorporation No. 248DC/2012-2013 dated 6 December 2012 issued by the Ministry of National Planning and Economic Development of the Republic of the Union of Myanmar. This is a USD 440 million project for construction and operation of hotel, commercial centre, office building and serviced apartment in Myanmar (i.e. 73,358 m<sup>2</sup>). This abroad investment was authorised by the Ministry of Planning and Investment of Vietnam based on Abroad Investment Certification License No. 586/BKHDT-DTRNN dated 21 February 2013.

##### *Hydropower costs*

Hydropower costs include costs directly attributable to the hydropower project such as land compensation, land clearance, dam construction, transmission line and other related cost.

#### 3.10 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.

#### 3.11 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 periods 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.

#### 3.12 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, grass plantation and costs of training footballers, and other costs. They are amortised over the year for which the amounts are paid or the year in which economic benefits are generated in relation to these expenses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

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

#### 3.12 Prepaid expenses (continued)

- Prepaid office rentals and land 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 years and recongised in the consolidated income statement;
- Sugarcane, corn and grass plantation expenses include: stems, land preparation and planting costs. The stem costs are amortised over the lifetime of these trees (5 years). 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.

#### 3.13 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.

Where the business combinations involving entities or businesses under common control, the pooling of interest method is applied as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- No new goodwill is recognised as a result of the combination;
- The consolidated income statement reflects the results of the combining entities for the full period, irrespective of when the combination took place; and
- Comparatives are presented as if the entities had always been combined.

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

**3.14 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.

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 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 expense in the consolidated income statement.

**3.15 Payables and accruals**

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

**3.16 Accrual for severance pay**

The severance pay to employee is accrued at the end of each reporting period for all employees who have been more than 12 months in service 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, the Law on Social Insurance 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. Increases and decreases 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.17 Earnings per share**

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

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

**3.18 Foreign currency transactions**

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

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

At the end of the year, monetary balances denominated in foreign currencies are translated at the 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 year and arisen from the translation of monetary accounts denominated in foreign currency at year-end are taken to the consolidated income statement.

The exchange differences arising on the translation are taken directly to "Foreign exchange differences", a separate component of equity and charged to the consolidated income statement upon the disposal of the investment.

**3.19 Treasury shares**

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

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

**3.20 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.

**3.21 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.

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.

**Rendering of services**

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

**Interest**

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

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

**3.21 Revenue recognition** (continued)

**Rental income**

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

**Dividends**

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.

**3.22 Construction contracts**

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

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 that these costs will be recoverable. Contract costs are recognised as expenses in the year in which they are incurred.

**3.23 Taxation**

**Current income tax**

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

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

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to 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.

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

**3.23 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 consolidated financial statements 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 consolidated 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 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 consolidated 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.24 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 other financial assets) 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.

**3.25 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.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**3.26 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.

**4. BUSINESS COMBINATIONS AND DISPOSAL OF EQUITY INTEREST**

**4.1 Additional acquisition of interest in Hoang Anh Gia Lai Agricultural Joint Stock Company**

On 2 January 2015, the Company acquired 2.255% equity interest in Hoang Anh Gia Lai Agricultural Joint Stock Company ("HNG"), the Company's subsidiary, from non-controlling interest shareholders.

Management assessed that the cost of acquisition represents the fair value of the agricultural projects owned by HNG and its subsidiaries and the acquisition of additional interest in HNG is primarily to increase its controlling stake in the agricultural projects. As a result, the excess amounting to VND'000 677,340,578 of the purchase consideration over the increase in net assets of HNG and its subsidiaries on acquisition date has been recognised as a deduction to undistributed earnings in the consolidated balance sheet.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 4. BUSINESS COMBINATIONS AND DISPOSAL OF EQUITY INTEREST (continued)

#### 4.2 Swap shares in Hoang Anh Gia Lai Agricultural Joint Stock Company for shares in Highland Dairy Cattle Joint Stock Company

On 26 April 2015, the Company swapped its 29,700,000 shares, equivalent to 7.442% equity interest in HNG, the Company's subsidiary, for 29,700,000 shares from non-controlling shareholders in an associate of the Company, Highland Dairy Cattle Joint Stock Company ("BSTN"), equivalent to 54% ownership in BSTN. Accordingly, the Company's ownership in BSTN increased from 45% to 99% and BSTN became a subsidiary of the Company.

BSTN is a shareholding company incorporated under Law on Enterprise of Vietnam in accordance with the Business Registration Certificate No. 5900985126 issued by the Department of Planning and Investment of Gia Lai on 28 April 2014. The current principal activities of BSTN are breeding and trading cows.

As at 31 December 2015, the Group was still in process to determine fair value of BSTN's assets, liabilities, and contingent liabilities on the acquisition date. Accordingly, the Group applied provisional fair value for consolidation purpose of this company. The provisional fair values of identifiable assets and liabilities of BSTN at the acquisition date were as follows:

VND'000

	<i>Provisional fair value recognised on acquisition</i>
<b>Assets</b>	
Cash	411,433
Short-term trade receivables	205,726,534
Inventories	8,038,851
Short-term prepaid expenses	58,254,349
Tangible fixed assets	23,774,972
Intangible fixed assets	6,648,075
Construction in progress	54,562,778
Investments in other entity	39,200,000
<b>Liabilities</b>	
Other short-term payables	(2,341,549)
<b>Total identifiable net assets</b>	<b>394,275,443</b>
Non-controlling interests	2,077,760
Goodwill arising on acquisition	64,650,597
<b>Purchase consideration</b>	<b>(461,003,800)</b>

Accordingly, the Company transferred 7.442% of equity interest in HNG to the non-controlling shareholders. As a result, the amount of VND'000 162,277,235 has been recognised as a deduction in undistributed earnings in the consolidated balance sheet.

On 27 April 2015, the Company transferred a total of 38,993,170 shares of BSTN, equivalent to 99% of equity interest in BSTN to HNG at the price of VND 11,823 per share pursuant to Stock Transfer Agreement No. 27/4/HDMBCP. Accordingly, BSTN became a subsidiary of HNG as at that date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 4. BUSINESS COMBINATIONS AND DISPOSAL OF EQUITY INTEREST (continued)

#### 4.3 Additional acquisition of partial interest in Hoang Anh - Quang Minh Rubber Joint Stock Company

On 18 May 2015, the Company's subsidiary, HNG acquired additional 45,500 shares in Group's subsidiary, Hoang Anh - Quang Minh Rubber Joint Stock Company ("HAQM") from the non-controlling shareholders, increasing its ownership from 97.54% to 97.77% for a total consideration of VND'000 910,000.

Management assessed that the cost of acquisition represents the fair value of the rubber projects owned by HAQM and its subsidiaries and the acquisition of additional interest in HAQM is primarily to increase its controlling stake in the rubber projects. As a result, the excess amounting to VND'000 185,028 of the purchase consideration over the net assets of HAQM and its subsidiaries on acquisition date has been recognised as a deduction in undistributed earnings in the consolidated balance sheet.

#### 4.4 Transfer of partial interest in Hoang Anh Gia Lai Agricultural Joint Stock Company to other subsidiaries

On 4 June 2015, the Company transferred 16,538,180 shares in its subsidiary, HNG, equivalent to 2.335% of equity interest in HNG, to Hoang Anh Gia Lai Hydropower Joint Stock Company for a total consideration of VND'000 162,074,164. On the same date, the Company also transferred 34,699,050 shares in HNG, equivalent to 4.9% of equity interest in HNG, to Hoang Anh Construction and Housing Development Joint Stock Company ("HAN"), its subsidiary, for a total consideration of VND'000 340,050,690.

This transfer decreased the ownership of the Company in HNG from 86.75% to 85.95%. As a result, the difference of the consideration received and book value of reduced equity interest in HNG and its subsidiaries amounting to VND'000 15,906,781 was recognised as a deduction in undistributed earnings in the consolidated balance sheet.

#### 4.5 Disposal of all interest in Trung Nguyen Rubber Joint Stock Company (formerly known as Gia Lai Industrial Forest Plantation Joint Stock Company)

On 30 June 2015, the Company's subsidiary, HNG disposed all of its equity interest in Trung Nguyen Rubber Joint Stock Company of 99.83% for a total amount of VND'000 425,663,639. As a result, a gain from the disposal amounting to VND'000 29,925,898 was recognised as finance income on the consolidated income statement (Note 30.2).

#### 4.6 Acquisition of Dong Penh Joint Stock Company and its subsidiary – Daun Penh Agrico Co., Ltd

On 14 October 2015, the Company's subsidiary, HNG acquired 19,940,000 shares, equivalent to 99.7% equity interest in Dong Penh Joint Stock Company ("DPC"), from individuals for total consideration of VND'000 798,397,600. Accordingly, DPC and its 100% owned subsidiary, Daun Penh Agrico Co., Ltd ("DPA"), became subsidiaries of the Group.

Dong Penh Joint Stock Company, a company in Vietnam, is a shareholding company incorporated under the Law on Enterprise of Vietnam in accordance with the Business Registration Certificate No. 5900981604 issued by the Department of Planning and Investment of Gia Lai on 13 March 2014. The current principal activities of DPC are planting and trading palm oil and other perennial trees.

As at the acquisition date, DPC owned 100% equity interest in DPA, a company in Kingdom of Cambodia ("Cambodia"), a limited liability company with one member incorporated under the Law of Cambodia in accordance with the Permanent Certificate No. 2660/11 on 18 November 2011. The current principal activities of DPA are planting and taking care of 8,825 hectares of palm oil and construction of palm oil factory at Lumphat Ward, Rattanakiri Province, Cambodia. DPC was approved by the Ministry of Planning and Investment of Vietnam for the investment to Cambodia in accordance with Foreign Investment Registration Certificate No. 201500021 dated 26 August 2015.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 4. BUSINESS COMBINATIONS AND DISPOSAL OF EQUITY INTEREST (continued)

#### 4.6 Acquisition of Dong Penh Joint Stock Company and its subsidiary – Daun Penh Agrico Co., Ltd (continued)

As at 31 December 2015, the Group was still in process to determine fair value of the assets, liabilities, and contingent liabilities of DPC and DPA on acquisition date. Accordingly, the Group applied provisional fair value for consolidation purpose of these companies. The provisional fair values of identifiable assets and liabilities of DPC and DPA at the acquisition date were as follows:

VND'000

	Provisional fair value recognised on acquisition
<b>Assets</b>	
Cash	1,060,840
Other short-term receivables	159,204,731
Inventories	8,827,132
Short-term prepaid expenses	2,821,666
Construction in progress	1,078,605,518
<b>Liabilities</b>	
Short-term loans	(58,015,000)
Other short-term payables	(479,439,637)
Deferred tax liabilities	(105,091,671)
<b>Total identifiable net assets</b>	<b>607,973,579</b>
Non-controlling interests	25,186,915
Goodwill arising from acquisition	165,237,106
<b>Purchase consideration</b>	<b>(798,397,600)</b>

#### 4.7 Acquisition of An Dong Mia Joint Stock Company and its subsidiary – Hoang Anh Lumphat Limited Company

On 15 October 2015, the Company's subsidiary, HNG acquired 13,900,000 shares, equivalent to 69.5% equity interest in An Dong Mia Joint Stock Company ("ADM"), from individuals for a total consideration of VND'000 700,695,000. On the same date, another subsidiary of the Company, BSTN acquired 100,000 shares, equivalent to 0.5% equity interest in ADM from another individual. Accordingly, ADM and its 100% owned subsidiary, Hoang Anh Lumphat Limited Company ("HAL"), became subsidiaries of the Group.

ADM, a company established in Vietnam, is a shareholding company incorporated under the Law on Enterprise of Vietnam in accordance with the Business Registration Certificate No. 5900910258 issued by the Department of Planning and Investment of Gia Lai on 10 July 2012. The registered principal activities of ADM are planting and trading palm oil, rubber and other perennial trees.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 4. BUSINESS COMBINATIONS AND DISPOSAL OF EQUITY INTEREST (continued)

#### 4.7 Acquisition of An Dong Mia Joint Stock Company and its subsidiary – Hoang Anh Lumphat Limited Company (continued)

As at the acquisition date, ADM owned 100% equity interest in HAL, a company established in Cambodia, a limited liability company with one member incorporated under the Law of Cambodia in accordance with the Permanent Certificate No. 3030/13 on 6 December 2013. The principal activities of HAL are planting, harvesting and processing of rubber and palm oil at Labanseak Ward, Banglung City, Rattanakiri Province, Cambodia. ADM was approved by the Ministry of Planning and Investment of Vietnam for the investment to Cambodia in accordance with Foreign Investment Registration Certificate No. 670/BKHDT-DTRNN dated 9 January 2014.

As at 31 December 2015, the Group was still in process to determine fair value of the assets, liabilities, and contingent liabilities of ADM and HAL on acquisition date. Accordingly, the Group applied provisional fair value for consolidation purpose of these companies. The provisional fair values of identifiable assets and liabilities of ADM and HAL at the acquisition date were as follows:

VND'000

	Provisional fair value recognised on acquisition
<b>Assets</b>	
Cash	3,790,446
Other short-term receivables	608,616,110
Inventories	23,478,270
Short-term loan receivables	1,034,220,865
Tangible fixed assets	43,737,459
Construction in progress	1,331,084,425
<b>Liabilities</b>	
Short-term loans	(1,757,985,034)
Other short-terms payables	(611,629,060)
Deferred tax liabilities	(97,196,565)
<b>Total identifiable net assets</b>	<b>578,116,916</b>
Non-controlling interests	(124,645,138)
Goodwill arising from acquisition	247,223,222
<b>Purchase consideration</b>	<b>(700,695,000)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**4. BUSINESS COMBINATIONS AND DISPOSAL OF EQUITY INTEREST** (continued)

**4.8 Additional acquisition of partial interest in Hoang Anh Dak Lak Joint Stock Company**

On 22 September 2015, the Company's subsidiary, HNG acquired additional 22,239 shares or 0.07% equity interest in another subsidiary of the Group, Hoang Anh Dak Lak Joint Stock Company ("HADL") from a non-controlling shareholder, increasing its ownership from 99.46% to 99.53% for a total consideration of VND'000 890,450.

Management assessed that the cost of acquisition represents the fair value of the rubber projects owned by HADL and the acquisition of additional interest in HADL is primarily to increase its controlling stake in the rubber projects. As a result, the excess amounting to VND'000 678,589 of the purchase consideration over the net assets of HADL on acquisition date has been recognised as a deduction to undistributed earnings in the consolidated balance sheet.

**4.9 Additional acquisition of partial interest in Dong Penh Joint Stock Company**

On 8 December 2015, the Group's subsidiary, BSTN acquired additional 40,000 shares or 0.2% equity interest in another subsidiary of the Group, DPC, from the non-controlling shareholders, increasing its ownership by 0.2% for a total consideration of VND'000 1,600,000.

Management assessed that the cost of acquisition represents the fair value of the palm oil project owned by DPC and its subsidiary and the acquisition of additional interest in DPC is primarily to increase its controlling stake in the palm oil project. As a result, the excess amounting to VND'000 1,214,827 of the purchase consideration over the net assets of DPC and its subsidiary on acquisition date has been recognised as a deduction to undistributed earnings in the consolidated balance sheet.

**5. CASH**

VND'000

	Ending balance	Beginning balance
Cash on hand	54,242,848	18,391,341
Cash in banks (*)	801,473,847	960,013,445
Cash in transit	112,250,000	9,031
<b>TOTAL</b>	<b>967,966,695</b>	<b>978,413,817</b>

(\*) Cash in banks amounting to VND'000 29,850,088 were pledged as securities for the bank loans of the Group (Note 26.4) (31 December 2014: VND'000 194,000,000 were pledged as securities for the bank loans and bonds of the Group and VND'000 101,000,000 were pledged as securities for the loans from other parties).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**6. SHORT-TERM TRADE RECEIVABLES**

VND'000

	Ending balance	Beginning balance
Receivables from sales of goods and rendering of services	341,776,177	1,049,728,504
Receivables from disposal of investments	309,841,300	454,948,900
Receivables from construction services	850,175,129	471,528,265
<i>In which:</i>		
<i>Receivable from Laos Government for construction of airport</i>	730,579,743	470,501,762
<i>Others</i>	119,595,386	1,026,503
Receivables from disposal of fixed assets and investment properties	76,548,668	-
Receivables from sale of apartments	28,768,815	72,376,541
<b>TOTAL</b>	<b>1,607,110,089</b>	<b>2,048,582,210</b>
<i>In which:</i>		
<i>Related parties (Note 37)</i>	283,018,184	93,981,410
<i>Others</i>	1,324,091,905	1,954,600,800

**7. SHORT-TERM ADVANCES TO SUPPLIERS**

VND'000

	Ending balance	Beginning balance
Advances to suppliers of goods and services	755,208,152	241,030,357
Advances to contractors for construction of the Group's apartments and purchasing of machineries and equipment	585,491,717	922,757,727
<i>In which:</i>		
<i>HongKong Tongqing International Trading Limited</i>	244,247,966	407,507,805
<i>Others</i>	341,243,751	515,249,922
Advances to subcontractors for construction of two airport projects in Laos	320,383,086	963,495,248
<b>TOTAL</b>	<b>1,661,082,955</b>	<b>2,127,283,332</b>
<i>In which:</i>		
<i>Related parties (Note 37)</i>	489,232,072	43,910,459
<i>Others</i>	1,171,850,883	2,083,372,873

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 8. LOAN RECEIVABLES

VND'000

	Ending balance	Beginning balance
Short-term		
Short-term loans to related parties (Note 37)	3,581,551,780	687,074,735
In which:		
An Phu Real Estate Investment Joint Stock Company ("An Phu") (i)	2,860,085,936	-
The Group's employees (ii)	109,024,937	92,867,100
The Company's members of the Board of Directors (iii)	31,098,296	-
Other related parties (iv)	581,342,611	594,207,635
Short-term loans to other parties (iv)	118,436,342	679,262,122
	<b>3,699,988,122</b>	<b>1,366,336,857</b>
Long-term		
Long-term loans to related parties (Note 37)	5,050,459,374	4,789,375,936
In which:		
An Phu Real Estate Investment Joint Stock Company ("An Phu") (i)	1,471,708,240	4,087,185,936
The Group's employees (ii)	294,936,000	-
The Company's members of the Board of Directors (iii)	697,320,000	-
Other related parties (iv)	2,586,495,134	702,190,000
Long-term loans to others parties (iv)	843,568,572	1,054,121,740
Long-term loans to the Laos Government for the Attapeu Airport (v)	167,980,345	468,094,618
	<b>6,062,008,291</b>	<b>6,311,592,294</b>
<b>TOTAL</b>	<b>9,761,996,413</b>	<b>7,677,929,151</b>

- (i) This represents loans from the Group to An Phu in accordance with loan agreement No. 01102013/HDV-HAGL dated 1 October 2013 ("Contract 1"), loan agreement No. 01/07/HDV/AP/HAGL dated 17 July 2014 ("Contract 2"), loan agreement No. 02/08/HDV/AP/XNK dated 8 August 2014 ("Contract 3"), loan agreement No. 01/15/HA-AP dated 7 April 2015 ("Contract 4"), loan agreement No. 02/15/HA-AP dated 8 September 2015 ("Contract 5"), and a temporary lending with details are as follows:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 8. LOAN RECEIVABLES (continued)

The loan Contract 1 is guaranteed by all assets, shares, contributed capital, dividends, benefits and other assets in the Company owned by Mr Doan Nguyen Duc, Chairman of the Company. This loan has term of repayment term of three years from drawdown date (i.e. 1 October 2013) and bears an interest rate of 9.5% per annum (2014: 13% per annum). Purpose of this loan is to finance An Phu in buying real estate subsidiaries and projects from the Group following the Group's restructuring. In accordance with Agreement with An Phu No. 1510/2013/HDCC/HAGL - AP dated 15 October 2013, shares and contributed capitals owned by An Phu in its subsidiaries were used to secure this loan and the Company has the right to collect sale proceeds from disposal of assets, projects of An Phu.

