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HOANG ANH GIA LAI GROUP - SUNRISE LIGHT - ANNUAL REPORT 2016

# SUNRISE LIGHT

Annual report 2016





# SUNRISE LIGHT

Taking perseverance to surmount the common difficulties of the market, making every effort to transform business models, restructuring debts, reorganizing administrative work, etc. which all have begun to produce positive and optimistic effects. “Fire proves gold, adversity proves men”, Hoang Anh Gia Lai Joint Stock Company is determined to aim for long-term development targets and ensures long-term benefits for investors, partners and customers as well as for the whole community.

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### VISION

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



### MISSION

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



MESSAGE FROM  
THE BOD CHAIRMAN



Dear distinguished shareholders and investors,

In 2016, the Company failed to reach its business targets set with a loss of 1,503 billion dongs as in the consolidated financial statements. That was resulted from the considerable proportion of financial expenses in the structure of expense, the profit margin of cattle sector in decline, the disposal of some real estate projects and the revaluation of several assets.

Besides, in spite of the signs of rubber price recovery from USD 1,100/ton in 2015 to USD 2,200/ton, which increase occurred only in some ending months of 2016, so in the crop year of 2016 (starting from May) the Company was still restricting expansion of the latex tapping area. The consequent modest yield resulted in marginal revenue from rubber latex. Considering the rubber price in the late 2016, as recorded, which doubled that of the early 2016, the Company plans to expand the tapping area as from May 2017.

Despite the Company’s failure to achieve the 2016 targets of consolidated profit, it was a year, from a positive view, HAGL achieved other encouraging results. In particular, the Company performed debt restructuring in accordance with cash flows from the projects. The Company has completed the restructuring of existing debts and bonds



2017 is expected to see the Company’s new source of income from dragon fruit, banana and passion fruit.



During the year, the Company also reviewed and decided to use the redundant land to grow fruit trees of higher value and shorter time for harvest. We believe that it is a sensible policy in a context where HAGL needs a breakthrough and strategic direction to overcome hindrance and ensure long-term competition.



with credit organizations. The restructuring entails rescheduling principal repayment for outstanding credit balance and bonds for 4 - 10 years more; interest loan repayment for 1 - 3 years more; and reducing loan interest rates and interests on fines. From a financial position of great fragility due to liquidity evaporation because of the substantial interest and matured principal, the Company's liquidity has been improved, and its financial risk has been more closely controlled. The successful request for extension of the loans not only has alleviated the Company’s burden of cash flow for borrowing repayment, but also enabled the Company to devote time to business operation and management of the huge volume of assets to raise the revenue and generate cash flows.

Besides debt restructuring, HAGL has also started the overall restructuring of the Company for the period of 2016 - 2026, the details of which were presented at the 2016 Annual General Meeting of Shareholders. The scope of overall structuring ranges from strategy formulation to organization, corporate governance and finance, including transfer and disposal of assets to reduce existing debts. In 2016 HAGL started the transfer of sugarcane project and Nam Kong 2 Hydropower project. This transfer will help to reduce HAGL’s existing debts. Apart from this, HAGL is also seeking partners to transfer HAGL Myanmar Complex project and Nam Kong 3 Hydropower project to further reduction of existing debts.

During the year, the Company also reviewed and decided to use the redundant land to grow fruit trees of higher value and shorter time for harvest. We believe that it is a sensible policy in a context where HAGL needs a breakthrough and strategic direction to overcome hindrance and ensure long-term competition.

As orientation for 2017, HAGL leaders will strive to enhance intellect capacity, management, and leadership to take the Company through times of hardship. The Company keeps on implementing the project for overall restructuring on the basis of heightening security in business and investment operations. As for business, the

Company will still focus on core sectors like cattle farming, rubber and oil palm harvest. In addition, the Company will continue to make use of the advantages of the land bank and infrastructure in agribusiness to grow fruit trees. The Company continues participation in fruit export value chain originating from Vietnam, Laos and Cambodia for export. In 2017 the Company is expected to earn a considerable income from dragon fruit, banana and passion fruit.

We believe that from 2017, the ability to generate cash flow from agribusiness sector operation will improve as compared with the previous years. There is a reason for this prospect, that is, HAGL has surmounted the most critical time when the commodity market in general and the rubber market in particular experienced a recession and the prices stayed low for a long time.

For real estate sector, the Company remains the lease of phase 1 commercial center, which is currently filled to capacity; strives to increase the office leasing area to 80% and hotel leasing capacity to 70%. The Company will develop the construction of phase 2 flexibly corresponding to the proceeds from phase 1 and the ability to raise funds for phase 2. The plans for mobilizing capital may be from credits or from capital contributions from strategic partners.

We would like to express our gratitude to the banks, the partners who have supported the Company, and our appreciation for the staff who have devoted themselves to the Company and accompanied with us through hardship over the last year.

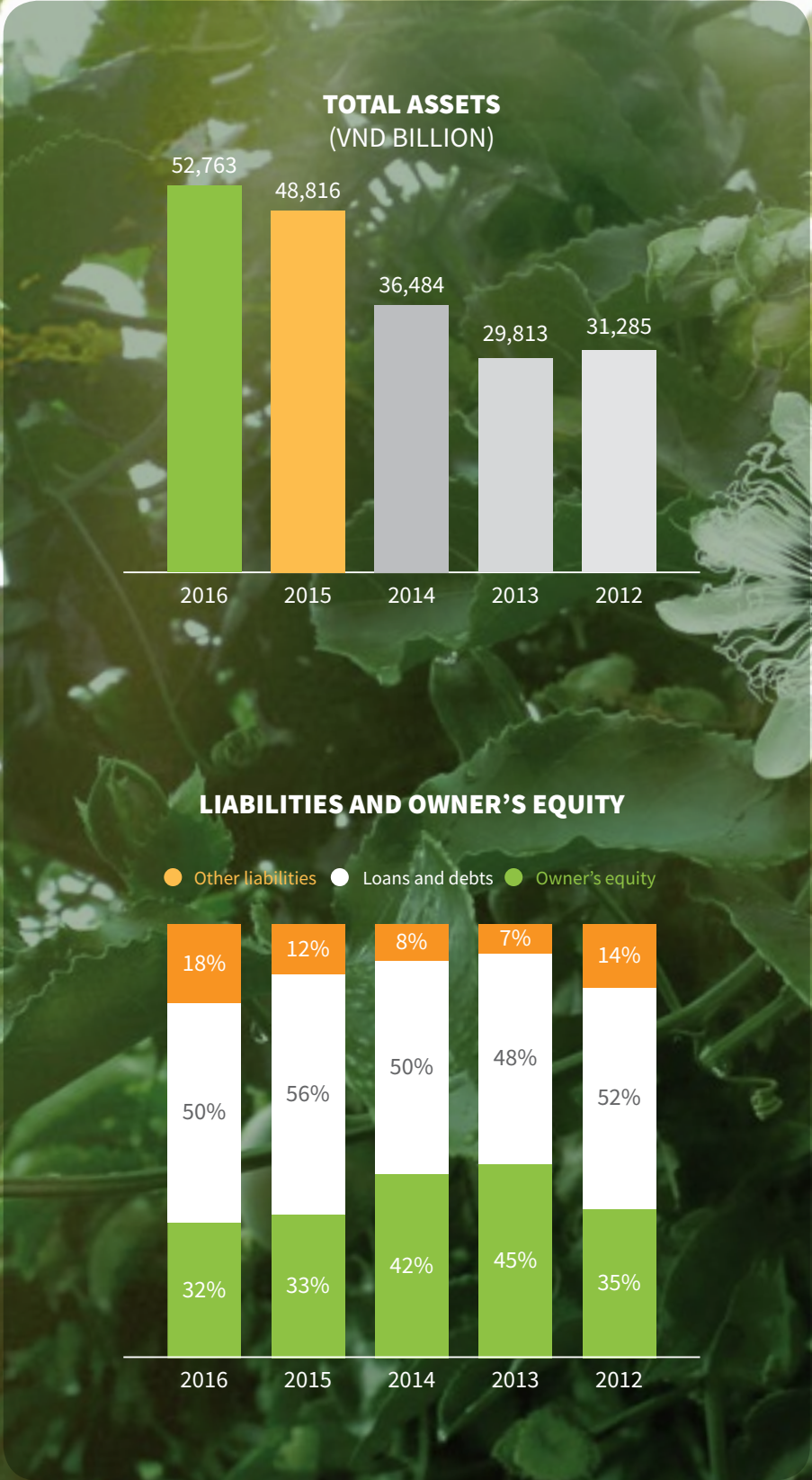
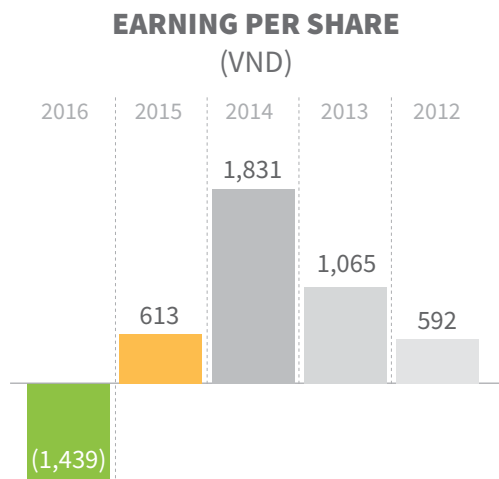
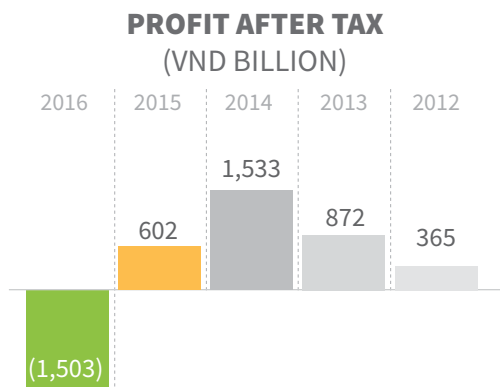
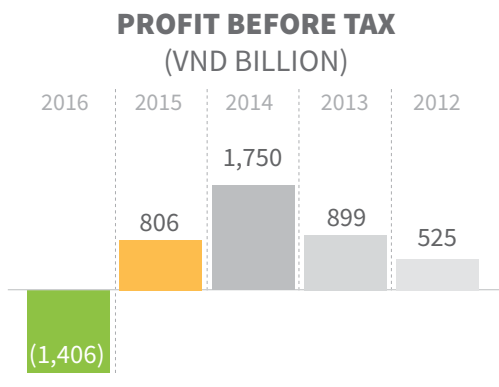
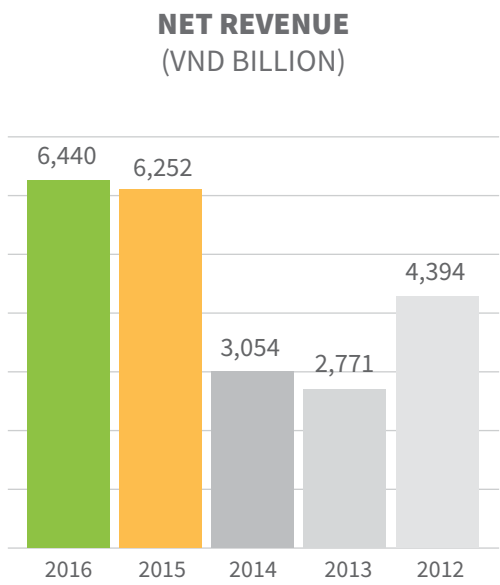
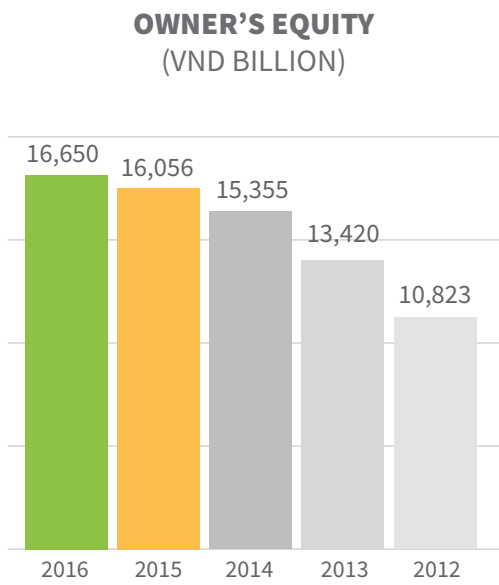
Our hopes are high that your patience will soon be repaid appropriately.