The loan Contract 2 is unsecured with credit limit of VND 650 billion, matures in 3 years from drawdown date (i.e. 17 July 2014), and bears an interest at 9.5% per annum (2014: 13% per annum).

The loan Contract 3 is unsecured with credit limit of VND 300 billion, matures in 3 years from drawdown date (i.e. 8 August 2014), and bears an interest at 12% per annum (2014: 12% per annum).

The loan Contract 4 is unsecured with credit limit of VND 100 billion with non-interest bearing.

The loan Contract 5 is unsecured with credit limit of VND 700 billion with non-interest bearing, and matures in 3 years from drawdown date (i.e. 8 September 2015).

Movements during the year of balances of loans and interest receivables from An Phu are as follows:

VND'000

Principal	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5	Lending (*)	Total
Beginning balance	3,166,085,936	641,100,000	280,000,000	-	-	-	4,087,185,936
Additions	44,000,000	-	-	100,000,000	550,608,240	100,000,000	794,608,240
Repayments	(450,000,000)	-	-	(100,000,000)	-	-	(550,000,000)
Ending balance	2,760,085,936	641,100,000	280,000,000	-	550,608,240	100,000,000	4,331,794,176

VND'000

Interest	Contract 1	Contract 2	Contract 3	Total
Beginning balance	255,333,154	19,435,000	11,250,000	286,018,154
Additions	307,714,528	32,810,536	34,071,665	374,596,729
Payment	(64,261,479)	-	-	(64,261,479)
Ending balance (**)	498,786,203	52,245,536	45,321,665	596,353,404

(\*) This is a temporary and unsecured lending with non-interest bearing, drawdowns on 20 October 2015.

(\*\*) This represented interest receivables from above loans (Note 9).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**8. LOAN RECEIVABLES** (continued)

(ii) These loans are unsecured, have terms of repayments ranging from three to thirty-six months from the drawdown dates and bear floating interest rates which are revisited and adjusted every six months.

(iii) These loans to the Members of the Board of Directors of the Company included:

The Group's loan to Mr Doan Nguyen Duc, Chairman in accordance with loan contract No. 01/10/15HDV-HAGL dated 1 October 2015, matures in three years and bears an interest at 10% per annum.

The Group's loan to Mr Phan Thanh Thu, Member of the Board of Directors of the Company in accordance with loan contract No. 1012-VAYCN dated 10 December 2015, matures in one year, non-interest bearing.

(iv) These loans are unsecured loans with maturity dates from January 2016 to July 2020 and interest rates ranging from 10% to 15.1% per annum.

(v) 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	Beginning balance
Beginning balance (USD)	21,900,188	5,523,976
Addition	2,000,000	16,376,212
Decrease	(16,417,767)	-
<b>Ending balance (USD)</b>	<b>7,482,421</b>	<b>21,900,188</b>
<b>Ending balance (VND'000)</b>	<b>167,980,345</b>	<b>468,094,618</b>

**9. OTHER RECEIVABLES**

VND'000

	Ending balance	Beginning balance
Short-term		
Interest from loans to companies (i)	896,888,290	499,560,600
Interest from loans to employees	24,799,150	16,203,887
Advances to employees	216,180,954	134,004,928
Short-term deposits	1,144,114	56,560,937
Others	372,764,311	183,403,119
	<b>1,511,776,819</b>	<b>889,733,471</b>
<i>In which:</i>		
Receivables from related parties (Note 37)	986,928,477	475,920,372
Receivables from other parties	524,848,342	413,813,099
Long-term		
Interest from loans to companies (i)	23,349,092	-
Long-term deposits	18,174,130	8,887,880
Others	38,372,057	409,411,351
	<b>79,895,279</b>	<b>418,299,231</b>
<b>TOTAL</b>	<b>1,591,672,098</b>	<b>1,308,032,702</b>

(i) This mainly includes the interest receivables from An Phu as at 31 December 2015, which is presented at Note 8, amounting to VND'000 596,353,404.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**10. INVENTORIES**

VND'000

	Ending balance	Beginning balance
Apartments available for sales (i)	644,705,652	813,467,945
Finished goods	38,557,275	130,834,310
Merchandise goods (ii)	10,267,024	5,217,701
Work in process	2,428,332,779	610,217,068
<i>In which:</i>		
Beef cattle breeding costs (iii)	1,389,087,259	141,250,534
Manufacturing activities	521,785,649	365,384,652
Construction contracts	516,598,857	102,920,168
Services rendered	861,014	661,714
Raw materials	470,738,184	345,791,674
Construction materials	41,367,158	155,134,872
Tools and supplies	17,666,745	24,241,988
<b>TOTAL</b>	<b>3,651,634,817</b>	<b>2,084,905,558</b>
Provision for obsolete inventories	(5,182,807)	-
<b>NET</b>	<b>3,646,452,010</b>	<b>2,084,905,558</b>

(i) Included in apartments available for sales, Bau Thac Gian project valued of VND'000 36,764,000 have been mortgaged to secure for the Group's outstanding loans (Note 26).

(ii) Included in merchandise goods, soybean meals have been mortgaged to secure the Group's outstanding borrowing (Note 26).

(iii) Beef cattle breeding cost amounting to VND'000 1,389,087,259 have been mortgaged to secure the Group's outstanding loans (Note 26).

**11. OTHER CURRENT ASSET**

The balance as at 31 December 2015 represented the net carrying value of Da Lat resort which has been approved to be disposed to a third party. The legal procedures for the disposal was still in progress as at the balance sheet date hence the Group has yet decreased value of such asset on the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 12. TANGIBLE FIXED ASSETS

VND'000

	Buildings and structures	Machinery and equipment	Means of transportations	Office equipment	Livestock and perennial trees	Other assets	Total
<b>Cost</b>							
Beginning balance	1,836,718,296	1,481,244,560	1,060,848,955	9,222,122	1,380,208,875	37,532,885	5,805,775,693
Additions							
Transfer from construction in progress	352,611,437	138,802,251	183,494,479	-	1,785,032	12,321,360	689,014,559
New purchases	49,596,370	129,063,898	73,636,005	605,361	728,110,200	7,127,046	988,138,880
Acquisition of subsidiaries	1,347,855	45,685,149	21,320,075	-	-	3,560,726	71,913,805
Foreign exchange difference	24,959,262	31,107,354	21,910,944	(2,782)	21,802,198	262,630	100,039,606
Decreases							
Disposals	(183,933,466)	(41,427,449)	(100,751,634)	(1,352,514)	(86,012,363)	(1,578,143)	(415,055,569)
Write-off fixed assets	(48,858,003)	(63,377,031)	(6,473,652)	-	-	-	(118,708,686)
Transfer to investment property	(4,596,072)	-	-	-	-	-	(4,596,072)
Ending balance	2,027,845,679	1,721,098,732	1,253,985,172	8,472,187	2,045,893,942	59,226,504	7,116,522,216
<b>Accumulated depreciation</b>							
Beginning balance	216,325,272	253,374,608	133,866,833	5,148,738	41,397,282	10,046,871	660,159,604
Additions							
Charges for the year	85,730,992	126,355,266	104,563,773	992,331	63,674,424	6,567,334	387,884,120
Acquisition of subsidiaries	-	2,534,033	1,867,341	-	-	-	4,401,374
Foreign exchange differences	5,984,598	3,598,305	1,934,353	(8,481)	658,630	(7,279)	12,160,126
Decreases							
Disposals	(37,674,612)	(20,804,964)	(22,873,824)	(1,116,185)	(2,763,010)	(1,040,707)	(86,273,302)
Write-off fixed assets	(16,966,119)	(18,643,821)	(1,878,925)	-	-	-	(37,488,865)
Transfer to investment property	(1,099,260)	-	-	-	-	-	(1,099,260)
Ending balance	252,300,871	346,413,427	217,479,551	5,016,403	102,967,326	15,566,219	939,743,797
<b>Net carrying amount</b>							
Beginning balance	1,620,393,024	1,227,869,952	926,982,122	4,073,384	1,338,811,593	27,486,014	5,145,616,089
Ending balance	1,775,544,808	1,374,685,305	1,036,505,621	3,455,784	1,942,926,616	43,660,285	6,176,778,419
In which:							
Pledged/mortgaged as loans' security (Note 26)	1,775,544,808	1,374,685,305	1,036,505,621	3,455,784	1,942,926,616	43,660,285	6,176,778,419
Fully depreciated	5,370,475	15,354,643	13,432,376	1,542,062	-	791,998	36,491,554

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 13. INTANGIBLE ASSETS

VND'000

	Land use rights	Computer software	Total
<b>Cost</b>			
Beginning balance	42,635,853	134,285,181	176,921,034
Acquisition of a subsidiary	6,648,075	-	6,648,075
Disposals	(36,988,433)	-	(36,988,433)
Ending balance	12,295,495	134,285,181	146,580,676
<b>Accumulated amortisation</b>			
Beginning balance	175,922	18,414,813	18,590,735
Charges for the year	249,303	16,776,900	17,026,203
Ending balance	425,225	35,191,713	35,616,938
<b>Net carrying amount</b>			
Beginning balance	42,459,931	115,870,368	158,330,299
Ending balance	11,870,270	99,093,468	110,963,738
In which:			
Pledged/mortgaged as loans' security (Note 26)	11,870,270	-	11,870,270
Fully amortised	-	294,964	294,964

### 14. INVESTMENT PROPERTIES

VND'000

	Land use right	Buildings and structures	Total
<b>Cost</b>			
Beginning balance	133,012,372	15,001,180	148,013,552
Newly granted	64,477,600	-	64,477,600
Being withdrawal	(51,828,858)	-	(51,828,858)
Disposals	(81,183,514)	-	(81,183,514)
Transfer from tangible fixed assets	-	4,596,072	4,596,072
Ending balance	64,477,600	19,597,252	84,074,852
<b>Accumulated depreciation</b>			
Beginning balance	-	750,059	750,059
Charges for the year	-	500,039	500,039
Transfer from tangible fixed assets	-	1,099,260	1,099,260
Ending balance	-	2,349,358	2,349,358
<b>Net carrying amount</b>			
Beginning balance	133,012,372	14,251,121	147,263,493
Ending balance	64,477,600	17,247,894	81,725,494
In which:			
Pledged/mortgaged as loans' security (Note 26)	-	13,751,082	13,751,082

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**14. INVESTMENT PROPERTIES** (continued)

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

VND'000

	Current year	Previous year
Rental income from investment properties	16,877,980	17,835,828
Direct operating expenses of investment properties that generated rental income during the year	8,631,938	8,341,506

The fair value of the investment properties was not formally assessed and determined as at 31 December 2015. However, given the present high occupancy rate 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.

**15. CONSTRUCTION IN PROGRESS**

VND'000

	Ending balance	Beginning balance
Rubber and palm oil plantations (*) (**)	10,812,792,985	6,634,309,584
Hoang Anh Gia Lai Myanmar Centre project (*)	5,495,274,409	2,717,217,940
Hydropower plants (*)	3,305,411,052	1,667,380,438
Offices for lease	793,334,270	793,161,542
Buildings, plants and factories (*)	614,760,611	336,387,148
Beef cattle project (*)	239,012,337	57,262,902
Pepper plantation (*)	83,114,339	64,776,197
Hoang Anh Gia Lai – Arsenal JMG Academy	47,140,970	100,268,827
Mining facilities	-	213,693,057
Other construction works (*)	68,035,342	162,801,926
<b>TOTAL</b>	<b>21,458,876,315</b>	<b>12,747,259,561</b>

(\*) Rubber, palm oil, Hoang Anh Gia Lai Myanmar Centre project, hydropower plants, pepper plantations, beef cattle project and other construction works have been mortgaged to secure the Group's outstanding loans (Note 26).

(\*\*) The value of palm oil plantation increased from acquisition subsidiaries during the year (i.e. Dong Penh Joint Stock Company and its subsidiary, and An Dong Mia Joint Stock Company and its subsidiary) amounting to VND'000 525,458,356 and VND'000 485,982,823 respectively (Note 4.6 and Note 4.7).

**16. CAPITALISED BORROWING COSTS**

During the year, the Group has capitalised borrowing costs amounting to VND'000 1,143,044,636 (for the year ended 31 December 2014: VND'000 984,721,957). These are costs incurred on the bank loans and bonds used to finance the construction and development of fixed assets, hydropower plants, rubber and palm oil plantations, and apartments construction projects.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**17. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES**

**17.1 Investments in subsidiaries**

Details of the Company's subsidiaries as at 31 December 2015 are as follows:

Name of subsidiaries	Location	Status of operation	Date of establishment or acquisition	% holding
<b>Real estate</b>				
(1) Hoang Anh Construction and Housing Development Joint Stock Company	Ho Chi Minh City, Vietnam	Operating	4/6/2007	85.75
(2) Hoang Anh Gia Lai Myanmar Co., Ltd.	Yangon, Myanmar	Operating	21/2/2013	85.75
(3) Hoang Anh Gia Lai (Bangkok) Co., Ltd.	Bangkok, Thai Lan	Operating	2009	(i) 40.30
<b>Energy</b>				
(4) Hoang Anh Gia Lai Hydropower Joint Stock Company	Gia Lai, Vietnam	Operating	5/6/2007	95.58
(5) Hoang Anh Attapeu Power Co., Ltd	Vientiane, Laos	Pre-operating	18/7/2011	95.58
(6) Nam Kong 3 Electric Co., Ltd	Attapeu, Laos	Pre-operating	31/5/2013	95.58
<b>Agriculture plantation</b>				
(7) Hoang Anh Gia Lai Agricultural Joint Stock Company (formally known as "Hoang Anh Gia Lai Rubber Joint Stock Company") (ii)	Gia Lai, Vietnam	Operating	26/5/2010	85.95
(8) Hoang Anh Gia Lai Import - Export Trading One member Co., Ltd	Gia Lai, Vietnam	Operating	5/2/2013	85.95
(9) Hoang Anh Gia Lai Sugar Cane Joint Stock Company	Gia Lai, Vietnam	Operating	26/1/2011	85.94
(10) Hoang Anh Attapeu Sugar Cane Co., Ltd	Attapeu, Laos	Operating	1/11/2011	85.94
(11) Hoang Anh - Quang Minh Rubber Joint Stock Company	Gia Lai, Vietnam	Operating	1/2/2007	84.03
(12) Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd	Attapeu, Laos	Operating	12/1/2007	84.03
(13) Hoang Anh Dak Lak Joint Stock Company	Dak Lak, Vietnam	Operating	12/9/2007	85.54
(14) Ban Me Rubber Joint Stock Company	Dak Lak, Vietnam	Pre-operating	15/1/2010	85.48
(15) Hoang Anh Attapeu Agriculture Development Co., Ltd	Attapeu, Laos	Operating	22/5/2008	85.95
(16) Hoang Anh Andong Meas One Member Co., Ltd	Rattanakiri, Cambodia	Operating	17/2/2011	84.03
(17) Hoang Anh Oyadav Co., Ltd	Rattanakiri, Cambodia	Pre-operating	16/7/2010	85.95
(18) Heng Brothers Co., Ltd	Rattanakiri, Cambodia	Pre-operating	25/1/2010	85.95
(19) CRD Co., Ltd	Rattanakiri, Cambodia	Pre-operating	15/12/2010	85.95

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 17. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (continued)

#### 17.1 Investments in subsidiaries (continued)

Details of the Company's subsidiaries as at 31 December 2015 are as follows: (continued)

Name of subsidiaries	Location	Status of operation	Date of establishment or acquisition	% holding
<b>Agriculture plantation (continued)</b>				
(20) Hoang Anh Rattanakiri Co., Ltd	Rattanakiri, Cambodia	Pre-operating	18/11/2009	85.95
(21) Highland Dairy Cattle Joint Stock Company	Gia Lai Vietnam	Operating	26/4/2015	85.09
(22) An Dong Mia Joint Stock Company	Gia Lai Vietnam	Operating	15/10/2015	61.41
(23) Hoang Anh Lumphat Limited Company	Rattanakiri, Cambodia	Pre-operating	15/10/2015	61.41
(24) Dong Penh Joint Stock Company	Gia Lai Vietnam	Operating	14/10/2015	85.69
(25) Daun Penh Agrico Co., Ltd	Rattanakiri, Cambodia	Pre-operating	14/10/2015	85.69
<b>Mining</b>				
(26) Hoang Anh Gia Lai Mineral Co., Ltd	Gia Lai, Vietnam	Deactivating	8/12/2007	95.58
(27) Hoang Anh GL - Kon Tum Mineral Co., Ltd	Kontum, Vietnam	Deactivating	9/2/2010	95.58
(28) Hoang Anh Xekong Mineral Co., Ltd	Attapeu, Laos	Deactivating	15/10/2009	95.58
<b>Construction, trading and services</b>				
(29) Hoang Anh Gia Lai Sport Joint Stock Company	Gia Lai, Vietnam	Operating	12/1/2009	69.48
(30) Hoang Anh Gia Lai Hospital Joint Stock Company	Gia Lai, Vietnam	Operating	7/5/2008	99.00
(31) V&H Corporation (Lao) Co., Ltd	Vientiane, Laos	Pre-operating	6/1/2009	80.00
(32) V&H Corporation Co., Ltd	Vientiane, Laos	Pre-operating	27/3/2009	100.00
(33) Hoang Anh Gia Lai Bridge & Road Joint Stock Company	Gia Lai, Vietnam	Operating	22/12/2009	55.12
(34) Hoang Anh Gia Lai Vientiane Co., Ltd	Vientiane, Laos	Pre-operating	6/5/2010	100.00
(35) Hoang Anh Gia Lai Real Estate and Hotel Management Joint Stock Company	Da Nang, Vietnam	Operating	27/7/2012	94.50

(i) The Group has more than 50% voting rights in this company.