Regards,

BOD Chairman  
Doan Nguyen Duc



# PRELIMINARY FINANCIAL INFORMATION







VALUE ACCRUED  
OVER TIME



# GENERAL INFORMATION

## TRANSACTION NAME

Vietnamese name:	Transaction name:
CÔNG TY CỔ PHẦN HOÀNG ANH GIA LAI	HOANG ANH GIA LAI
English name:	Abbreviation name:
HOANG ANH GIA LAI JOINT STOCK COMPANY	HAGL

## BUSINESS REGISTRATION CERTIFICATE

Business code	Business registration certificate
5900377720	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).
First business registration	The 28 <sup>th</sup> amended certificate on 18 <sup>th</sup> June 2015
01/06/2006	


## CHARTER CAPITAL

 7,899,679,470,000 VND

## SECURITIES CODE

 HAG





## FACE VALUE PER SHARE

 10,000 VND

## TOTAL NUMBER OF SHARES

 789,967,947

### HEAD OFFICE

-  15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province
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# KEY MILESTONES

## 1990 - 1993 START-UP STAGE

Sole proprietorship enterprise: Furniture production

1990 A small furniture workshop

1993 Building the first furniture processing factory;  
Establishing Hoang Anh Gia Lai Enterprise



## 2002 - 2008 PUBLIC STAGE

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

2002 Investing in Hoang Anh Gia Lai Football Club to promote Hoang Anh Gia Lai trademark locally and internationally

2006 Transforming from a sole proprietorship enterprise to a joint stock company

2008 Stock listing at Ho Chi Minh City Stock Exchange

## 2013 - 2016

Restructuring of the Group oriented towards focus on the core competence

## SUSTAINABLE DEVELOPMENT STAGE

Focus on development of two key sectors: agribusiness and real estate.

**AGRIBUSINESS:** rubber, oil palm, beef cow and fruit trees.

- **RUBBER:** total planted area of 48,793 ha, consumption of 3,692 tons.
- **OIL PALM:** total planted area of 29,307 ha.
- **CATTLE FARMING:** Australian Brahman breed selected as main product.

Employing a strategy of minimal cost by “industrialization - mechanization” and self-contained process of food sources by making full use of agro by-products.

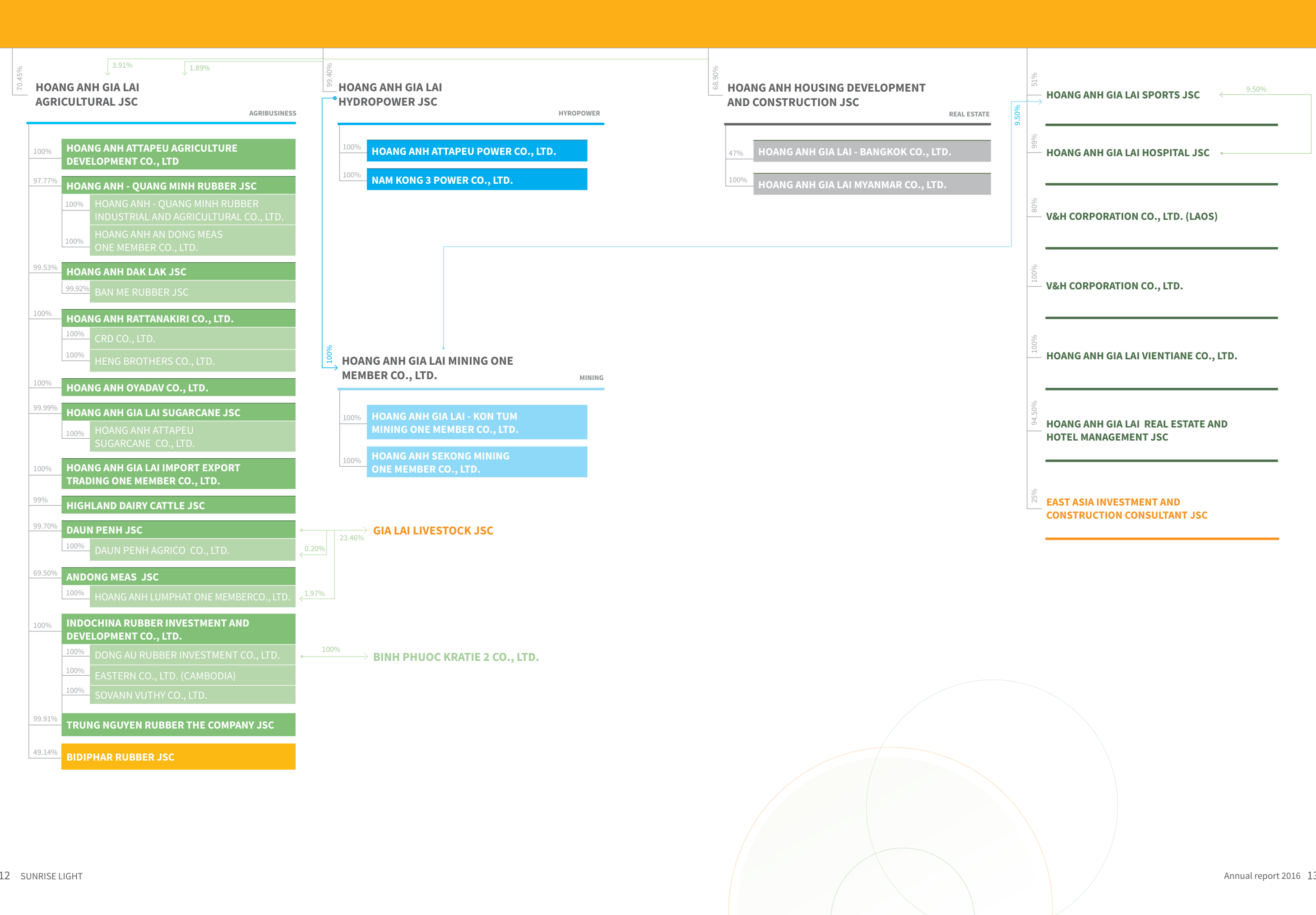
- **FRUIT TREES:** the Company is currently planting fruit trees of abundant nutrients and minerals healthful and economically effective: passion fruit, dragon fruit, banana, avocado, pomelo, orange, durian, rambutan, coconut, longan, mangosteen, mandarin and mango.