(ii) Hoang Anh Gia Lai Agricultural Joint Stock Company is listed on Ho Chi Minh Stock Exchange ("HOSE") in accordance with Decision No. 278/QD-SGDHCM issued by Ho Chi Minh Stock Exchange on 10 July 2015 with trading code: HNG. A total of 708,143,895 shares were listed with par value of VND 10,000 per share. From 20 July 2015, HNG was officially traded on HOSE.

Pre-operating status means the subsidiaries are still under investment stage and have not yet started their commercial operations as at 31 December 2015.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 17. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (continued)

#### 17.2 Investments in associates

Name of associates	Business activities		Ending balance		Beginning balance	
			% holding	Carrying value	% holding	Carrying value
				VND'000		VND'000
Bidiphar Rubber Joint Stock Company	Rubber plantation		47.80	244,809,722	45.22	221,844,260
East Asia Investment and Construction Consultant Joint Stock Company	Electric design and consultancy		25.00	7,489,918	25.00	7,870,422
Central HAGL Joint Stock Company (i)	Construction and trading		-	-	42.55	11,850,000
Highland Dairy Cattle Joint Stock Company (ii)	Livestock		-	-	45.00	38,929,500
An Dong Mia Joint Stock Company (iii)	Rubber and palm oil plantations		-	-	30.00	183,183,000
<b>TOTAL</b>				<b>252,299,640</b>		<b>463,677,182</b>

(i) On 1 October 2015, the Group has disposed all of shares in Central HAGL Joint Stock Company to non-related individuals at the price of VND 9,300/share in accordance with the contracts No. 01/2015/HDDCNC, 02/2015/HDDCNC and 03/2015/HDDCNC dated 1 October 2015.

(ii) On 26 April 2015, the Company swapped its 29,700,000 shares, equivalent to 7.442% equity interest in HNG, the Group's subsidiary, for 29,700,000 shares from non-controlling shareholders in an associate of the Company, Highland Dairy Cattle Joint Stock Company ("BSTN"), equivalent to 54% ownership in BSTN. Accordingly, the Company's ownership in BSTN increased from 45% to 99% and BSTN became a subsidiary of the Company (Note 4.2).

(iii) On 31 March 2015, the Group has disposed all of shares in An Dong Mia Joint Stock Company ("ADM") to Gia Lai Livestock Joint Stock Company at cost in accordance with the contract No. 01/15/HDCNVG dated 31 March 2015. At as 31 December 2015, the Group has received all of proceeds from this transaction.

On 15 October 2015, the Company's subsidiary, HNG acquired 13,900,000 shares, equivalent to 69.5% equity interest in ADM, from non-controlling interest shareholders of ADM. On the same date, another subsidiary of the Company, BSTN acquired 100,000 shares, equivalent to 0.5% equity interest in ADM from a non-controlling interest shareholder of ADM. Accordingly, ADM and its 100% owned subsidiary, Hoang Anh Lumphat Limited Company ("HAL"), became subsidiaries of the Group (Note 4.7).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**18. INVESTMENTS IN OTHER ENTITIES**

VND'000

	Ending balance	Beginning balance
Investments in other companies (i)	74,768,149	35,568,150
Others	1,170,000	1,170,000
<b>TOTAL</b>	<b>75,938,149</b>	<b>36,738,150</b>

Investments in other entities represent investments in entities where the Group does not hold controls or significant influences.

(i) Investments in other companies increased mainly related to the interest ownership in Gia Lai Livestock Joint Stock Company, about 4.9%, indirectly from Highland Dairy Cattle Joint Stock Company, the Group's subsidiary.

**19. LONG-TERM PREPAID EXPENSES**

VND'000

	Ending balance	Beginning balance
Sugarcane plantations	658,413,797	768,523,792
Tools and supplies	134,418,866	132,005,958
Grass plantations	121,112,688	19,108,996
Land rental	91,834,191	48,225,510
Training costs of HAGL - JMG	63,699,738	-
Corn plantations	49,185,469	48,928,696
Office rental fee	26,054,715	26,543,171
Others	11,795,634	11,267,580
<b>TOTAL</b>	<b>1,156,515,098</b>	<b>1,054,603,703</b>

**20. GOODWILL**

VND'000

	Amount
<b>Cost:</b>	
Beginning balance	247,464,889
From acquisition	477,110,925
Write-off during the year	(245,328,259)
Ending balance	479,247,555
<b>Accumulated amortisation:</b>	
Beginning balance	73,812,136
Amortisation for the year	29,056,524
Write-off during the year	(98,131,300)
Ending balance	4,737,360
<b>Net carrying amount:</b>	
Beginning balance	173,652,753
Ending balance	474,510,195

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**21. SHORT-TERM TRADE PAYABLES**

VND'000

	Ending balance	Beginning balance
Payables for purchases of goods and services	152,218,598	187,107,204
Payables for land using for Hoang Anh Gia Lai Myanmar Centre project	490,407,288	396,268,196
Payables to construction contractors	300,130,687	45,389,623
Payables for purchases of machinery, equipment and for plantation development	114,681,513	19,446,289
Others	66,210,000	4,721,002
<b>TOTAL</b>	<b>1,123,648,086</b>	<b>652,932,314</b>
<i>In which:</i>		
Payables to other parties	1,021,126,780	616,210,332
Payables to related parties (Note 37)	102,521,306	36,721,982

**22. SHORT-TERM ADVANCES FROM CUSTOMERS**

VND'000

	Ending balance	Beginning balance
Advances from trade customers	796,834,695	329,532,458
<i>In which:</i>		
Indochina Cows Joint Stock Company	574,711,583	-
Others	222,123,112	329,532,458
Advances from construction services customers	267,453,816	150,000,000
Advances from customers for purchases of apartments	374,145,290	29,203,546
<b>TOTAL</b>	<b>1,438,433,801</b>	<b>508,736,004</b>
<i>In which:</i>		
Short-term advances from other parties	1,186,629,294	258,276,004
Short-term advances from related parties (Note 37)	251,804,507	250,460,000

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**23. STATUTORY OBLIGATIONS**

VND'000

	<i>Beginning balance</i>	<i>Increase in year</i>	<i>Decrease in year</i>	<i>Ending balance</i>
Receivables				
Corporate income tax (Note 36.2)	8,339,275	1,511,873	(8,331,737)	1,519,411
Others	6,569,717	-	(5,850,351)	719,366
<b>TOTAL</b>	<b>14,908,992</b>	<b>1,511,873</b>	<b>(14,182,088)</b>	<b>2,238,777</b>
Payables				
Value-added tax payable	252,321,600	388,545,991	(478,628,393)	162,239,198
Corporate income tax (Note 36.2)	22,532,903	155,060,849	(109,599,492)	67,994,260
Personal income tax	2,822,157	13,675,640	(9,915,279)	6,582,518
Others	7,045,721	38,557,625	(7,018,446)	38,584,900
<b>TOTAL</b>	<b>284,722,381</b>	<b>595,840,105</b>	<b>(605,161,610)</b>	<b>275,400,876</b>

**24. SHORT-TERM ACCRUED EXPENSES**

VND'000

	<i>Ending balance</i>	<i>Beginning balance (As restated – Note 41)</i>
Interest expenses	789,498,692	471,766,262
Operating costs	19,889,639	31,598,195
<b>TOTAL</b>	<b>809,388,331</b>	<b>503,364,457</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**25. OTHER PAYABLES**

VND'000

	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Payables to other companies for temporary borrowing	985,416,520	297,637,199
<i>In which:</i>		
Chieun Sekong Group	509,487,168	-
HongKong Tongqing International Trading Limited	254,401,133	-
Others	221,528,219	297,637,199
Payables to related parties (Note 37)	132,170,945	234,249,473
Payables for land leases	14,649,561	16,239,014
Payables for apartments maintenance	14,386,625	12,319,247
Payables to employees	10,422,712	1,283,500
Others	60,501,225	53,226,082
	<b>1,217,547,588</b>	<b>614,954,515</b>
Long-term		
Payable for land leases	185,951,658	166,433,291
Long-term deposits (*)	155,032,207	-
Others	205,741,000	3,340,222
	<b>546,724,865</b>	<b>169,773,513</b>
<b>TOTAL</b>	<b>1,764,272,453</b>	<b>784,728,028</b>

(\*) Long-term deposits mainly represented the deposits received from customers for the rental of apartments, commercial centre, and offices at Hoang Anh Gia Lai Myanmar Project.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2015 and for the year then ended

B09-DN/HN

**26. LOANS**

VND'000

	Beginning balance	Movement during the year		Ending balance
		Increase	Decrease	
Short-term				
Convertible bonds (Note 26.1)	1,100,000,000	-	-	1,100,000,000
Short-term banks loans (Note 26.2)	1,343,356,016	5,422,025,108	(3,565,835,018)	3,199,546,106
Current portion of long-term banks loans (Note 26.4)	416,226,551	1,083,592,094	(305,469,897)	1,194,348,748
Current portion of long-term bonds	3,980,000,000	1,373,860,293	(2,550,000,000)	2,803,860,293
<i>In which:</i>				
<i>Bonds with warrants (Note 26.5)</i>	2,000,000,000	-	(1,700,000,000)	300,000,000
<i>Exchangeable bonds (Note 26.6)</i>	1,130,000,000	-	-	1,130,000,000
<i>Domestic straight bonds (Note 26.3)</i>	850,000,000	1,373,860,293	(850,000,000)	1,373,860,293
	<b>6,839,582,567</b>	<b>7,879,477,495</b>	<b>(6,421,304,915)</b>	<b>8,297,755,147</b>
Long-term				
Domestic straight bonds (Note 26.3)	5,537,269,554	6,300,000,000	(1,646,152,590)	10,191,116,964
Long-term banks loans (Note 26.4)	5,690,843,270	4,044,043,451	(1,183,440,006)	8,551,446,715
Other loans	58,877,114	19,121	-	58,896,235
	<b>11,286,989,938</b>	<b>10,344,062,572</b>	<b>(2,829,592,596)</b>	<b>18,801,459,914</b>
<b>TOTAL</b>	<b>18,126,572,505</b>	<b>18,223,540,067</b>	<b>(9,250,897,511)</b>	<b>27,099,215,061</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2015 and for the year then ended

B09-DN/HN

**26. LOANS (continued)****26.1 Convertible bonds**

On 19 August 2010, the Company's Board of Directors approved a detailed plan to execute the issuance of the convertible bonds amounting to VND 1,100 billion to Northbrooks Investments (Mauritius) Pte Ltd ("NIMP"), an affiliate of Temasek Holdings Pte Ltd of Singapore in accordance with the terms and conditions stipulated in the shareholders' resolution dated 18 August 2010. On 31 August 2010, the Company issued VND 1,100 billion convertible bonds at par value of VND 1 million per unit. The bonds will be converted into equity at the bond holder's option upon maturity. Interest is waived if conversion option is exercised at a conversion price of VND 67,375 per share which is subject to adjustments for dilutive events, if any. Otherwise, interest is charged from the purchase date at the average 12-month saving deposit rate applicable to individuals of four (4) local banks (Asia Commercial Bank, Sai Gon Thuong Tin Commercial Joint Stock Bank, Vietnam Technological and Commercial Joint Stock Bank, and Vietnam Export Import Commercial Joint Stock Bank) plus (+) 3% per annum determined at the issuance date (interest payable at maturity).

On 26 March 2013, the Company and NIMP signed an amendment to the bond subscription agreement. Accordingly, the Terms and Conditions of the Convertible Bonds issued on 31 August 2010 were adjusted as follows:

- Maturity: The maturity date is 31 August 2015.
- Conversion Price: VND 25,000 per share and subject to anti-diluted adjustment.
- Interest Rate: Deposit rate plus (+) 3% per annum, payable annually. "Deposit rate" means the average of 1-year savings deposit rates for individuals quoted by Asia Commercial Bank, Sai Gon Thuong Tin Commercial Joint Stock Bank, Vietnam Technological and Commercial Joint Stock Bank, and Vietnam Export Import Commercial Joint Stock Bank on 19 August 2010, and will be adjusted annually.
- Conversion and Anti-Dilution: The Convertible Bonds can be converted in whole or in part into the issued shares of the Company from 1 August 2013 until the Maturity date. The conversion price may be adjusted to a lower price on the occurrence of any of the following: (i) issuance of bonus shares, (ii) share split, (iii) consolidation of shares, (iv) reclassification of shares, (v) declaration of any dividend, (vi) issue of new shares below the current market price per share and (vii) any other dilutive events.
- Conversion Price as adjusted in accordance with the issuance of shares to existing shareholders at par value VND 10,000 per share at the ratio of 5:1; issuance of shares to convert international bond and dividend paid in 2013 is VND 21,610 per share; dividend payment in form of additional issuance of ordinary shares in 2014 is VND 19,645 per share.
- Right to request the Company to repurchase the Bonds: During the time from 31 August 2013 to maturity date, holder of Convertible Bond holder has the right to request the Company to repurchase in part or in full the Convertible Bonds at an agreement price. Accordingly, these bonds were presented as current liability in the consolidated financial statements.
- Purpose: To finance the Group's investment projects and its working capital requirements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 26. LOANS (continued)

#### 26.1 Convertible bonds (continued)

Pursuant to Resolution of General Assembly of shareholders No. 3107/15/NQDHDCD-HAGL dated 31 July 2015, terms and conditions of convertible bonds was made on amending and approved by NIMP, as follows:

- Maturity: The extended maturity date is 31 August 2017.
- Interest Rate: 3% per annum, effective from 1 September 2015.
- Conversion Price: VND 19,645 per share and subject to anti-diluted adjustment.

As at 31 December 2015, the Company's total debt per equity ratio exceeded required ratio stated in contract.