**REAL ESTATE:** priority given to investment and exploitation of Hoang Anh Gia Lai Myanmar Center.





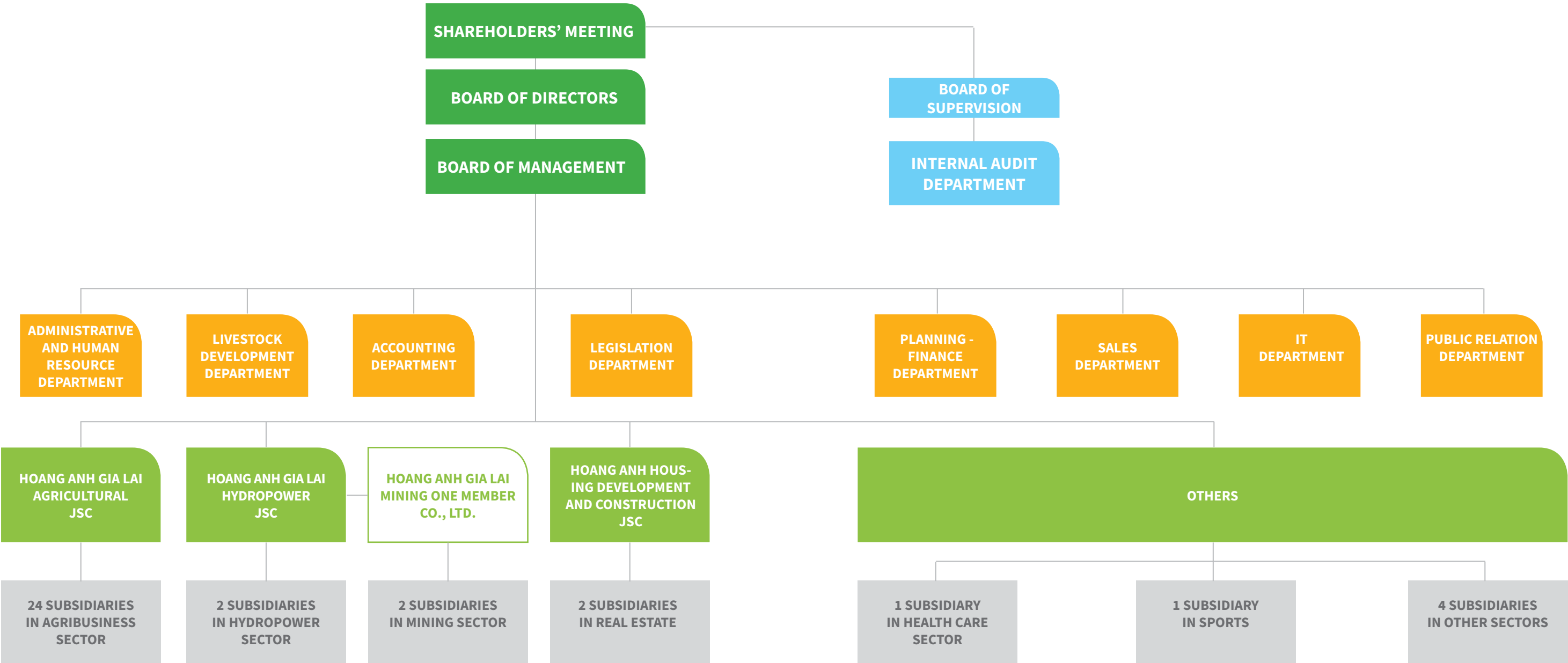
ADMINISTRATION MODEL





# ADMINISTRATIVE ORGANIZATION

The Board of Directors, the governing body of the Company, holds absolute power to act in the name of the Company to decide and carry out rights and obligations of the Company outside the competence of the GMS. The Board of Directors of the Company is comprised of 07 members, each of whom serves a maximum term of 05 years. The Chairman of the Board of Directors is elected by the Board of Directors.





## BUSINESS SECTORS



29,307<sup>ha</sup>  
Planted area

### OIL PALM

The Company is maintaining and nurturing 29,307 ha of oil palm, including 6,861 ha in Attapeu, Laos and 22,446 ha in Rattanakiri, Cambodia.