#### 26.2 Short-term banks loans

VND'000

	Ending balance	Beginning balance
Joint Stock Bank for Investment and Development of Vietnam ("BIDV")	1,896,279,457	497,665,111
Laos - Viet Bank	853,351,981	230,433,668
Ho Chi Minh City Development Joint Stock Bank ("HDBank") - Dong Nai Branch	449,914,668	66,377,608
Joint Stock Commercial Bank for Foreign Trade of Vietnam ("Vietcombank") - Gia Lai Branch	-	548,879,629
<b>TOTAL</b>	<b>3,199,546,106</b>	<b>1,343,356,016</b>

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 and rubber and palm oil plantations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 26. LOANS (continued)

#### 26.2 Short-term banks loans (continued)

Details of short-term banks loans are as follows:

Name of banks	Ending balance VND'000	Original amount		Term and maturity date	Interest rate (%p.a)	Collateral (Notes 10, 12, 13, 14 and 15)
		VND'000	USD			
BIDV, Gia Lai Branch Loan contract No. 01/2015/5331375/HDTD dated 19 June 2015	761,483,565	359,810,396	17,820,460	From 10 March 2016 to 23 November 2016	5.05 - 10	Assets arising in the future of 1,194.74 ha rubber plantation at Gia Lai Province owned by Trung Nguyen Rubber JSC – a related party; 23 apartments and 2 floors of apartments in Bàu Thạc Gián, Da Nang City
Loan contract No. 01/2015/370863/HDTD dated 31 March 2015	603,011,957	479,027,922	5,522,781	From 25 January 2016 to 11 September 2016	5.05 - 10.5	Complex of buildings in Hoang Anh Gia Lai - Arsenal JMG Academy; construction working in University of Medicine and Pharmacy of HAGL; assets arising in the future of 1,194.74 ha rubber plantation at Gia Lai Province owned by Trung Nguyen Rubber JSC - a related party; 30 apartments at Bau Thac Gian Trade Zone, Da Nang City
Loan contract No. 04/2015/6261950/HDTD dated 4 May 2015	486,807,546	486,807,546	-	From 28 April 2016 to 29 September 2016	9 - 10.5	Assets arising from loans - project of beef cattle breeding at Chuprong, Gia Lai amounting to VND 444 billion
Loan contract No. 01/2014/2454995/HDTD dated 25 November 2014	44,976,389	44,976,389	-	From 14 May 2016 to 30 September 2016	9 - 9.7	Assets of HAGL Hospital include land use rights, building and structure and related assets amounting to VND 262 billion; machinery and equipment amounting to VND 67 billion
<b>Total BIDV</b>	<b>1,896,279,457</b>					

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2015 and for the year then ended

B09-DN/HN

**26. LOANS (continued)****26.2 Short-term banks loans (continued)**

Details of short-term banks loans are as follows: (continued)

Name of banks	Ending balance	Original amount		Term and maturity date	Interest rate (%p.a)	Collateral (Notes 10, 12, 13, 14 and 15)
		USD	LAK			
<i>Laos - Viet Bank</i>						
Loan contract No. 083/ NHLV-ATP/2015 dated 9 July 2015	401,445,860	17,807,468	-	From 9 July 2016 to 7 December 2016	6.5 - 9	3 Land use rights total 1,001.78 ha at Laman, Xekong, Laos, and all related assets; and imported cows for project breeding cattle amounting to USD 11,372,722 and USD 26,460,000, respectively
Loan contract No. 080/ HD-LVB.ATP/2015 dated 1 July 2015	218,825,225	-	79,277,382	From 10 July 2016 to 31 December 2016	11.25	Sugar severing machine value at LAK 5.136 billion; land use right and related assets of 18,813 m <sup>2</sup> at Samakhixay District, Attapeu Province, Laos with the value at LAK 46.122 billion
Loan contract No. 109/LVB ATP/2015 dated 1 October 2015	120,362,496	5,339,951	-	From 17 June 2016 to 14 December 2016	8 - 9.75	Assets formed from the loan, the project breeding cattle including fixed assets and cows value at USD 7,660,097 and USD 17,640,000, respectively
Loan contract No. 097/ HD-LVB.ATP/2015 dated 5 August 2015	112,718,400	5,000,000	-	26 November 2016	8.75	All imported cows value at USD 47,640,000; 2 land use rights at Attapeu Province and related assets with total area of 7.9 ha value at USD 14,301,500
<b>Total Lao – Viet Bank</b>	<b>853,351,981</b>					

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2015 and for the year then ended

B09-DN/HN

**26. LOANS (continued)****26.2 Short-term banks loans (continued)**

Details of short-term banks loans are as follows: (continued)

Name of banks	Ending balance	Term and maturity date	Interest rate (% p.a)	Collateral (Notes 10, 12, 13, 14 and 15)
<i>HDBank, Dong Nai Branch</i>				
Loan contract No. 0577/2015/HDTDHM-DN/135 dated 12 June 2015	169,914,668	From 6 April 2016 to 25 May 2016	10.5	Assets formed from the loan (foods for cattle) – soybean meal; and 5,000,000 Company shares held by Chairman
Loan contract No. 0874/ 2015/HDTDHM-DN/135 dated 31 August 2015	280,000,000	From 1 September 2016 to 3 September 2016	11	24,300,000 shares of the Company held by Gia Lai Livestock JSC - a related party, and other relating derivative
<b>Total HDBank</b>	<b>449,914,668</b>			

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**26. LOANS** (continued)

**26.3 Domestic straight bonds**

As at the balance sheet date, outstanding domestic straight bonds comprised as detailed below:

Arrangement organizations	Date of issuance	Amount VND'000	Maturity date
ACB Securities Limited Company ("ACBS") (i)	25 April 2012	1,760,450,342	From 16 March 2016 to 18 June 2017
BIDV and BIDV Securities Company ("BSC") (ii)	17 August 2015	850,000,000	17 August 2020
BIDV and BSC (iii)	9 July 2013	950,000,000	9 July 2016
BIDV and BSC (iv)	28 March 2014	1,000,000,000	28 March 2019
Phu Gia Securities Joint Stock Company ("PHUGIASC") (v)	1 April 2014	650,000,000	1 April 2019
Vietnam Prosperity Bank Securities Company Limited ("VPBS") (vi)	28 November 2014	1,000,000,000	28 November 2017
BIDV and BSC (vii)	31 December 2014	1,000,000,000	31 December 2019
BIDV and BSC (viii)	23 July 2015	2,150,000,000	23 July 2020
FPT Securities JSC ("FPTS") and Vietnam Prosperity Bank JSC ("VPB") (ix)	27 August 2015	600,000,000	From 27 August 2016 to 27 February 2017
Euro Capital Security(x)	17 November 2015	1,700,000,000	17 December 2018
Cost of bonds issuance		(95,473,085)	
<b>TOTAL</b>		<b>11,564,977,257</b>	
<i>In which:</i>			
<i>Current portion of bonds</i>		1,373,860,293	
<i>Non-current portion</i>		10,191,116,964	

- (i) On 25 April 2012, the Company announced the issuance of new bonds with a total value of VND 2,500 billion (the par value per bond is VND 100,000) which was arranged by ACBS. These bonds will be repaid after five (5) years with an interest rate of 18.5% for the first year and the average of interest rate of individual savings deposit in Vietnam dong with the term of thirteen (13) months plus margin of 6.5% per annum for subsequent periods. The Company has issued the bonds to Vietnam Thuong Tin Commercial Joint Stock Bank, ACBS, Vietnam Export Import Commercial Joint Stock Bank ("Eximbank") and Hoang Phu Son Limited Company ("Hoang Phu Son") in accordance with the contract dated 26 April 2012, contract No. 01/HDMBTP.12 dated 14 May 2012, contract No. 1506/2012/HD/EIB-HAGL dated 18 June 2012 and the contract dated 23 September 2014 with total proceeds of VND 450 billion, VND 450 billion, VND 800 billion and VND 141 billion, respectively. Accordingly, total proceeds from these bond issuances were VND 1,841 billion. On 2 April 2015, the Company bought back bonds as amount of VND 80 billion before maturity from Hoan Mai JSC. As at 31 December 2015, the bonds are owned by North Asia Commercial Joint Stock Bank, Ho Chi Minh Development Joint Stock Commercial Bank – Dong Nai Branch ("HDBank"), Viet Capital Bank and Eximbank with values of VND 520 billion, VND 200 billion, VND 240 billion, and VND 800 billion, respectively.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**26. LOANS** (continued)

**26.3 Domestic straight bonds** (continued)

The proceeds from the bond issuances were used to finance investment projects of the Group including the project of planting 10,000 ha of new rubber trees in Rattanakiri Province, Cambodia; projects of sugar cane, thermal power, ethanol and microbial fertilizer plants in Attapeu, Lao People's Democratic Republic ("Laos"); Nam Kong 2 hydropower project, 66 MW capacity, at Phou Vong District, Attapeu, Laos and to restructure existing debts of the Group. The bonds are secured by 74,696,000 shares of the Company held by the Chairman and 51,650,000 shares of Hoang Anh Gia Lai Agricultural Joint Stock Company ("HNG") held by the Company; 196,368,900 shares of HAN, a subsidiary of the Company; assets formed from construction of the HAGL Myanmar Centre belonged to Hoang Anh Gia Lai Myanmar Co., Ltd ("HAMY"), a subsidiary of the Group in the city of Yangon, Republic of the Union of Myanmar ("Myanmar").

On 17 March 2016, the collaterals (i.e. 2,625,860 HNG's shares held by the Company) for the bonds held by Viet Capital Bank have been disposed with the proceeds of VND'000 23,860,293 (Note 43). As at 31 December 2015, 74,696,000 shares of the Company held by the Chairman and 51,650,000 shares of HNG held by the Company were priced at VND 10,400/share and VND 28,800/share respectively. Subsequently, the value of such collaterals for above bonds will subject to market shares' prices.

As at 31 December 2015 and the date of the consolidated financial statements, total value of collateral assets used to secure for the bonds of VND 520 billion owned by North Asia Commercial Joint Stock Bank was less than 130% value of the bonds as required per collateral contract. In addition, as at the date of the consolidated financial statements, total value of collateral assets used to secure for the bonds of VND 200 billion and VND 240 billion respectively owned by HDBank – Dong Nai Branch and Viet Capital Bank was less than 120% and 100% value of the bonds as required per collateral contracts.

- (ii) On 17 August 2015, the Company announced the issuance of bonds with a total value of VND 850 billion (the par value per bond is VND 1 billion) which was arranged by BIDV and BSC under Bond Swap Agreement dated 23 July 2015. Accordingly, the bonds were used to swap for those which were due at a total value of VND 850 billion on 17 August 2015. The Company would not receive any proceeds from this issuance.

These bonds will be repaid after five (5) years and bear interest rate of 10% per annum for the first period and the average of interest rate of individual saving deposit in VND with the term of twelve (12) months announced by branches of four (4) commercial banks at Gia Lai Province including Agribank, BIDV, Vietcombank and Vietinbank plus margin of 4% per annum for subsequent periods. The interest is payable on a semi-annual basis falling on 17 February and 17 August. As at 31 December 2015, the bonds are owned by BIDV. The bonds are secured by a part of land lease right and related assets 4,897.5 ha in Attapeu and Sekong Provinces, held by Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd. ("HAQM Laos"), a subsidiary of the Group in Attapeu Province of Laos; the right of ownership and compensation when insured events arise under insurance contracts for related assets as mentioned-above.

- (iii) On 9 July 2013, the Company announced the issuance of bonds with a total value of VND 950 billion (the par value per bond is VND 1 billion) which was arranged by BIDV and BSC. These bonds will be repaid after three (3) years with an interest rate of 14% for the first year and the average of interest rate of individual saving deposit in VND with the term of twelve (12) months announced by four (4) branches of commercial banks in Gia Lai, including Agribank, VCB, BIDV, and Vietinbank plus margin of 5% per annum for subsequent periods. The Company has issued the bonds to BIDV in accordance with the contract dated 9 July 2013 with total proceeds of VND 950 billion.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 26. LOANS (continued)

#### 26.3 Domestic straight bonds (continued)

The proceeds from the bond issuance were used to finance investment projects of the Group and to restructure existing debts of the Group. As at 31 December 2015, the bonds are owned by BIDV.

The bonds are secured by a part of 5,588 ha rubbers plantation and 2,093.6 ha palm oil plantation of land lease right and related assets in Attapeu Province held by Hoang Anh Attapeu Agriculture Development Co., Ltd.; a part of 2,723.9 ha of land lease right and related assets in Attapeu Province held by Hoang Anh Attapeu Sugar Cane Co., Ltd, subsidiaries of the Group in Attapeu Province of Laos.

(iv) On 28 March 2014, the Company announced the issuance of bonds with a total value of VND 1,000 billion (the par value per bond is VND 1 billion) which was arranged by BIDV and BSC. These bonds will be repaid after five (5) years with an interest rate of 12% for the first year and the average of interest rate of individual saving deposit in VND with the term of twelve (12) months announced by four (4) commercial banks including Agribank – Ho Chi Minh Branch, Vietinbank – Ho Chi Minh Branch, BIDV– No. 2 Center Transaction Branch and VCB – Ho Chi Minh Branch plus margin of 4% per annum for subsequent periods. The interest is payable on a semi-annual basis falling on 28 March and 28 September. As at 31 December 2015, the bonds are owned by BIDV and Hoan Mai JSC value of VND 950 billion and VND 50 billion, respectively. The Company has issued the bonds to BIDV with total proceeds of VND 950 billion and to Hoan Mai JSC with total proceeds of VND 50 billion. The proceeds from the bond issuance were used to finance the working capital requirements and to finance investment projects of the Group including the project of planting 3,637 ha of rubber trees in Dak Lak Province, Vietnam; project of planting 9,000 ha of rubber trees in Rattanakiri Province, Cambodia; project of planting 8,216 ha palm oil trees in Rattanakiri Province, Cambodia; project of planting 4,900 ha of rubber trees in Attapeu and Sekong Provinces, Laos. The bonds are secured by a part of land lease right and related assets 4,897.5 ha in Attapeu and Sekong Provinces held by HAQM Laos, a part of land lease right and 9,996.9 ha of rubber plantation of Hoang Anh Attapeu Agriculture Development Co. Ltd., a part of land lease right and related assets 51 ha in Phou Vong District, Attapeu Province held by Hoang Anh Attapeu Sugar Cane Co., Ltd, subsidiaries of the Group in Attapeu Province of Laos.

(v) On 1 April 2014, the Company announced the issuance of bonds with a total value of VND 650 billion (the par value per bond is VND 1 billion) which was arranged by PHUGIASC. These bonds will be repaid after five (5) years with an interest rate of 13.5% for the first year and the average of interest rate of individual saving deposit in VND with the term of twelve (12) months announced by HDBank plus margin of 6% per annum for every subsequent six-month period. The interest is payable every three (3) months from the date of issuance. The Company has issued the bonds to HDBank in accordance with the contract No. 01/2014/HDMTP dated 1 April 2014 with total proceeds of VND 650 billion. The proceeds from the bond issuance were used to restructure existing debts of the Group and to finance the working capital requirements. As at 31 December 2015, the bonds are owned by HDBank – Dong Nai Branch. The bonds are secured by 67,275,000 shares of HNG held by the Company; and the remaining of 196,368,900 shares of HAN, after deleting mortgage by Eximbank – Sacombank via guarantee contract No.178 and loan contract No.2000-LAV-201302293 dated 18 April 2013 (Note 26.4). As at 31 December 2015, 196,368,900 shares of HAN mentioned above was also pledged as collateral for VND 600 billion bond owned by VPB as mentioned below (Note 26.3 ix).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 26. LOANS (continued)

#### 26.3 Domestic straight bonds (continued)

(vi) On 28 November 2014, the Company announced the issuance of new bonds with a total value of VND 1,000 billion (the par value per bond is VND 1 billion) which was arranged by VPBS. These bonds will be repaid after three (3) years with the interest is payable every three (3) months from the date of issuance (“interest period”). The interest rate is 10.35% for the first interest period and the interest rate of company savings deposit in VND with the term of twelve (12) months announced by Vietnam Prosperity Joint Stock Commercial Bank (“VPB”) plus margin of 3.5% per annum for next three interest periods and 3.25% per annum for subsequent interest periods. The Company has issued the bonds to VPB in accordance with the contract No. 2811/2014/HDDM dated 28 November 2014 with total proceeds of VND 1,000 billion. The proceeds from the bond issuance were used 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).

As at 31 December 2015, the bonds are owned by VPB. The bonds are secured by 110,628,505 shares of HNG held by the Company and 4,700,000 shares of the Company held by the Chairman. At the same date, 4,700,000 Company shares held by the Chairman and 110,628,505 HNG shares held by the Company were priced at VND 10,400/share and VND 28,800/share respectively. Subsequently, the value of such collaterals for above bonds will subject to market shares’ prices.

As at the date of the consolidated financial statement, total value of collateral assets was less than 145% value of the bonds as required per collateral contract.

(vii) On 31 December 2014, the Company announced the issuance of new bonds with a total value of VND 1,000 billion (the par value per bond is VND 1 billion) which was arranged by BIDV. These bonds will be repaid after five (5) years with an interest rate of 10.5% per annum for the first year and the average of interest rate of individual saving deposit in VND with the term of twelve (12) months announced by four (4) commercial banks in Gia Lai Branch, including Agribank, VCB, BIDV, Vietinbank - Gia Lai Branch plus margin of 4% per annum for subsequent periods. The Company has issued the bonds to BIDV in accordance with the contract dated 31 December 2014 with total proceeds of VND 1,000 billion. As at 31 December 2015, the bonds are owned by BIDV.

The proceeds from the bond issuance were used to cooperate business to implement beef cattle and dairy cattle breeding project with Gia Lai Livestock Joint Stock Company, a related party, (VND 470 billion) in Gia Lai Province; finance investment projects of the Group including the project of planting, rubbers and palm oil trees, building palm-oil processing plant and thermoelectric plant (VND 480 billion) and finance working capital of the Company (VND 50 billion).

The bonds are secured by a part of land lease right and related assets on a land piece of 4,897.5 ha in Attapeu and Sekong Provinces held by HAQM Laos; a part of land lease right and 9,996.9 ha of rubber plantation of Hoang Anh Attapeu Agriculture Development Co., Ltd.; a part of land lease right and related assets on a land piece of 51 ha in Phou Vong District, Attapeu Province held by Hoang Anh Attapeu Sugar Cane Co., Ltd, subsidiaries of the Group in Attapeu Province of Laos.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 26. LOANS (continued)

#### 26.3 Domestic straight bonds (continued)

(viii) On 23 July 2015, the Company announced the issuance of bonds with a total value of VND 2,150 billion (the par value per bond is VND 1 billion) which was arranged by BIDV and BSC. These bonds will be repaid after five (5) years with an interest rate of 10% per annum for the first period and the average of interest rate of individual saving deposit in VND with the term of twelve (12) months announced by Branches of four (4) commercial banks at Gia Lai Province including Agribank, BIDV, Vietcombank and Vietinbank plus margin of 4% per annum for subsequent periods. The interest is payable on a semi-annual basis on 23 January and 23 July. The Company has issued the bonds to BIDV in accordance with the contract dated 23 July 2015 with total proceeds of VND 2,150 billion. As at 31 December 2015, the bonds are also owned by BIDV. The proceeds from bond issuance were used for restructuring loans of the Company, increases in working capital and investment in the projects.

The bonds are secured by a part of 4,897.5 ha land lease right and related assets in Attapeu and Sekong Provinces held by HAQM Laos; a part of land lease right and 9,996.9 ha rubber plantation; a part of 5,588 ha rubber plantation and 2,093.6 ha palm oil plantation of land lease right and related assets in Attapeu Province held by Hoang Anh Attapeu Agriculture Development Co., Ltd.; a part of 51 ha land lease right and related assets in Phou Vong District, Attapeu Province; a part of 2,723.9 ha land lease right and related assets in Attapeu Province held by Hoang Anh Attapeu Sugar Cane Co., Ltd.; 9,380.9 ha land lease right and related assets in Rattanakiri Province held by Hoang Anh An Dong Meas Co., Ltd., a subsidiary of the Company in Rattanakiri Province, Cambodia; and 44,926,000 shares of Company held by the Chairman.

(ix) On 27 August 2015, the Company announced the issuance of bonds with a total value of VND 600 billion (the par value per bond is VND 1 billion) which was arranged by FPTC and VPB. These bonds will be repaid after eighteen (18) months with an interest rate of 10.5% per annum for the first period and the interest rate of company savings deposit in VND with the term of twelve (12) months announced by VPB - Branch would be determined at the Interest determination date ("reference interest") plus margin of 4.5% per annum for subsequent periods. The interest is payable every three (3) months from the date of issuance. The Company has issued the bonds to VPB in accordance with the contract dated 25 August 2015 with total value of VND 600 billion. As at 31 December 2015, the bonds are also owned by VPB.

The proceeds from the bond issuance were used to implement beef cattle breeding project with Highland Dairy Cattle JSC in Ia Bang, Chu Prong District, Gia Lai Province under cooperate business.

The bonds are secured by the remaining of 196,368,900 shares of HAN, remaining assets after deleting mortgage by Eximbank – Sacombank via guarantee contract No.178 and loan contract No.2000-LAV-201302293 dated 18 April 2013 (Note 26.4); assets formed from construction of the Myanmar Trade Zone belonged to Hoang Anh Gia Lai Myanmar Co., Ltd, a subsidiary of the Company in the city of Yangon, Myanmar; contributed capital of USD 51 million in Hoang Anh Gia Lai Myanmar Co., Ltd held by HAN; 225,970,000 shares of Hoang Anh Gia Lai Hydropower JSC and 234,484,450 shares of HNG held by the Company. As at 31 December 2015, 196,368,900 million shares of HAN mentioned above were also pledged as collateral for VND 650 billion bonds owned by HDBank as mentioned above (Note 26.3 v).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 26. LOANS (continued)

#### 26.3 Domestic straight bonds (continued)

(x) On 17 November 2015, HNG announced the issuance of bonds with a total value of VND 1,700 billion (the par value per bond is VND 1 billion) which was arranged by Euro Capital Security. These bonds will be repaid after three (3) years and one (1) month with an interest rate of 10.5% per annum for the first period and the interest rate of company savings deposit in VND with the term of twelve (12) months announced by VPB plus margin of 4.5% per annum for subsequent periods. The interest is payable every three (3) months from the date of issuance.

HNG has issued the bonds to National Citizen Bank, Tien Phong Commercial Joint Stock Bank, and VPB in accordance with the contracts dated 17 November 2015 with total proceeds of VND 300 billion, VND 200 billion, VND 1,200 billion, respectively. The proceeds from the bond issuance were used to finance investment projects of the Group including the project of planting 37,643 ha of rubber trees in Rattanakiri Province, Cambodia; project of planting 25,000 ha of rubber trees and palm oil tress in Attapeu and Sekong Provinces, Laos; project of planting 5,000 ha rubber trees in Attapeu and Sekong Provinces, Laos; project of planting 3,000 ha sugarcane trees in Attapeu and Sekong Provinces, Laos; restructure existing debts of the Group and finance the working capital requirements and finance other investment projects of the Group. The bonds are secured by 181,717,250 shares of HNG held by the Company. In which, 31,000,000 HNG shares were used to secure for the bonds with par value at VND 600 billion – HAGL 600 Bonds of the Hoang Anh Gia Lai JSC.

As at 31 December 2015, these bonds were owned by Vietnam Public Commercial Joint Stock Bank, Tien Phong Commercial Joint Stock Bank and Vietnam Prosperity Joint Stock Commercial Bank with the value at VND 300 billion, VND 200 billion and VND 1,200 billion, respectively and beared interest rate of 10.50% p.a.

As at 31 December 2015, 181,717,250 shares of HNG held by the Company was priced at VND 28,800/share. Subsequently, the value of such collaterals for above bonds will subject to market shares' prices. As at the date of the consolidated financial statements, the value of collateral assets was less than 200% the total par value of the bonds as required per collateral contract.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 26. LOANS (continued)

#### 26.4 Long-term bank loans

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

VND

Name of banks	Ending balance	Beginning balance
Vietnam Export Import Commercial Joint Stock Bank (“Eximbank”) - No. 1 Center Transaction Branch	3,155,600,000	2,320,110,909
Bank for Investment and Development of Vietnam (“BIDV”)	2,868,532,269	2,141,159,481
Saigon Thuong Tin Commercial Joint Stock Bank (“Sacombank”)	1,208,568,105	971,200,203
Laos - Viet Bank - Attapeu Branch	1,397,191,001	479,438,961
Ho Chi Minh City Development Joint Stock Commercial Bank (“HDBank”)	937,322,850	
Asia Commercial Bank (“ACB”) - Gia Lai Branch (*)	178,581,238	147,455,793
Joint Stock Commercial Bank for Foreign Trade of Vietnam (“Vietcombank”) - Gia Lai Branch	-	47,704,474
<b>TOTAL</b>	<b>9,745,795,463</b>	<b>6,107,069,821</b>
<i>In which:</i>		
<i>Current portion of long-term bank loans</i>	<i>1,194,348,748</i>	<i>416,226,551</i>
<i>Non-current portion</i>	<i>8,551,446,715</i>	<i>5,690,843,270</i>

The Group obtained these loans mainly to finance the construction and development of hydropower projects, rubber and sugarcane plantations, cattle projects, apartment projects, commercial center, office building, hotels and resorts and purchases of machineries and equipment.

(\*) Part of the collaterals for this loan (i.e. 20,022,500 HNG shares held by the Company) were subsequently disposed by ACB on 9 March 2016 (Note 43). This loan was currently disclosed as current portion of long-term loans in the consolidated balance sheet as at 31 December 2015.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 26. LOANS (continued)

#### 26.4 Long-term bank loans (continued)

The terms and conditions of loans payable to banks are as follows:

Name of banks	Ending balance VND'0000	Original amount USD	Term and maturity date	Interest rate (% p.a)	Collateral (Notes 5, 10, 12, 13, 14 and 15)
<i>Eximbank - No.1 Center Transaction Branch</i>					
Loan contract 2000-LAV 201302293, dated 18 April 2013	3,155,600,000	140,000,000	120 months from the first drawdown date (i.e. 10 April 2013) Loan shall be repaid in 28 quarterly repayment starting from April 2016	Three-month LIBOR rate in USD at the first drawdown date plus 7.8% p.a and adjusted four times per annum (2015: 8% – 8.5% p.a)	Total values of future finished assets from the project “HAGL Myanmar Centre; 196,368,900 shares of HAN – the assets were also pledged as collateral for VND 650 billion bonds owned by HDBank and VND 600 billion bonds owned by VPB (Note 26.3)
<i>In which:</i>					
<i>Current portion:</i>	338,100,000				
<i>BIDV, Gia Lai Branch</i>					
Loan Agreement No. 01/2010/HD TD dated 1 April 2010	723,036,497	32,077,928	130 months from the first drawdown date (i.e. 28 April 2010)	12-month savings deposit interest rate paid in arrears of BIDV in USD plus 4.7% p.a (2015: 7%p.a)	10,000 ha rubber in Attapeu Province, Laos
Loan Contract No. 01/2013/BIDV-Attapeu dated 17 October 2013	508,460,141	22,542,200	132 months from the first drawdown date (i.e. 23 December 2013)	12-month savings deposit interest rate paid in arrears of BIDV in USD plus 5% p.a (2015: 7% p.a)	Assets of Nam Kong 2 hydropower project and HAGL – Arsenal JMG Academy; assets of HAGL Hospital include land use rights and related assets, machinery and equipment amounting to VND 262 billion

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2015 and for the year then ended

B09-DN/HN

**26. LOANS (continued)****26.4 Long-term bank loans (continued)**

The terms and conditions of loans payable to banks are as follows: (continued)

Name of banks	Ending balance	Term and maturity date	Interest rate	Collateral (Notes 5, 10, 12, 13, 14 and 15)
	VND'000		(% p.a)	
<i>BIDV, Gia Lai Branch (continued)</i>				
Loan No. 01/2015/6261950/HDTD dated 4 May 2015	222,482,398	84 months from the first drawdown date (i.e. 4 May 2015)	12-month fund transfer pricing rate of BIDV plus 3.2% p.a (2015: 8% - 10.7% p.a)	Assets formed from the loans, project of beef cattle breeding in Gia Lai Province amounting to VND 444 billion
Loan contract No. 02/2015/6261950/HDTD dated 4 May 2015	79,544,318	84 months from the first drawdown date (i.e. 4 May 2015)	12-month fund transfer pricing rate of BIDV plus 3.2% p.a (2015: 8% - 11.25%p.a)	Assets formed from the loans, project of dairy cattle breeding in Gia Lai Province amounting to VND 480 billion
Loan Contract No. 05/2015/6261950/HDTD dated 1 December 2015	65,968,272	84 months from the first drawdown date (i.e. 1 December 2015)	12-month savings deposit interest rate + 3% p.a. but not less than first interest rate, adjust for every 3 months (2015: 8% p.a)	Assets formed from the loans, project of beef cattle breeding in Ia Bang, Gia Lai Province amounting to VND 444 billion
Loan Contract No 01/2015/2454995/HDTDTH dated 9 March 2015	20,206,660	25 months from the first drawdown date (i.e. 19 March 2015)	Internal transfer interest rate announced by BIDV plus 2.8% p.a (2015: 10% - 10.8% p.a)	Assets of HAGL Hospital include land use rights, building and structure, and related assets amounting to VND 262 billion; machinery and equipment amounting to VND 67 billion respectively
Loan Contract No 02/2015/2454995/HDTDTH dated 23 April 2015	4,220,608	36 months from the first drawdown date (i.e. 23 April 2015)	36-month fund transfer pricing rate of BIDV plus 3.2/% p.a (2015: 10- 10.95% p.a)	Assets, medical equipment formed from the loans

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2015 and for the year then ended

B09-DN/HN

**26. LOANS (continued)****26.4 Long-term bank loans (continued)**

The terms and conditions of loans payable to banks are as follows: (continued)

Name of banks	Ending balance	Original amount	Term and maturity date	Interest rate	Collateral (Notes 5, 10, 12, 13, 14 and 15)
	VND'000	USD		(% p.a)	
<i>BIDV, Binh Dinh Branch</i>					
Loan Agreement No. 01/2013/BIDV-Attapeu dated 18 February 2013	663,612,357	29,436,736	120 months from the first drawdown date (i.e. 18 April 2013)	12-month savings deposit interest paid in arrears of BIDV in USD plus 5% p.a (2015: 7% p.a)	121 apartments in Hoang Van Thu Building, Pleiku City, Gia Lai Province; land use rights in Dong Da ecological Lake, Quy Nhon City; HAGL Granite Stone factory in Gia Lai Province; 136 apartments in HAGL-BIDV luxury building in Dak Lak Province; cash in banks of VND'000 5,850,088 at BIDV (Note 5); land use right 6,993.2 m <sup>2</sup> at Phu Dong Street, Pleiku City, Gia Lai Province; a part of 5,588 ha rubbers plantation and 2,093.6 ha palm oil plantation of land lease right and related assets in Attapeu Province, Laos
Loan Agreement No. 01/2012/BIDV-HAGL-Attapeu dated on 22 March 2012	581,001,018	25,772,235	72 months from the first drawdown date (i.e. 23 April 2012)	12-month savings deposit interest rate paid in arrears of BIDV in USD plus 3.5% p.a (2015: 7% - 8% p.a)	Land lease right and related assets 51 ha in Phou Vong District, Attapeu Province, Laos
<b>Total BIDV</b>	<b>2,868,532,269</b>				
<i>In which:</i>					
<i>Current portion</i>	<i>459,254,679</i>				

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2015 and for the year then ended

B09-DN/HN

**26. LOANS (continued)****26.4 Long-term bank loans (continued)**

The terms and conditions of loans payable to banks are as follows: (continued)

Name of banks	Ending balance VND'000	Original amount USD	Term and maturity date	Interest rate (% p.a)	Collateral (Notes 5, 10, 12, 13, 14 and 15)
<i>Sacombank, Da Nang Branch</i>					
Loan Agreement No. LD1214500238 dated 24 May 2012	306,250,000	-	84 months from the first drawdown date (i.e. 24 May 2012)	1.55%/month for the first 3 months; then at the 13-month deposit rate plus 0.55% (2015: 11% - 13% p.a)	20,000 m <sup>2</sup> of land use right and attached assets at Binh Hien, Binh Thuan, Da Nang City
Loan Agreement No. LD1400300153 dated 3 January 2014	262,454,605	12,420,658	60 months from the first drawdown date (i.e. 3 January 2014)	1.125%/month for the first 3 months; then at the 13-month deposit rate plus 0.3333% per month, adjusted four times per year (2015: 11.55% -12% p.a)	20,000 m <sup>2</sup> of land use right and attached assets at Binh Hien, Binh Thuan, Da Nang City; 16 million Company shares held by Chairman
Loan Agreement No. LD0931400065 dated 10 November 2009	22,500,000	-	19 January 2016	0.875%/month for the first month; and will be determined at the 13-month deposit rate plus 0.36%/month for the following months, adjusted once per month (2015: 12% -13% p.a)	Unsecured
Loan Agreement No. 7683 dated 6 August 2007	9,843,750	-	24 March 2016	1.1%/month for the first six months; and will be determined at the 13-month saving deposit rate plus 0.45%/month, adjusted twice a year (2015: 12.5%- 13.64%)	Unsecured

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2015 and for the year then ended

B09-DN/HN

**26. LOANS (continued)****26.4 Long-term bank loans (continued)**

The terms and conditions of loans payable to banks are as follows: (continued)

Name of banks	Ending balance VND'000	Original amount USD	Term and maturity date	Interest rate (% p.a)	Collateral (Notes 5, 10, 12, 13, 14 and 15)
<i>Sacombank, Centre Branch</i>					
Loan contract No. LD1516900472 dated 22 Jun 2015	300,000,000	-	96 months from first drawdown date (i.e. 22 June 2015)	First 6 months: 11% p.a; From 7 <sup>th</sup> month: 13 <sup>th</sup> month deposit rate + 3.5% p.a adjusted every 3 months (2015: 11% p.a)	30 million HNG shares held by HAN
<i>Sacombank, Thu Duc Branch</i>					
Loan contract No. LD133200419, 29 November 2013	250,000,000	-	66 months from the first drawdown date (i.e. 6 December 2013)	Floating rate (2015: 12% p.a)	1,328.1 ha rubber plantation owned by Trung Nguyen Rubber JSC; 9,000 m <sup>2</sup> land use rights in Binh Thuan, Hai Chau District, Da Nang owned by Saigon Me Kong JSC – a related party
<i>Sacombank, Cambodia Branch</i>					
Loan contract No. LQ 1335703551 dated 23 December 2013	57,519,750	2,500,000	60 months from first drawdown date (i.e. 23 December 2013)	12-month saving deposit interest rate of Sacombank for USD +3.5% p.a, adjust every 6 months (2015: 9% p.a)	Land use rights 8,825 ha, construction sites and all related assets in Lumphat, Rattanakiri Province value at USD 7,423,000
<b>Total Sacombank</b>	<b>1,208,568,105</b>				
<i>In which:</i>					
<i>Current portion</i>	<i>161,016,969</i>				

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2015 and for the year then ended

B09-DN/HN

**26. LOANS (continued)****26.4 Long-term bank loans (continued)**

The terms and conditions of loans payable to banks are as follows: (continued)

Name of banks	Ending balance	Original amount		Term and maturity date	Interest rate (% p.a)	Collateral (Notes 5, 10, 12,13, 14 and 15)
		USD	LAK			
<i>Laos – Viet Bank (“LVB”), Attapeu Branch</i>						
Loan Contract No. 102/LVB-ATP/2014 dated 25 December 2014	342,192,713	-	123,982,868	144 months from the first drawdown date (i.e. 2 February 2015)	13.75% p.a for the first year; and will be determined at the 12-month saving deposit rate plus margin interest	Assets of Nam Kong 3 hydropower project
Loan Contract No.098/HDLVB. ATP/2015 dated 5 August 2015	315,729,777	14,005,246	-	60 months from the first drawdown date (i.e. 5 August 2015). The grace period is 12 months	10% p.a for the first 6 months and will be determined at the 12-month individuals deposit rate at LVB plus margin interest, adjusted twice a year	2 land use rights and related assets with total area of 7.9 ha; and cows amounting to USD 47,640,000
Loan Agreement No.010/2013/LVB-ATTAPEU dated 15 March 2013	281,075,943	7,649,849	39,355,142	120 months from the first drawdown date (i.e. 21 March 2013)	For USD loans: interest rate of medium loan at LVB for adjusted twice a year (2015: 11%). For LAK loans: saving deposits rate with the term of 13 months plus 3% p.a, adjusted twice a year (2015: 13.75% p.a)	Land lease rights and related assets of 5,588 ha rubber plantation and 2,093.6 ha palm oil plantation in Attapeu, Laos
Loan Agreement No.006/LVB. NVKD/2012 dated 20 March 2012	220,385,558	-	79,849,840	108 months from the last day of grace period (i.e. 20 March 2015)	13.5% p.a for the first year; then savings deposit rate with the term of 13 months plus 3% p.a for subsequent years, adjusted twice a year (2015: 13.5%-13.75% p.a)	Assets of Nam Kong 2 hydropower project