### COW FARMING

The Company started beef cow farming since mid-2014 with Australian Brahman breed as the main product.



122,740 heads  
Total of cows sold in 2016



6,000<sup>ha</sup>  
Planted area

### SUGARCANE

The industrial sugarcane cluster includes a material area of 6,000 ha and a plant of 7,000 tons of canes/day in Samakhixay and Phouvong Districts, Attapeu. The Company is conducting procedures for transfer to another partner.

### PASSION FRUIT & OTHER FRUIT TREES

The Company started passion fruit tree planting in early 2016. Besides, the Company uses the redundant land in Laos and Cambodia to grow other fruit trees.

### RUBBER

As at 31/12/2016, the Company's total area of rubber is 48,793 ha of which 20,361 ha in Laos, 4,844 ha in Vietnam, and 23,588 ha in Cambodia.



48,793<sup>ha</sup>  
Planted area

### REAL ESTATE

It has been the Group's major business sector until 2012. Presently, HAGL focus on investment and construction of the complex in Yangon, Myanmar.

Phase 1 of the project in Myanmar has been completed and put into operation since the end of 2015. The phase 2 of the project is under construction including Commercial Center - office combined with 2 office towers, 2 service apartment towers and 3 residence towers.



## PRODUCTS AND SERVICES



### RUBBER PLANTING AND PROCESSING



HAGL started agribusiness in 2007 in Attapeu and Sekong, Laos. At present, HAGL is running 42 rubber plantations in Vietnam, Laos and Cambodia. The Company's total rubber area is 48,793 ha of which 20,361 ha in Laos, 4,844 ha in Vietnam, and 23,588 ha in Cambodia. In 2014, latex was exploited over an area of 6,072 ha and the whole area of rubber is expected to yield latex by 2022.

The increased area resulted from the Company's additional issuance of 59 million stocks in February 2016 to purchase 100% of the contribution capital in Indochina Rubber Investment and Development Co., Ltd. from Cuong Thinh Rubber Investment Co., Ltd. and An Thinh Rubber Investment Co., Ltd.

The Company is operating a rubber processing plant with a capacity of 25,000 tons of natural latex/year in Laos. Two key products are SVR 3L and SVR10. In 2016, 3,692 tons was consumed, bringing in revenue of 114 billion dongs. Exploitation of 18,000 tons is planned for 2017.



**3,692 TONS**  
Latex yield in 2016

**114 BILLION DONGS**  
Revenue generated in 2016



#### PLAN FOR 2017

**18,000 tons** of latex yielding with expected revenue of **745 billion dongs**.  
(USD 1,800/ton)



### SUGARCANE AND THERMAL POWER

It is a sugarcane material area of 6,000 ha as a supply for the sugar plant with a pressing capacity of 7,000 tons/day.

In 2016, the Company harvested 36,918 tons bringing in revenue of VND 469 billion.

Furthermore, the Company makes use of bagasse as fuel supply for the 30MW thermal power plant, generating electricity for production. Burnt bagasse is processed into bio fertilizers for cultivation.

At present, the Company is conducting procedures to transfer its share capital in Hoang Anh Gia Lai Sugarcane JSC.



**36,918 TONS**  
Sugar consumed in 2016

VND **469 BILLION**  
Revenue produced in 2016





PRODUCTS AND SERVICES (cont.)



OIL PALM PLANTING AND PROCESSING



Of all the oil trees, oil palm tree yields the highest oil content, richly varied oil composition, highly nutritional value. A variety of products from oil palm bunch includes:

MAIN PRODUCTS

- Crude oil: processed from the flesh, accounting for 22.5% of the fruit bunch weight.
- Kernel oil: processed from the seed, accounting for 2.5% of the fruit bunch weight.
- Crude oil and kernel oil, after being refined, supply materials for food and cosmetics sectors and other industries.



HAGL in possession of 29,307 ha of oil palm

6,861 ha  
in Attapeu, Laos

22,446 ha  
in Rattanakiri, Cambodia



BY-PRODUCTS

- Hollow bunches and fiber, after full extraction of oil: used as materials for the thermal power plant or composted to make fertilizer for the plantation.
- Kernel waste: used as food for livestock.
- Kernel shell: materials for the thermal power plant, making activated carbon or used as seedling pots in nursery garden.



BEEF COW FARMING

HAGL started its beef cow farming in mid-2014, and selected Australian Brahman breed as the Company’s flagship product.

In order to gain a competition advantage over imported beef right in the domestic markets, HAGL applies cost-cutting strategy by “Industrialization - mechanization” of the beef farming, to improve quality and efficiency. Possessing a large land bank, HAGL has Pakchong 1 Grass grown to adequately supply fiber food for the cattle.



122,740 HEADS  
Sale of cows in 2016

3,465 BILLION DONGS  
Revenue produced in 2016



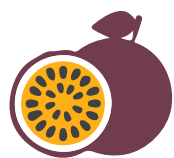
2017 PLAN

Sales of 40,000 heads producing an expected revenue of 1,240 billion dongs





PRODUCTS AND SERVICES (cont.)



PASSION FRUIT AND OTHER FRUIT TREES

The Company has participated in passion fruit tree planting projects and passion fruit export value chain originating from Laos and Vietnam since early 2016.

Passion fruit trees are planted and harvested by Global GAP standards towards sustainability, high quality, meeting demands for domestic consumption and international export.

These projects adopt Tai Shiang 1 grafted from leading varieties of good yield and top quality.

Main products are fresh fruits for export and passion fruit core used as material supply to beverage companies.

Besides, the Company makes use of the uncultivated land bank in Vietnam, Laos and Cambodia to plant dragon fruit, banana, avocado and 10 other fruit trees.

PLAN FOR 2017

- Passion fruit yield
  - expected **56,250 tons**
  - revenue of **1,050 billion dong**
- Dragon fruit yield
  - expected **17,000 tons**
  - revenue of **680 billion dong**
- Banana yield
  - expected **50,000 tons**
  - revenue of **843 billion dong**



REAL ESTATE

After restructuring, the Group gives top priority to Hoang Anh Gia Lai Myanmar Center Project.

Hoang Anh Gia Lai Myanmar Center with a total investment capital of USD 440 billion located in an auspicious spot in Yangon, 2 fronts of the building are in main streets with one overlooking the lake of Inya, the other facing Shwedagon Pagoda dating back 2,500 years - a sacred and famous landmark of Myanmar.

As a pioneer enterprise making investment in Myanmar, HAGL has won many competitive edges owing to early being granted land for a fair price (at USD 740/m² for a period of 70 years) plus experience in management of construction cost, self-contained construction process including construction companies, self-supplied furniture, granite at reasonable prices, the project is estimated to produce a great revenue for the Group in the near future.





RELATED COMPANIES

No.	COMPANY	ADDRESS	RATES (%)
REAL ESTATE			
1	Hoang Anh Housing Development and Construction JSC	783 Tran Xuan Soan, Tan Hung Ward, District 7, Ho Chi Minh City, Vietnam	68.90
2	Hoang Anh Gia Lai Myanmar Co., Ltd.	192 Kaba Aye Pagoda, Bahan District, Yangon, Myanmar	68.90
3	Hoang Anh Gia Lai - Bangkok Co., Ltd.	Soi Sua Yai Uthit, Ratchada Phisek street, Bangkok, ThaiLand	32.38
ENERGY			
4	Hoang Anh Gia Lai Hydropower JSC	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	99.40
5	Hoang Anh Attapeu Power Co., Ltd.	Phai village, Saysettha District, Vientiane, Laos	99.40
6	Nam Kong 3 Power Co., Ltd.	Vatluong village, Samackhixay District, Attapeu Province, Laos	99.40
AGRIBUSINESS			
7	Hoang Anh Gia Lai Agricultural JSC	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	75.02
8	Hoang Anh Gia Lai Import-Export Trading One Member Co., Ltd.	859 Truong Chinh, Chi Lang Ward, Pleiku City, Gia Lai Province, Vietnam	75.02
9	Hoang Anh Gia Lai Sugarcane JSC	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	75.01
10	Hoang Anh Attapeu Sugarcane Co., Ltd.	Nasuak village, Phouvong District, Attapeu, Laos	75.01
11	Hoang Anh - Quang Minh Rubber JSC	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	73.35
12	Hoang Anh - Quang Minh Rubber Industry and Agriculture Co., Ltd.	18B street, Khanmaccong village, Saysettha District, Attapeu Province, Laos	73.35
13	Hoang Anh Daklak JSC	40 Hung Vuong, Tu An Ward, Buon Me Thuot City, Daklak Province, Vietnam	74.67
14	Ban Me Rubber JSC	40 Hung Vuong, Tu An Ward, Buon Me Thuot City, Daklak Province, Vietnam	74.61
15	Hoang Anh Attapeu Agriculture Development Co., Ltd.	Km 30, street 18B, Hatxan village, Saysettha District, Attapeu Province, Laos	75.02
16	Hoang Anh An Dong Meas Co., Ltd.	Rattanakiri, Cambodia	73.35
17	Hoang Anh Oyadav Co., Ltd.	Village 3, street No. 38, Labanseak Ward, Banlung City, Rattanakiri Province, Cambodia	75.02
18	Heng Brothers Co., Ltd.	8 street No. 99, Boeung Trabek Ward, Chamkarmorn District, Phnom Penh, Cambodia	75.02
19	CRD Co., Ltd.	1 street No. 291, Boeung Kak 1 Ward, Khan Toul Kork District, Phnom Penh, Cambodia	75.02
20	Hoang Anh Rattanakiri Co., Ltd.	Village 3, street No. 78, Labanseak Ward, Banlung City, Rattanakiri Province, Cambodia	75.02

No.	COMPANY	ADDRESS	RATES (%)
21	Highland Dairy Cattle JSC	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	74.27
22	An Dong Meas JSC	20 Phan Boi Chau, Hoi Thuong Ward, Pleiku City, Gia Lai Province, Vietnam	53.60
23	Hoang Anh Lumphat One Member Co., Ltd.	Village 3, street 78, Labanseak Ward, Banlung City, Rattanakiri Province, Cambodia	53.60
24	Daun Penh JSC	859 Truong Chinh, Chi Lang Ward, Pleiku City, Gia Lai Province, Vietnam	74.80
25	Daun Penh Agrico	Chey Odom commune, Lumphat District, Rattanakiri Province, Cambodia	74.80
26	Indochina Rubber Investment and Development Co., Ltd.	11D Phan Ke Binh, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam	75.02
27	Dong Au Rubber Investment Co., Ltd.	L14-08B, Floor 14 Vincom building, 72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	75.02
28	Eastern Rubber Co., Ltd. (Cambodia)	Snoul District, Kratie Province, Cambodia	75.02
29	Binh Phuoc Kratie 2 Co., Ltd.	Snoul District, Kratie Province, Cambodia	75.02
30	Sovann Vuthy Co., Ltd.	Snoul District, Kratie Province, Cambodia	75.02
31	Trung Nguyen Rubber JSC	Floor 5, 15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	74.96
MINING			
32	Hoang Anh Gia Lai Mining One Member Co., Ltd.	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	99.40
33	Hoang Anh Gia Lai - Kontum Mining One Member Co., Ltd.	394 Tran Phu, Quang Trung Ward, Kontum City, Kontum Province, Vietnam	99.40
34	Hoang Anh Se Kong Mining Co., Ltd.	Khanmakong village, Samackhixay District, Attapeu Province, Laos	99.40
CONSTRUCTION, TRADING AND SERVICES			
35	Hoang Anh Gia Lai Sports JSC	01 Phu Dong, Pleiku City, Gia Lai Province, Vietnam	69.85
36	Hoang Anh Gia Lai Hospital JSC	Le Duan street, Tra Ba Ward, Pleiku City, Gia Lai Province, Vietnam	99
37	V&H Corporation Co., Ltd. (Laos)	Vatnacnhay village, Sisattanak District, Vientiane, Laos	80
38	V&H Corporation Co., Ltd.	Vatnacnhay village, Sisattanak District, Vientiane, Laos	100
39	Hoang Anh Gia Lai Vientiane Co., Ltd.	Vatchan village, Chanthabouly District, Vientiane, Laos	100
40	Hoang Anh Gia Lai Real Estate and Hotel Management JSC	01 Nguyen Van Linh, Nam Duong Ward, Hai Chau District, Da Nang City, Vietnam	94.50