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2015 and for the year then ended

B09-DN/HN

**26. LOANS (continued)****26.4 Long-term bank loans (continued)**

The terms and conditions of loans payable to banks are as follows: (continued)

Name of banks	Ending balance	Original amount		Term and maturity date	Interest rate (% p.a)	Collateral (Notes 5, 10, 12,13, 14 and 15)
		USD	LAK			
<i>Laos – Viet Bank (“LVB”), Attapeu Branch (continued)</i>						
Loan Contract No. 056/2013/LVB-ATTAPEU dated 19 September 2013	165,582,110	-	59,993,518	144 months from the first drawdown date (i.e. 31 October 2013)	13.5% p.a for the first year; and will be determined at the 13-month saving deposit rate plus 3% p.a for the following years, adjusted twice p.a (2015: 13.5% - 13.75% p.a)	Assets of Nam Kong 2 hydropower project
Loan Contract No. 025/LVB.NVKD/2012 dated 10 September 2012	27,371,223	-	9,917,110	48 months from the first drawdown date (i.e. 10 September 2012)	13.5% p.a for the first year; and will be determined at the 12-month saving deposit rate plus 3% p.a, adjusted twice a year (2015: 13.5% - 13.75% p.a)	2 land use rights and related assets with total area of 7.9 ha amounting to USD 14,301,500
Loan Contract No. 124/HD-LVB/2015 dated 25 November 2015	44,853,677	1,989,634	-	60 months from the first drawdown date (i.e. 30 November 2015)	10.5	All construction instruments, materials and machinery for the construction projects of palm oil processing plant
<b>Total Laos – Viet bank</b>	<b>1,397,191,001</b>					
<i>In which:</i>						
<i>Current portion</i>	57,395,862					

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2015 and for the year then ended

B09-DN/HN

**26. LOANS (continued)****26.4 Long-term bank loans (continued)**

The terms and conditions of loans payable to banks are as follows: (continued)

Name of banks	Ending balance		Original amount		Term and maturity date	Interest rate (% p.a)	Collateral (Notes 5, 10, 12,13, 14 and 15)
	VND'000	VND'000	VND'000	USD			
<i>HDBank – Dong Nai Branch</i>							
Loan Contract No 0044/2014/ HDTTDH-DN dated 25 April 2014	874,362,225	449,999,993	18,827,073		60 months from the first drawdown date (i.e. 25 April 2014)	8% p.a for the first year and will be determined at the 12-month saving deposit rate via USD plus 7% p.a for the following years but not exceed 8% p.a; adjusted twice p.a (2015: 12% - 13% for VND and 7.5% - 8% for USD)	42,880,000 shares of the Company held by Chairman and related derivatives; land lease rights and related assets; exploited rights in Hoang Anh Lumphat project
<i>HDBank – Dak Lak Branch</i>							
Loan Contract No.1762/2015/ HDTTDH-DN dated 2 December 2015	62,960,625	62,960,625	-		60 months from the first drawdown date (i.e. 2 December 2015)	11.25	Assets formed from the loan, cows and calf of project cattle breeding
<b>Total HDBank</b>	<b>937,322,850</b>						
<i>ACB, Gia Lai Branch</i>							
Loan Contract No.GILDN02041110 dated 4 November 2010	178,581,238	178,581,238	-		120 months from the first drawdown date (i.e. 4 November 2010)	Floating rate (2015: 10.5% - 11% p.a)	28,405,000 HNG shares held by the Company; cash in banks of the Company of VND'000 24,000,000 (Note 5)
<i>In which:</i>							
<i>Current portion</i>	<b>178,581,238</b>						

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**26. LOANS (continued)****26.5 Bonds with warrants**

On 5 December 2012, Hoang Anh Gia Lai Agricultural Joint Stock Company (“HNG”), a subsidiary, announced the issuance of new bonds with a total value of VND 2,000 billion (the par value per bond is VND 100 million) which was arranged by VPBS. These bonds will be repaid after three (3) years and one year grace period. Interest rate is paid for every quarter at the rate of 11.37% per annum for the first three quarters and the ceiling interest rate of deposit of the State Bank of Vietnam (“SBV”) in Vietnam dong with the term from one to twelve (12) months plus margin of 3% per annum for subsequent years. Should SBV remove the ceiling interest rate of savings deposit in Vietnam dong with the term from one to twelve (12) months, the interest rate of individual savings deposit in Vietnam dong with the term of twelve (12) months announced by Vietnam Prosperity Bank plus margin of 3% per annum will be applied for subsequent years. HNG has issued the bonds to EuroCapital Securities Company (“ECS”) in accordance with the contracts dated 7 December 2012, 25 December 2012 and 27 December 2012 with total proceeds of VND 750 billion, VND 450 billion and VND 800 billion, respectively. Accordingly, total proceeds from these bond issuances were VND 2,000 billion. The purpose of this bond issuance is to finance investment projects of the Group including the project of planting 28,173 ha of rubber trees in Rattanakiri Province, Cambodia; projects of planting 9,470 ha palm oil in Rattanakiri Province, Cambodia; projects of planting 25,000 ha rubber trees and palm oil in Attapeu and Sekong, Laos; projects of planting 5,000 ha rubber trees in Attapeu and Sekong, Laos; projects of planting 3,000 ha sugarcane trees in Attapeu and Sekong, Laos; to restructure existing debts of HNG and finance working capital and finance other investment projects of the HNG and its subsidiaries.

In addition, a warrant was granted for every bond issued and the warrants will be considered independent securities with bond after being granted. Each warrant grants the holder the right to purchase a number of shares of HNG equivalent to 0.000775% of actual contributed share capital of HNG right after all warrants are exercised. Should all warrants be exercised, HNG committed that warrant holders will own at least 15.5% ownership in HNG.

On 17 November 2015, the Company paid VND 1,700 billion of due bonds. The remaining bonds worth VND 300 billion were extended for one (1) year as from 28 December 2015. The bonds are secured by 4,000,000 shares of HNG held by the Company; 25,585,000 shares of the Company held by the Chairman and 3,850,000 shares of the Company held by Mr Nguyen Anh Hoa. As at 31 December 2015 and the date of this report, the value of collateral assets was less than 130% total par value of the bonds owned by bondholders.

As at 31 December 2015, these bonds were owned by Bac A Commercial Joint Stock Bank and were reclassified as current portion of long-term loans in the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 26. LOANS (continued)

#### 26.6 Exchangeable bonds

On 15 July 2011, the Group issued exchangeable bonds amounting to VND'000 1,130,000,000 to NIMP as follows:

- Par value per bond: VND 1,000,000.
- Number of bonds: 1,130,000.
- Maturity: 4 years from the Closing Date (i.e. 30 June 2015) with the bondholder's rights to extend by two years in certain events.

During the year, the Company has negotiated with NIMP and been approved extension of bonds maturity up to 14 July 2017 (Extended Maturity Date).

- Coupon: Coupon is payable annually based on the interest rate determined as follows:

Interest rate = 5% x (1 + Changing in Exchange Rates).

"Change in Exchange Rates" means the change in exchange rate of USD against VND quoted by HSBC Bank (Vietnam) Ltd. on the closing date and on the date falling two business days prior to the interest payment date.

If the calculation of interest rate as defined above is not permitted under the applicable regulations, the interest rate shall be calculated in accordance with the following formula:

Interest rate = 5% x (1+y)<sup>n</sup>.

Where "y" means (i) a rate to be agreed upon by the investor and the Group at least five (5) business days prior to the first day of the Interest payment period, or (ii) in the event the investor and the Group are unable to reach an agreement, ten percent (10%); "n" means the number of interest payment periods which have elapsed from the closing date up to and including such interest payment period.

- Exchange: The Bondholder has the rights to exchange the Bonds in whole or in part into a number of shares of HNG held by the Company at any time commencing on (i) the date of Listing of these Shares or (ii) the third anniversary of the Closing Date, whichever is later, and expiring on (i) the Maturity Date or (ii) the date immediately preceding the sixth anniversary of the Closing Date in the event the maturity of the Bonds is extended.
- Purpose: to finance the Group's investment projects and its working capital requirements of HNG.

As at 31 December 2015, the Company's ratio of total debt per EBITDA exceeded ratio permitted by bond subscription agreement. Accordingly, the exchangeable bonds were disclosed as current portion of long-term loans in the consolidated balance sheet.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

### 27. OWNERS' EQUITY

#### 27.1 Increase and decrease in owners' equity

	Share capital	Share premium	Treasury shares	Consolidation reserve	Foreign exchange difference	Investment and development fund	Financial reserve fund	Undistributed earnings	Total
<b>Previous year</b>									
Beginning balance (As restated – Note 41)	7,181,546,930	3,544,438,784	-	(170,661,078)	89,710,850	8,622,737	230,027,423	1,958,111,130	12,841,796,776
Net profit for the year (As restated – Note 41)	-	-	-	-	-	-	-	1,453,002,809	1,453,002,809
Foreign exchange differences	-	-	-	-	(89,040,707)	-	-	-	(89,040,707)
Disposal of subsidiaries	-	-	-	23,636,169	-	-	-	-	23,636,169
Remuneration of the Board of Directors, Board of Supervisors and Board's Secretary	-	-	-	-	-	-	-	(11,063,176)	(11,063,176)
Appropriation to financial reserve fund and welfare fund	-	-	-	-	-	-	11,106,123	(17,769,797)	(6,663,674)
Dividend payment in form of additional issuance of ordinary shares	718,132,540	-	-	-	-	-	-	(718,132,540)	-
Revoked ESOP shares to treasury	-	-	(686,640)	-	-	-	-	-	(686,640)
VAT non-deductible share issuance	-	(5,360,000)	-	-	-	-	-	-	(5,360,000)
<b>Ending balance</b> (As restated – Note 41)	<b>7,899,679,470</b>	<b>3,539,078,784</b>	<b>(686,640)</b>	<b>(147,024,909)</b>	<b>670,143</b>	<b>8,622,737</b>	<b>241,133,546</b>	<b>2,664,148,426</b>	<b>14,205,621,557</b>

B09-DN/HN

VND'000

27. OWNERS' EQUITY (continued)

27.1 Increase and decrease in owners' equity (continued)

	Share capital	Share premium	Treasury shares	Consolidation reserve	Foreign exchange difference	Investment and development fund	Financial reserve fund	Undistributed earnings	Total
<b>Current year</b>									
Beginning balance (As restated – Note 41)	7,899,679,470	3,539,078,784	(686,640)	(147,024,909)	670,143	8,622,737	241,133,546	2,664,148,426	14,205,621,557
Reclassification (Note 42)	-	-	-	147,024,909	-	241,133,546	(241,133,546)	(147,024,909)	-
Beginning balance (reclassified)	7,899,679,470	3,539,078,784	(686,640)	-	670,143	249,756,283	-	2,517,123,517	14,205,621,557
Net profit for the year	-	-	-	-	-	-	-	502,343,207	502,343,207
Foreign exchange differences	-	-	-	-	554,407,110	-	-	-	554,407,110
Remuneration of the Board of Directors, Board of Supervisors and Board's Secretary	-	-	-	-	-	-	-	(737,400)	(737,400)
Appropriation to financial reserve fund and welfare fund	-	-	-	-	-	30,139,020	-	(48,249,432)	(18,110,412)
Capital transactions inside Group and with non-controlling interest in subsidiaries without changing control	-	-	-	-	-	-	-	(946,576,643)	(946,576,643)
<b>Ending balance</b>	<b>7,899,679,470</b>	<b>3,539,078,784</b>	<b>(686,640)</b>	<b>-</b>	<b>555,077,253</b>	<b>279,895,303</b>	<b>-</b>	<b>2,023,903,249</b>	<b>14,296,947,419</b>

VND'000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

27. OWNERS' EQUITY (continued)

27.2 Shares

	Ending balance	Beginning balance
	Shares	Shares
Shares authorised to be issued	789,967,947	789,967,947
Shares issued and fully paid		
Ordinary shares	789,967,947	789,967,947
Outstanding shares		
Ordinary shares	789,899,283	789,899,283
Treasury shares		
Ordinary shares	68,664	68,664

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

27.3 Capital transactions with owners

	Current year	Previous year
<b>Share capital</b>		
Beginning balance	7,899,679,470	7,181,546,930
Increase	-	718,132,540
Ending balance	7,899,679,470	7,899,679,470
<b>Dividend</b>		
Dividend payment in form of additional issuance of ordinary shares	-	718,132,540
Dividend paid in cash	-	-

VND'000

28. NON-CONTROLLING INTERESTS

	Current year	Previous year (As restated – Note 41)
<b>Beginning balance</b>	<b>1,149,582,771</b>	<b>666,358,469</b>
Subsidiaries acquisition	465,067,390	-
Profit attributable to non-controlling interests	100,017,738	79,758,651
Disposal of subsidiaries	(8,652,537)	(26,337,757)
Capital redemption to non-controlling interest	(2,200,000)	-
Dividends payables to non-controlling interests	(602,955)	(9,041,163)
Capital transactions inside Group and with non-controlling interest in subsidiaries without changing control	265,560,456	438,844,571
<b>Ending balance</b>	<b>1,968,772,863</b>	<b>1,149,582,771</b>

VND'000

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**29. EARNINGS PER SHARE**

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

	<i>Current year</i>	<i>Previous year (As restated – Note 41)</i>
Net profit attributable to ordinary shareholders of the parent (VND'000)	502,343,207	1,453,002,809
Appropriation of welfare funds (VND'000)	(18,110,412)	(6,663,674)
Net interest after tax on convertible bonds charged to the consolidated income statement (VND'000)	47,883,010	57,475,599
<b>Net profit attributable to ordinary shareholders of the parent adjusted for the effect of dilution (VND'000)</b>	<b>532,115,805</b>	<b>1,503,814,734</b>
Weighted average number of ordinary shares during the year for basic earnings per share	789,899,283	789,949,511
Adjusted weighted average number of potential shares from convertible bonds (*)	55,993,892	55,993,892
<b>Weighted average number of ordinary shares adjusted for the effect of dilution</b>	<b>845,893,175</b>	<b>845,943,403</b>
<b>Earnings per share (VND)</b>		
- Basic earnings per share	613	1,831
- Diluted earnings per shares	613	1,778

(\*) As disclosed in Note 26.1 to the consolidated financial statements, on 31 August 2010, the Company issued VND 1,100 billion convertible bonds at par value of VND 1 million per unit. These convertible bonds could potentially dilute basic earnings per share in the future as calculated for the year ended 31 December 2015 and 31 December 2014. However, for the year ended 31 December 2015, they have reverse effect.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**30. REVENUES**

**30.1 Revenue from sale of goods and rendering of services**

	<i>Current year</i>	<i>Previous year</i>
<b>Gross revenue</b>	<b>6,252,482,061</b>	<b>3,055,283,747</b>
<i>of which:</i>		
Sale of cows	2,541,497,017	-
Revenue from construction contracts	1,040,289,682	765,159,377
Sale of sugar	871,366,579	1,042,101,594
Sale of goods	614,231,760	309,979,158
Sale of corns	323,258,716	204,513,672
Rendering of services	252,575,175	224,413,140
Revenue from disposal of investment properties	214,941,818	-
Sale of apartments	198,041,907	238,041,606
Sale of rubber latex	196,279,407	226,690,873
Sale of minerals	-	44,384,327
<b>Less</b>	<b>(35,528)</b>	<b>(952,791)</b>
Sales returns	(35,528)	(952,791)
<b>Net revenue</b>	<b>6,252,446,533</b>	<b>3,054,330,956</b>
<i>of which:</i>		
Sale of cows	2,541,497,017	-
Revenue from construction contracts	1,040,289,682	765,159,377
Sale of sugar	871,366,579	1,042,101,594
Sale of goods	614,196,232	309,290,199
Sale of corns	323,258,716	204,513,672
Rendering of services	252,575,175	224,149,308
Revenue from disposals of investment properties	214,941,818	-
Sale of apartments	198,041,907	238,041,606
Sale of rubber latex	196,279,407	226,690,873
Sale of minerals	-	44,384,327
<i>of which:</i>		
Sales to other parties	5,127,016,227	2,718,594,813
Sales to related parties	1,125,465,834	336,688,934

**30.2 Finance income**

	<i>Current year</i>	<i>Previous year</i>
Interest income from loans to other parties	774,082,821	653,100,465
Foreign exchange gains	230,702,842	22,139,274
Gain on disposal of equity and other investments	29,925,898	755,235,461
Interest income from bank deposits	18,714,532	47,097,991
Dividend income	230,425	245,920
<b>TOTAL</b>	<b>1,053,656,518</b>	<b>1,477,819,111</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

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

VND'000

	Current year	Previous year
Cost of cows	1,798,098,921	-
Cost of construction contracts	799,970,554	466,180,953
Cost of sugar	501,695,563	485,395,860
Cost of goods sold	518,873,603	249,111,871
Cost of corns	127,610,998	76,393,096
Cost of services rendered	199,771,582	181,103,084
Cost of investment properties	99,095,539	-
Cost of apartments	161,652,655	191,417,979
Cost of rubber latex	191,251,156	119,433,788
Cost of minerals	-	58,301,435
<b>TOTAL</b>	<b>4,398,020,571</b>	<b>1,827,338,066</b>

**32. FINANCE EXPENSES**

VND'000

	Current year	Previous year (As restated – Note 41)
Interest expenses on bank loans and bonds	1,078,711,240	604,691,381
Foreign exchange loss	97,354,796	12,739,356
Loss on disposal of equity and other investments	20,857,250	5,498,514
Others	6,744,321	5,208,895
<b>TOTAL</b>	<b>1,203,667,607</b>	<b>628,138,146</b>

**33. SELLING EXPENSES**

VND'000

	Current year	Previous year
External services	67,390,726	55,592,721
Labour costs	2,725,126	3,381,819
Depreciation and amortisation	1,119,391	866,658
Others	40,003,817	22,371,581
<b>TOTAL</b>	<b>111,239,060</b>	<b>82,212,779</b>

**34. GENERAL AND ADMINISTRATIVE EXPENSES**

VND'000

	Current year	Previous year
External services	114,216,174	69,666,766
Labour costs	101,193,708	90,612,523
Depreciation and amortisation	27,836,710	23,164,762
Others	107,125,150	85,462,357
<b>TOTAL</b>	<b>350,371,742</b>	<b>268,906,408</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**35. OTHER INCOME AND EXPENSES**

VND'000

	Current year	Previous year
<b>Other income</b>	<b>180,631,718</b>	<b>106,382,214</b>
Profit from disposal of assets	161,694,345	96,328,508
Compensation received	2,672,268	1,570,141
Others	16,265,105	8,483,565
<b>Other expenses</b>	<b>615,325,413</b>	<b>81,957,304</b>
Write-off minerals assets	496,810,516	-
Write-off hydropower assets	47,811,857	-
Penalty expenses	11,281,615	11,092,220
Depreciation of idle assets	1,581,124	13,380,104
Others	57,840,301	57,484,980
<b>OTHER (LOSS) PROFIT</b>	<b>(434,693,695)</b>	<b>24,424,910</b>

**36. CORPORATE INCOME TAX**

The Company and its subsidiaries at Vietnam have the obligation to pay corporate income tax ("CIT") at the rate of 22% of taxable profits.