The image shows two hot air balloons floating in a clear blue sky during sunrise. The balloon on the right is larger and features a green and white striped pattern with a red burner visible at the bottom. The balloon on the left is smaller and has an orange and red pattern. Below them, a series of green, forested mountain peaks are visible, with a soft orange glow from the rising sun on the left side of the frame.

# CREATING A PROSPEROUS FUTURE



INFORMATION ABOUT THE BOARD OF DIRECTORS

The Board of Directors, the governing body of the Company, holds absolute power to act in the name of the Company to decide and carry out the rights and obligations of the Company outside the competence of the GMS. The Board of Directors of the Company is comprised of 07 members, each of whom serves a maximum term of 05 years. The Chairman of the Board of Directors is elected by the Board of Directors.

1	Mr. Doan Nguyen Duc	BOD Chairman
2	Mr. Vo Truong Son	BOD member
3	Ms. Vo Thi Huyen Lan	BOD member
4	Mr. Doan Nguyen Thu	BOD member
5	Mr. Nguyen Van Minh	BOD member
6	Mr. Phan Thanh Thu	BOD member
7	Mr. Nguyen Xuan Thang	BOD member



Mr. **DOAN NGUYEN DUC**  
Chairman of the Board of Directors  
Year of birth: 1963

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**  
BOD member  
General Director

Year of birth: 1973

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

WORKING EXPERIENCE

- 08/1996 - 11/2003: Auditing and Consulting Company Ltd. (A&C)
- 11/2003 - 10/2008: Senior audit manager at Ernst & Young Vietnam
- 10/2008 - now: Hoang Anh Gia Lai JSC

**Current position at HAGL:** BOD Member, General Director

**Other titles:** BOD member - Hoang Anh Gia Lai Agricultural JSC



Ms. **VO THI HUYEN LAN**  
BOD member

Year of birth: 1971

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

WORKING EXPERIENCE

- 1996 - 1998: Chief accountant at Presioso Company
- 1998 - 2002: Chief accountant at Escape Bourbon An Lac
- 2002 - 2006: Deputy General Director, CFO at Big C Vietnam
- 2006 - 2013: BOD member at Dien Quang JSC
- 2013 - now: General Director at Jaccar Holdings

**Current position at HAGL:** BOD member

Other titles:

- General Director - Jaccar Holdings
- BOD member - Long Hau JSC
- BOD member - Hiep Phuoc Industrial Park JSC
- BOD member - Agrex Saigon Foodstuffs JSC
- BOD member - Au Viet JSC
- BOD member - Hoang Anh Gia Lai JSC



Mr. **DOAN NGUYEN THU**  
BOD member  
Deputy General Director

Year of birth: 1977

**Qualifications:** Bachelor of Economics, MBA - Fullerton College, USA.

WORKING EXPERIENCE

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

**Current position at HAGL:** BOD member, Deputy General Director

**Other titles:** BOD Chairman - HAGL Furniture JSC

BOD member - Hoang Anh Gia Lai Agricultural JSC



Mr. **NGUYEN VAN MINH**  
BOD member  
Deputy General Director

Year of birth: 1959

**Qualifications:** Agro Engineer.

WORKING EXPERIENCE

- 1981 - 1989: Agriculture Department of Dakto District, Kon Tum Province
- 1989 - 1992: Coffee Company, Gia Lai Province, Deputy Director at Gia Lai Mining JSC
- 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**  
BOD member

Year of birth: 1963

**Qualifications:** Hue Music arts.

WORKING EXPERIENCE

- 1984 - 1992: Dam San Theatre
- 1993 - 2003: Hoang Anh Gia Lai Sole Proprietorship Enterprise
- 2003 - 05/2016: Director - Hoang Anh Attapeu Agriculture Development Co., Ltd.

**Current position at HAGL:** BOD Member

**Other titles:** Deputy General Director, BOD member - Hoang Anh Gia Lai Agricultural JSC



Mr. **NGUYEN XUAN THANG**  
BOD member  
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: Vietnam Military Telecommunications 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, BOD member - Hoang Anh Gia Lai Agricultural JSC



INFORMATION ABOUT THE BOARD OF MANAGEMENT

1	Mr. Vo Truong Son	General Director
2	Mr. Doan Nguyen Thu	Deputy General Director
3	Mr. Nguyen Van Minh	Deputy General Director
4	Mr. Nguyen Xuan Thang	Deputy General Director
5	Ms. Ho Thi Kim Chi	Deputy General Director



Mr. **VO TRUONG SON**  
General Director

(For more information, see page 28)



Mr. **DOAN NGUYEN THU**  
Deputy General Director

(For more information, see page 28)



Mr. **NGUYEN VAN MINH**  
Deputy General Director

(For more information, see page 29)



Mr. **NGUYEN XUAN THANG**  
Deputy General Director

(For more information, see page 28)



Ms. **HO THI KIM CHI**  
Deputy General Director

Year of birth: 1976

Qualifications: Bachelor of Business Administration.