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 licences and applicable tax regulations.

The Company and its subsidiaries' tax returns are subject to examination by the local 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.

The CIT payable is based on taxable profit for the year. Taxable profit differs from 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 never taxable or deductible. The Group's liability for current CIT is calculated using applicable tax rates that have been enacted by the balance sheet date.

**36.1 CIT expenses**

VND'000

	Current year	Previous year
Current CIT expense	145,222,353	58,706,419
Adjustments for under accrual of CIT from previous years	8,326,623	8,768,793
Deferred tax expense	50,302,292	149,742,906
<b>TOTAL</b>	<b>203,851,268</b>	<b>217,218,118</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

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

**36.2 Current tax**

VND'000

	Current year	Previous year (As restated – Note 41)
<b>Accounting profit before tax</b>	<b>806,212,213</b>	<b>1,749,979,578</b>
<b>Adjustments to increase (decrease) accounting profit</b>		
<i>Adjustments to increase</i>		
Losses from subsidiaries	393,289,083	221,602,344
Unrealised profit	241,817,159	21,077,444
Change in accruals	93,834,097	24,722,108
Expenses without adequate supporting documents	55,649,676	27,096,079
Allocation of goodwill	29,056,524	46,233,392
Share of loss from associates	1,898,163	-
Others	14,094,854	11,297,592
<i>Adjustments to decrease</i>		
Profit from sales which is tax exempt	(728,821,481)	(757,188,308)
Deductible interest expenses at entities level but capitalised on the consolidated financial statements	(182,693,504)	(202,261,380)
Gain on disposal of a subsidiary	(29,925,898)	(77,544,144)
Unrealised exchange differences	(16,665,539)	5,927,125
Dividend income	(230,425)	(245,920)
Gain on issuance of HAN's shares	-	(745,706,593)
Others	(3,349,750)	(52,156,654)
<b>Estimated current taxable profit before tax loss carried forward</b>	<b>674,165,172</b>	<b>272,832,663</b>
Tax loss carried forward	(14,063,566)	(4,768,425)
<b>Estimated current taxable profit after tax loss carried forward</b>	<b>660,101,606</b>	<b>268,064,238</b>
<b>Estimated current CIT</b>	<b>145,222,353</b>	<b>58,706,419</b>
Adjustments for under accrual of CIT from previous years	8,326,623	8,768,793
<b>Estimated current CIT expense for the year</b>	<b>153,548,976</b>	<b>67,475,212</b>
CIT payable at beginning of year	14,193,628	36,676,832
Other increase	8,331,737	-
CIT paid during the year	(109,599,492)	(89,958,416)
<b>CIT payable at end of year</b>	<b>66,474,849</b>	<b>14,193,628</b>
<i>In which:</i>		
CIT payables (Note 23)	67,994,260	22,532,903
CIT over payment (Note 23)	(1,519,411)	(8,339,275)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

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

**36.3 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
<b>Deferred tax assets</b>				
Tax losses carried forward of subsidiaries	-	110,825,458	110,825,458	(6,724,690)
Unrealised profit	82,941,387	38,035,752	(44,905,635)	(975,754)
Others	-	-	-	1,678,184
	<b>82,941,387</b>	<b>148,861,210</b>	<b>65,919,823</b>	<b>(6,022,260)</b>
<b>Deferred tax liabilities</b>				
Difference between fair value and carrying value of subsidiaries' net assets on acquisition date	202,288,236	-	-	-
Gain on deemed disposals of the Company's partial equity interests in subsidiaries	189,506,405	208,457,044	(18,950,639)	164,055,450
Unrealised foreign exchange differences	3,333,108	-	3,333,108	-
Others	-	-	-	(8,290,284)
	<b>395,127,749</b>	<b>208,457,044</b>	<b>(15,617,531)</b>	<b>155,765,166</b>
<b>Deferred tax expense</b>			<b>50,302,292</b>	<b>149,742,906</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**37. TRANSACTIONS WITH RELATED PARTIES**

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	1,719,085,398	832,250,000
		Sales of goods and rendering of services	1,111,024,040	313,885,515
		Purchase goods and services	1,148,449,076	-
		Collection of loan	512,697,837	-
		Purchase fixed assets	305,043,871	33,990,153
		Interest income	154,943,197	6,990,563
An Phu Real Estate Investment Joint Stock Company	Related company	Lending	965,478,783	1,323,553,000
		Collection of loans	739,740,000	772,637,944
		Interest income	374,596,730	478,617,876
Mr Doan Nguyen Duc	Chairman	Lending	697,320,000	-
		Interest income	14,548,178	-
Mr Huynh Huu Vu	Related party	Lending	294,936,000	-
Mr Phan Thanh Thu	Board of Directors' member	Business advances	138,499,307	-
			Lending	30,434,400
Huynh De Construction Corporation	Related company	Leasing of machinery and equipment	44,588,000	53,290,710
		Purchase tools and supplies	37,919,758	35,208,439
		Lending	14,651,980	-
		Interest income	622,820	-
Hoang Tho Materials Co., Ltd.	Related company	Lending	72,533,690	-
		Interest income	1,585,248	-
Minh Tuan Trading and Services Company Limited	Related company	Lending	54,140,386	-
		Interest income	2,492,768	-
Hoang Anh Gia Lai Wooden Furniture JSC	Related company	Lending	42,869,945	70,117,796
Phu Hoang Anh JSC	Related company	Interest income	28,743,750	28,743,750
East Asia Investment and Construction Consultant JSC	Associate	Providing construction consultancy services	13,609,883	22,803,419
		Rendering of services	831,911	654,560
		Dividend	600,000	-
Trung Nguyen Rubber JSC (formerly known as "Gia Lai Industrial Forest Plantation JSC")	Related company	Interest income	7,665,243	-
Truc Thinh Trading and Services Company Limited	Related company	Interest income	-	10,607,567

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**37. TRANSACTIONS WITH RELATED PARTIES** (continued)

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

VND'000

Related parties	Relationship	Transactions	Ending balance	Beginning balance
<b>Short-term trade receivables (Note 6)</b>				
Gia Lai Livestock JSC	Related company	Sales of goods and rendering of services	251,786,032	21,254,330
		Construction contracts	24,059,702	21,326
		Sales of fixed assets	383,279	383,279
Hoang Anh Me Kong Joint Stock Company	Related company	Rendering of services	1,813,211	1,414,775
Minh Tuan Trading and Services Company Limited	Related company	Rendering of services	1,452,577	8,815,564
An Phu Real Estate Investment Joint Stock Company	Related company	Rendering of services	1,302,577	-
		Disposal of investments	-	48,091,600
East Asia Investment and Construction Consultant JSC	Associate	Sales of goods and rendering of services	915,102	-
Huynh De Construction Corporation	Related company	Sales of goods and rendering of services	250,570	1,178,925
Trung Nguyen Rubber JSC (formerly known as "Gia Lai Industrial Forest Plantation JSC")	Related company	Sales of goods and rendering of services	118,125	-
Hoang Anh Gia Lai Wooden Furniture JSC	Related company	Sales of goods and rendering of services	873,319	1,537,840
Truc Thinh Trading and Services Company Limited	Related company	Sales of goods and rendering of services	63,690	11,283,771
<b>TOTAL</b>			<b>283,018,184</b>	<b>93,981,410</b>
<b>Short-term advances to suppliers (Note 7)</b>				
Gia Lai Livestock JSC	Related company	Advances for purchasing good and services	467,936,006	14,305,013
		Advances for acquiring fixed assets	4,000,000	-
East Asia Investment and Construction Consultant JSC	Associate	Advances for survey and designation works	17,023,166	16,332,546
Huynh De Construction Corporation	Related company	Advances for construction contracts	272,900	13,272,900
<b>TOTAL</b>			<b>489,232,072</b>	<b>43,910,459</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**37. TRANSACTIONS WITH RELATED PARTIES** (continued)

As at 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
<b>Short-term loan receivables (Note 8)</b>				
An Phu Real Estate Investment Joint Stock Company	Related company	Lending	2,860,085,936	-
Trung Nguyen Rubber JSC (formerly known as "Gia Lai Industrial Forest Plantation JSC")	Related company	Lending	473,358,579	-
Mr Nguyen Hoang Nguyen	Related party	Lending	92,867,100	92,867,100
Gia Lai Livestock JSC	Related company	Lending	67,860,980	332,250,000
Mr Phan Thanh Thu	Board of Directors' member	Lending	30,434,400	-
Huynh De Construction Corporation	Related company	Lending	26,190,000	-
Mr Do Thai Co	Related company	Lending	16,157,837	-
Sai Gon Me Kong Corporation	Related company	Lending	13,433,052	23,484,089
Mr Doan Nguyen Duc	Chairman	Lending	663,896	-
Hoang Anh Real Estate Administrative Services Corporation	Related company	Lending	500,000	500,000
Phu Hoang Anh JSC	Related company	Lending	-	32,000,000
Hoang Anh Gia Lai Wooden Furniture JSC	Related company	Lending	-	98,873,046
Truc Thinh Trading and Services Company Limited	Related company	Lending	-	107,600,000
<b>TOTAL (*)</b>			<b>3,581,551,780</b>	<b>687,074,735</b>
<b>Other short-term receivables (Note 9)</b>				
An Phu Real Estate Investment JSC	Related company	Interest income	596,353,404	286,018,154
Mr Phan Thanh Thu	Board of Directors' member	Business advances	138,499,307	-
Phu Hoang Anh JSC	Related company	Interest income	113,229,375	84,485,625
		Payment on behalf	2,440,389	-
Gia Lai Livestock JSC	Related company	Interest income	56,547,492	-
		Payment on behalf	85,229	-
Trung Nguyen Rubber JSC (formerly known as "Gia Lai Industrial Forest Plantation JSC")	Related company	Interest income	40,411,220	-
		Payment on behalf	914,514	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**37. TRANSACTIONS WITH RELATED PARTIES** (continued)

As at 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
<b>Other short-term receivables (Note 9) (continued)</b>				
Mr Doan Nguyen Duc	Chairman	Interest income	14,548,178	-
		Payment on behalf	7,779,191	3,619,692
		Entrusted contract	-	68,932,500
Hoang Anh Me Kong Joint Stock Company	Related company	Payment on behalf	12,624,059	12,624,059
Minh Tuan Trading and Services Company Limited	Related company	Interest income	2,492,768	-
Huynh De Construction Corporation	Related company	Interest income	622,820	-
Hoang Anh Gia Lai Wooden Furniture JSC	Related company	Payment on behalf	380,531	422,684
Truc Thinh Trading and Services Company Limited	Related company	Interest income	-	18,417,533
<b>TOTAL</b>			<b>986,928,477</b>	<b>475,920,372</b>
<i>In which:</i>				
-		Interest expenses	824,205,257	304,435,687
<b>Long-term loan receivables (Note 8)</b>				
Gia Lai Livestock JSC	Related company	Lending	1,991,975,000	500,000,000
An Phu Real Estate Investment Joint Stock Company	Related company	Lending	1,471,708,240	4,087,185,936
Mr Doan Nguyen Duc	Chairman	Lending	697,320,000	-
Mr Huynh Huu Vu	Related party	Lending	294,936,000	-
Phu Hoang Anh JSC	Related company	Lending	221,000,000	189,000,000
Truc Thinh Trading and Services Company Limited	Related company	Lending	126,017,533	-
Hoang Anh Gia Lai Wooden Furniture JSC	Related company	Lending	116,568,196	-
Trung Nguyen Rubber JSC (formerly known as "Gia Lai Industrial Forest Plantation JSC")	Related company	Lending	62,142,038	-
Minh Tuan Trading and Services Company Limited	Related company	Lending	54,140,387	-
Huynh De Construction Corporation	Related company	Lending	14,651,980	13,190,000
<b>TOTAL (*)</b>			<b>5,050,459,374</b>	<b>4,789,375,936</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**37. TRANSACTIONS WITH RELATED PARTIES** (continued)

As at 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
<b>Short-term trade payables (Note 21)</b>				
Trung Nguyen Rubber JSC (formerly known as "Gia Lai Industrial Forest Plantation JSC")	Related company	Payables for development of plantation	(60,549,000)	-
Gia Lai Livestock JSC	Related company	Purchase of machinery and equipment	(23,204,432)	-
		Purchase of goods and services	(9,136,427)	(34,643,637)
Huynh De Construction Corporation	Related company	Payables for construction contractor	(8,140,692)	-
Hoang Anh Gia Lai Wooden Furniture JSC	Related company	Purchase of goods and services	(1,462,695)	(868,078)
Other parties	Related company	Purchase of goods	(28,060)	(1,210,267)
<b>TOTAL</b>			<b>(102,521,306)</b>	<b>(36,721,982)</b>
<b>Short-term advances from customers (Note 22)</b>				
Gia Lai Livestock JSC	Related company	Advances for construction contracts and purchase of goods	(251,804,507)	(250,460,000)
<b>Short-term other payables (Note 25)</b>				
Trung Nguyen Rubber JSC (formerly known as "Gia Lai Industrial Forest Plantation JSC")	Related company	Temporary borrowings	(123,120,360)	-
Minh Tuan Trading and Services Company Limited	Related company	Temporary borrowings	(6,092,453)	(44,266,155)
Sai Gon Me Kong Corporation	Related company	Temporary borrowings	(2,104,578)	(10,365,445)
Hoang Anh Gia Lai Wooden Furniture JSC	Related company	Temporary borrowings	(20,904)	(8,087,330)
An Phu Real Estate Investment Joint Stock Company	Related company	Temporary borrowings	-	(161,530,543)
Gia Lai Livestock JSC	Related company	Temporary borrowings	-	(10,000,000)
Other parties	Related parties	Others	(832,650)	-
<b>TOTAL</b>			<b>(132,170,945)</b>	<b>(234,249,473)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**37. TRANSACTIONS WITH RELATED PARTIES** (continued)

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

VND'000

	Current year	Previous year
<b>Board of Directors and Management</b>		
Salary, remunerations and bonus	9,876,178	20,316,341
<b>Board of Supervisors</b>		
Remunerations	284,290	211,320
<b>Board's secretary</b>		
Remunerations and bonus	69,764	571,914
<b>TOTAL</b>	<b>10,230,232</b>	<b>21,099,575</b>

(\*) As at 31 December 2015, the Group reported short-term and long-term loans receivable from related parties amounting to VND'000 821,465,844 and VND'000 5,050,459,374 that have yet been approved by the shareholders at Annual General Meeting as required under Circular No. 121/2012/TT-BTC issued by the Ministry of Finance on 26 July 2012 providing regulations on corporate governance applicable to public companies ("Circular 121").

Management commit to obtain approval from shareholders in the next AGM and to amend the lending policy to fully comply with the relevant provisions on extension of loans or guarantees to shareholders or affiliated person under Circular 121.

**38. COMMITMENTS**

**Operating lease commitments**

**As a leasee**

The Group leases parcels of land in Vietnam, Laos, Cambodia, and Myanmar to build factories, football facilities, hotels; offices, rubber trees and other plantations. The future minimum lease commitments under the operating lease agreements as at the balance sheet dates are as follows:

VND'000

	Ending balance	Beginning balance
Less than one year	102,937,206	43,333,258
From one to five years	456,835,315	173,333,034
More than five years	9,225,640,605	8,659,529,731
<b>TOTAL</b>	<b>9,785,413,126</b>	<b>8,876,196,023</b>

**As a lessor**

The Group leases out assets under operating lease arrangements. In 2015, the Group has successfully signed arrangements for lease out office in Hoang Anh Gia Lai Myanmar Centre. The future minimum rental receivables as at 31 December 2015 under the operating lease agreements are as follows:

VND'000

	Ending balance	Beginning balance
Less than one year	693,345,361	12,116,711
From one to five years	940,655,522	14,948,217
More than five years	72,731,616	46,351
<b>TOTAL</b>	<b>1,706,732,499</b>	<b>27,111,279</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**38. COMMITMENTS** (continued)

*Capital commitments*

At 31 December 2015, the Group has contractual commitments for the construction works for its apartment and hydropower plant projects as follows:

VND'000

	<i>Contracted amount</i>	<i>Recognised amount</i>	<i>Remaining commitment</i>
<b>Hydropower plants</b>			
Nam Kong 2 and Nam Kong 3 project	2,341,884,132	1,664,780,769	677,103,363
<b>Real estate</b>			
Myanmar project	444,038,000	443,116,175	921,825
<b>TOTAL</b>	<b>2,785,922,132</b>	<b>2,107,896,944</b>	<b>678,025,188</b>

**39. OFF BALANCE SHEET ITEMS**

<b>ITEM</b>	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Foreign currencies:</b>		
- Myanmar Kyat (MMK)	1,477,735,052	565,967,201
- Laos KIP (LAK)	1,062,267,512	5,772,184,055
- Cambodia Riels (KHR)	100,364,068	118,953,569
- Thai Baht (THB)	10,979,106	2,586,556
- United States dollar (USD)	9,680,509	39,226,812
- Euro (EUR)	1,150	1,458

**40. 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 produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in preparation of the consolidated financial statements.

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**40. SEGMENT INFORMATION** (continued)

**40.1 Business segment**

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 apartments for sale and lease;
- Production: producing and trading fertilizers, pipes and other tools and supplies;
- Trading and services: managing properties and trading of goods;
- Construction: building apartments; airport construction and cow barn construction;
- Power: developing and operating hydropower plants;
- Mining: exploiting and selling iron ore; 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 beef.

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. Group 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 year as the hospitality industry is currently not the Group's core business.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2015 and for the year then ended

B09-DN/HN

**40. SEGMENT INFORMATION (continued)****40.1 Business segment (continued)**

VND'000

	Real estate	Production	Trading and services	Construction	Agriculture	Power	Mining	Eliminations	Total
<b>For the year ended 31 December 2014</b>									
<i>Revenue</i>									
External customers	238,041,606	309,290,199	224,149,308	765,159,377	1,471,857,151	1,448,988	44,384,327	-	3,054,330,956
Inter-segment elimination	-	895,222,133	31,750,348	182,521,216	61,449,952	-	-	(1,170,943,649)	-
<b>Total</b>	<b>238,041,606</b>	<b>1,204,512,332</b>	<b>255,899,656</b>	<b>947,680,593</b>	<b>1,533,307,103</b>	<b>1,448,988</b>	<b>44,384,327</b>	<b>(1,170,943,649)</b>	<b>3,054,330,956</b>
<i>Results</i>									
<b>Segment results</b>	46,623,627	60,178,328	43,046,224	298,978,424	792,083,395	-	(13,917,108)	-	1,226,992,890
Unallocated expenses									(326,694,277)
Profit before income tax, financial income and financial expense									900,298,613
Financial income									1,477,819,111
Financial expense									(628,138,146)
Profit before tax									1,749,979,578
Current income tax expense									(67,475,212)
Deferred income tax expense									(149,742,906)
<b>Net profit for the year</b>									<b>1,532,761,460</b>
<b>As at 31 December 2014</b>									
<i>Assets and liabilities</i>									
Segment assets	5,179,983,469	751,748,450	534,188,685	101,056,181	15,064,861,978	2,162,011,495	642,808,142	-	24,436,658,400
Cash of the Group									978,413,817
Investments in associates									463,677,182
Unallocated assets									10,605,484,074
<b>Total assets</b>									<b>36,484,233,473</b>
Segment liabilities	(3,446,862,739)	(957,662,012)	(83,045,602)	(174,762,548)	(5,908,256,717)	(643,435,195)	(19,530,184)	-	(11,233,554,997)
Unallocated liabilities									(9,895,474,148)
<b>Total liabilities</b>									<b>(21,129,029,145)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2015 and for the year then ended

B09-DN/HN

**40. SEGMENT INFORMATION (continued)****40.1 Business segment (continued)**

VND'000

	Real estate	Production	Trading and services	Construction	Agriculture	Power	Mining	Eliminations	Total
<b>For the year ended 31 December 2015</b>									
<i>Revenue</i>									
External customers	412,983,725	614,196,232	252,575,175	1,040,289,682	3,930,607,511	1,794,208	-	-	6,252,446,533
Inter-segment elimination	-	1,051,267,689	77,910,535	319,663,862	1,012,816,978	-	-	(2,461,659,064)	-
<b>Total</b>	<b>412,983,725</b>	<b>1,665,463,921</b>	<b>330,485,710</b>	<b>1,359,953,544</b>	<b>4,943,424,489</b>	<b>1,794,208</b>	<b>-</b>	<b>(2,461,659,064)</b>	<b>6,252,446,533</b>
Segment results	152,235,531	95,322,629	52,803,593	240,319,128	1,313,745,081	-	-	-	1,854,425,962
Unallocated expenses									(896,304,497)
Profit before income tax, financial income and financial expense									958,121,465
Financial income									1,053,656,518
Financial expense									(1,203,667,607)
Shares of loss of associates									(1,898,163)
Profit before tax									806,212,213
Current income tax expense									(153,548,976)
Deferred income tax expense									(50,302,292)
<b>Net profit for the year</b>									<b>602,360,945</b>
<b>As at 31 December 2015</b>									
<i>Assets and liabilities</i>									
Segment assets	8,259,008,883	6,871,718,470	414,281,212	185,383,734	30,242,394,567	4,228,529,998	471,749,500	-	50,673,066,364
Cash of the Group									967,966,695
Investments in associates									252,299,640
Unallocated assets									(2,664,944,021)
<b>Total assets</b>									<b>49,228,388,678</b>
Segment liabilities	(5,749,925,677)	(6,971,300,300)	(342,851,722)	(487,006,160)	(23,461,974,519)	(2,449,760,889)	(136,660,009)	-	(39,727,264,783)
Unallocated liabilities									6,764,596,387
<b>Total liabilities</b>									<b>(32,962,668,396)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2015 and for the year then ended

B09-DN/HN

**40. SEGMENT INFORMATION (continued)****40.2 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
<b>For the year ended 31 December 2014</b>						
<i>Revenue</i>						
Sales to external customers	1,103,418,607	1,941,468,331	-	-	9,444,018	3,054,330,956
<i>Capital expenditure</i>						
Tangible fixed assets	220,158,903	1,277,144,973	751,443,104	1,242,001,885	14,417	3,490,763,282
Intangible fixed assets	1,081,200	-	-	-	-	1,081,200
<b>As at 31 December 2014</b>						
<i>Other segment information</i>						
Segment assets	13,000,316,157	13,393,075,799	3,237,651,757	3,062,726,281	127,976,962	32,821,746,956
Cash of the Group						978,413,817
Investment in associates						463,677,182
Unallocated assets						2,220,395,518
<b>Total assets</b>						<b>36,484,233,473</b>
<b>For the year ended 31 December 2015</b>						
<i>Revenue</i>						
Sales to external customers	3,537,795,775	2,313,976,917	385,591,191	-	15,082,650	6,252,446,533
<i>Capital expenditure</i>						
Tangible fixed assets	880,724,729	3,862,481,415	589,213,313	2,359,964,154	-	7,692,383,611
Intangible fixed assets	3,989,985	-	-	-	-	3,989,985
<b>As at 31 December 2015</b>						
<i>Other segment information</i>						
Segment assets	19,189,917,338	18,373,812,591	7,040,409,698	5,691,387,168	107,598,986	50,403,125,781
Cash of the Group						967,966,695
Investment in associates						252,299,640
Unallocated assets						(2,395,003,438)
<b>Total assets</b>						<b>49,228,388,678</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2015 and for the year then ended

B09-DN/HN

**41. RESTATEMENT OF PRIOR YEAR'S CONSOLIDATED FINANCIAL STATEMENTS**

HNG, the Group's subsidiary, missed recording interest expense for addition interest of 5% p.a. for bonds with warrants (Note 26.5) amounting to VND'000 200,000,000. Accordingly, the Group's management decided to restate the consolidated financial statements for the year ended 31 December 2013 and 31 December 2014. The bonds are mainly used to finance the Group's projects, therefore most of interest expense have been capitalised into construction in progress.

Undistributed earnings were restated as follows:

	VND'000
<b>31 December 2013</b>	
Undistributed earnings as previously reported	2,636,250,156
Adjustment for additional interest expenses	(11,780,557)
<b>Undistributed earnings after restated</b>	<b>2,624,469,599</b>
<b>31 December 2014</b>	
Undistributed earnings as previously reported	2,696,254,404
Adjustment for additional interest expenses	(32,105,978)
<b>Undistributed earnings after restated</b>	<b>2,664,148,426</b>

Certain corresponding figures on the consolidated financial statements for the year ended 31 December 2014 have been restated as follows:

	31 December 2014 (previously reported)	Restatements	31 December 2014 (after restated)
<b>CONSOLIDATED BALANCE SHEET</b>			
Construction in progress	12,582,295,018	164,964,543	12,747,259,561
Long-term accrued expenses	303,364,457	200,000,000	503,364,457
Undistributed earnings	2,696,254,404	(32,105,978)	2,664,148,426
Non-controlling interests	1,152,512,250	(2,929,479)	1,149,582,771

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**41. RESTATEMENT OF PRIOR YEAR'S CONSOLIDATED FINANCIAL STATEMENTS** (continued)

VND'000

	Previous year (previously reported)	Restatement	Previous year (after restated)
<b>CONSOLIDATED INCOME STATEMENTS</b>			
Finance expenses	(633,831,539)	(23,254,900)	(657,086,439)
- In which: Interest expenses	(565,216,215)	(23,254,900)	(588,471,115)
Accounting profit before tax	1,773,234,478	(23,254,900)	1,749,979,578
Net profit after tax	1,556,016,360	(23,254,900)	1,532,761,460
Net profit after tax attributable to shareholders of the parent	1,474,256,445	(21,253,636)	1,453,002,809
Net profit after tax attributable to non-controlling interests	81,759,915	(2,001,264)	79,758,651
Basic earnings per share (VND)	1,866	(35)	1,831
Diluted earnings per share (VND)	1,811	(33)	1,778

**42. RECLASSIFICATION OF CORRESPONDING FIGURES FOLLOWING APPLICATION OF CIRCULAR 200 AND CIRCULAR 202**

Certain corresponding figures on the consolidated financial statements for the year ended 31 December 2014 have been reclassified to reflect the presentation of the current year's consolidated financial statements in accordance with Circular 200 and Circular 202, with details as follows:

VND'000

	Beginning balance (previously presented)	Reclassification	Beginning balance (reclassified)
<b>CONSOLIDATED BALANCE SHEET</b>			
Short-term trade receivables	1,593,633,310	454,948,900	2,048,582,210
Short-term advances to suppliers	2,196,215,832	(68,932,500)	2,127,283,332
Short-term loan receivables	-	1,366,336,857	1,366,336,857
Other short-term receivables	2,885,632,734	(1,995,899,263)	889,733,471
Other current assets	190,627,010	(108,843,770)	81,783,240
Long-term loan receivables	-	6,311,592,294	6,311,592,294
Other long-term receivables	5,381,835,672	(4,963,536,441)	418,299,231
Investment properties	14,251,121	133,012,372	147,263,493
Investment in other entities	-	36,738,150	36,738,150
Long-term prepaid expenses	1,104,198,517	(49,594,814)	1,054,603,703
Other non-current assets	8,887,880	(8,887,880)	-
Other long-term payables	176,380,655	(6,607,142)	169,773,513
Long-term loans	11,336,584,752	(49,594,814)	11,286,989,938
Long-term provision	-	6,607,142	6,607,142
Investment and development fund	8,622,737	241,133,546	249,756,283
Financial reserve fund	241,133,546	(241,133,546)	-
Consolidation reserve	(147,024,909)	147,024,909	-
Undistributed earnings	2,664,148,426	(147,024,909)	2,517,123,517

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2015 and for the year then ended

B09-DN/HN

**42. RECLASSIFICATION OF CORRESPONDING FIGURES FOLLOWING APPLICATION OF CIRCULAR 200 AND CIRCULAR 202** (continued)

VND'000

	Previous year (previously presented)	Reclassification	Current year (reclassified)
<b>CONSOLIDATED INCOME STATEMENT</b>			
Revenue from sale of goods and rendering services	3,055,570,143	(286,396)	3,055,283,747
Deductions	(1,239,187)	286,396	(952,791)
Finance expenses	(657,086,439)	28,948,293	(628,138,146)
- In which: Interest expenses	(588,471,115)	(16,220,266)	(604,691,381)
General and administrative expenses	(239,958,115)	(28,948,293)	(268,906,408)
Other income	329,842,986	(223,460,772)	106,382,214
Other expenses	(305,418,076)	223,460,772	(81,957,304)
<b>CONSOLIDATED CASHFLOW STATEMENT</b>			
Interest expenses	665,216,215	16,220,266	681,436,481
Increase in prepaid expenses	(36,486,525)	(16,220,266)	(52,706,791)

**43. EVENTS AFTER THE BALANCE SHEET DATE**

On 22 January 2016, the Group disposed to Tay Nguyen Agrico JSC all of its 55.125% equity interest in Hoang Anh Gia Lai Bridge and Roads JSC, the Group's subsidiary, for a total amount of VND'000 10,000,224 in accordance with Share Capital Transferring Contract No. 01/2016HDCNCP dated 2 January 2016. The Group has received the full amount of the proceeds from this transaction on 22 January 2016.

On 22 February 2016, HNG, the Group's subsidiary, completed the issuance of 59,000,000 shares to non-controlling shareholders at the price of VND 28,000 per share (i.e. par value of VND 10,000 per share), in accordance with the Resolution of Shareholder No. 0610/15/NQDHDHCD-HAGL dated 6 October 2015, the Resolution of Board of Director No. 3010/15/NQHDQT-HAGL dated 30 October 2015 and the Resolution of Board of Director No. 3012/15/NQHDQT-HAGL dated 30 December 2015. Accordingly, HNG's share capital increased from VND'000 7,081,438,950 to VND'000 7,671,438,950 (i.e. VND 590 billion) and share premium increased from VND'000 2,550,810 to VND'000 1,064,550,810 (i.e. VND 1,062 billion). On 8 March 2016, the Department of Planning and Investment of Gia Lai Province issued the Amendment Business Registration Certificate approving the increase of share capital of HNG.

Also on 22 February 2016, HNG acquired 100% equity interest in Indochina Rubber Investment and Development Co., Ltd. ("Indochina Rubber") from An Thinh Rubber Co., Ltd. and Cuong Thinh Rubber Co., Ltd. in accordance with Share Capital Transferring Contracts No. 01/2015/AT.HNG dated 22 December 2015 and No. 01/2015/CT.HNG dated 25 December 2015, for considerations of VND 880 billion and VND 770 billion, respectively. Accordingly, Indochina Rubber became the Group's subsidiary since 22 February 2016.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2015 and for the year then ended

B09-DN/HN

### 43. EVENTS AFTER THE BALANCE SHEET DATE (continued)

On 9 March 2016, Hoang Anh Dak Lak Joint Stock Company ("HADL"), the Group's subsidiary, received an Official Letter No. 11/2016 dated 9 March 2016 from Asia Commercial Bank ("ACB") - Gia Lai Branch to inform about the status of debt collection and debt balance with the Company. As mentioned in the Letter, ACB has disposed 20,022,500 HNG shares held by the Company among 28,405,000 shares used as collaterals for the loan from ACB amounting to VND'000 178,581,238 (Note 26.4). The disposal of such collaterals was executed from 19 February 2016 to 4 March 2016 at the price from VND 7,400/share to VND 8,300/share. The remaining 8,382,500 shares were also lifted as a mortgage by ACB on 8 March 2016. Accordingly, HADL has no loans' balance with ACB as at 9 March 2016 and the outstanding loan from ACB amounting to VND'000 178,581,238 was disclosed as current portion of long-term loans in the consolidated balance sheet as at 31 December 2015.

On 17 March 2016, the Group received an Announcement No. 491/CV-ACBS.16 dated 16 March 2016 from ACB Securities Limited Company ("ACBS") on the results of the disposal of collaterals in accordance with the Request Letter from Viet Capital Bank dated 14 March 2016. Accordingly, Viet Capital Bank has disposed 2,625,860 HNG shares held by the Company which were currently used as collaterals for the domestic straight bonds held by Viet Capital Bank which was arranged by ACBS amounting to VND 240 billion (Note 26.3). The disposal of such collaterals was executed on 15 March 2016 at the price from VND 8,800/share to VND 9,300/share with the proceeds of VND'000 23,860,293. The remaining bonds' balance held by Viet Capital Bank was still secured by 5,528,685 HNG shares held by the Company and 12,960,000 Company shares held by Company's Chairman.

On 21 March 2016, Hoang Anh Construction and Housing Development Joint Stock Company, the Group's subsidiary has signed a contract No. 1727/HDCN.16 dated 21 March 2016 with Quoc Cuong Gia Lai Joint Stock Company to dispose a Commercial Center in 2/9 Street, Binh Hien-Binh Thuan Ward, Hai Chau District, Da Nang Province at the proceeds of VND 419 billion which were fully received up to 17 March 2016.

As the date of consolidated financial statements, the Group has not make repayment for initial principal and interest of on-due loans and bonds. In addition, the Group is in violation of certain banks and bonds covenants as mentioned in Notes 26 to the consolidated financial statements.

Management of the Group is currently negotiating with its main creditors with a view to finding a solution to the Company's financial situation. Main discussions include restructuring the current financing in place by extending the amortisation period on their term loans outstanding to 3 to 15 years, restructuring and extending the due date of interest payables for additional 3 years, decreasing interest rates, responding to new drawdowns, and maintaining the Group's current credit limit.

Except for above events, there has been no other significant event occurring after the balance sheet date which would require adjustments or disclosures to be made in the consolidated financial statements.



Nguyen Thi Do Quyen  
Preparer



Ho Thi Kim Chi  
Chief Accountant



Vo Truong Son  
General Director

8 April 2016