WORKING EXPERIENCE

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

Current position at HAGL:  
Deputy General Director

INFORMATION ABOUT THE BOARD OF SUPERVISION

1	Mr. Lam Hoang Hai	Head of the Board of Supervision
2	Mr. Nguyen Tan Anh	Member of the Board of Supervision
3	Ms. Nguyen Thi Huyen	Member of the Board of Supervision



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

Year of birth: 1980

Qualification: 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



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

Year of birth: 1970

Qualification: 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



Ms. **NGUYEN THI HUYEN**  
Member of the Board of Supervision

Year of birth: 1974

Qualification: Bachelor of Foreign Languages.

WORKING EXPERIENCE

- 1996 - 1998: Hoang Anh Gia Lai Sole Proprietorship Enterprise
- 1998 - 2001: Hoang Anh Quy Nhon Co., Ltd.
- 2001 - 2007: Representative office of Hoang Anh Gia Lai JSC in Singapore
- 2007 - 2008: Hoang Anh Quy Nhon Resort - 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



# ORGANIZATION AND HUMAN RESOURCES



## SUNRISE LIGHT

Ever since establishment, HAGL has all the time asserted that “Man is the key to success”, and plays a vital role in deciding the sustainable growth of an enterprise. Throughout the journey over the past 23 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-subsidary model including HAGL Agricultural Joint Stock Company, Hoang Anh Construction and Housing Development Joint Stock Company, HAGL Hydropower Joint Stock Company and other companies operating in construction, health care, sports, etc.

During the period from 2013 to 2016, HAGL conducted the restructuring, eliminating 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 2016 is 15,058 including 12,365 in agribusiness, 2,693 in other sectors; 3,588 indirect workers and 11,470 direct 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



**3,588**  
Total number of indirect employees

**11,470**  
Total number of direct employees

healthy competition. The personnel policy is always fully respected and undergoes regular enhancement to create a positive, friendly 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, enthusiastic and fully united workforce.

Every year, the Group runs training courses open to the workers in particular areas like cultivation, animal farming, and real estate in Vietnam, Laos and Cambodia. 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 applications worldwide.

Oriented towards long term investments, HAGL has sent executives, employees and students to National Universities in Laos, Cambodia and Myanmar for native language learning and professional 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 2016

## 1. POSITION OF PRODUCTION AND BUSINESS

In 2016, HAGL total revenue reached 6,440 billion dong, increasing by 3% as compared with that of 2015.

ITEM	2016 (VND BILLION)	2015 (VND BILLION)	INCREASE/ DECREASE AGAINST 2015 (%)
Net revenue	6,440	6,252	+3 %
(Loss) profit before tax	(1,406)	806	-274 %
(Loss) profit after tax	(1,503)	602	-350 %

Influential factors to the position of HAGL production and business in 2016 are as follows:

**Cattle farming** reached revenue of 3,465 billion dong, accounting for 54% of the Group's total revenue, 3% above target. This sector makes major contribution to the Group's revenue and profit.

**Investment property** The Group disposed the property project in Ho Chi Minh City and sold the land in Vo Van Kiet street, Da Nang bringing in proceeds of 483 billion dong.

**Products and commodity** reached 689 billion dong in revenue, mainly supporting the cultivation sector and cattle farming.

**Sugarcane sector** From 31/08/2016, the Group transferred the sugarcane sector to a third party; therefore in future this sector will no longer contribute any income to the Group.

**Leasing service** reached revenue of 460 billion dong, mainly from the lease of offices, commercial center of Hoang Anh - Myanmar complex. This sector is expected to represent a substantial proportion of the total revenue when phase 2 of the project is put into operation.

**Other services**, in spite of a meager proportion 5% of the total revenue, generate stable revenue, mainly from the HAGL Medicine and Pharmacy University Hospital and HAGL Hotel.

**Apartments** of Hoang Anh Bangkok project were sold out.



6,440 BILLION DONGS

HAGL's total revenue in 2016



Increase of 3% against 2015



**Corn** is a supportive crop plant, used as food for cattle farming sector, thus producing an insignificant contribution.

**Rubber** still hit by slump in world prices and demand, yielding inconsiderable revenue in 2016.

**Construction sector** this sector of infrequent activities mainly depends on construction projects. In 2016, as the Group completed construction for the breeding facilities for the livestock sector and extended the construction schedule for Nongkhang airport, Huaphan Province, Laos. Revenue from this sector represented only 1% of the Group's total revenue.

## 2. FINANCIAL POSITION

### a. Financial position

ITEM	2016 (VND BILLION)	2015 (VND BILLION)	INCREASE/ DECREASE (%)
Total assets	52,763	48,816	+8 %
Short-term loans and debts	5,198	8,298	-37 %
Long-term loans and debts	21,444	18,801	+14 %
Other loans and debts	9,471	5,661	+67 %

### Assets

As at 31/12/2016, the total assets was recognized as 52,763 billion dong, accounting for an increase of 8% compared with the same period of the previous year, mainly from the increase of fixed assets and other long term assets by 8,974 billion dong, due to the Company's acquisition of Indochina Investment and Development Co., Ltd. and its subsidiaries and Trung Nguyen Rubber JSC, to expand the scale of the operation of the cultivation and livestock sectors.

### Liabilities

As at 31/12/2016, total liabilities decreased from 27,099 billion dong to 26,642 billion dong, of which short-term loans decreased by 3,100 billion dong and long-term loans increased by 2,643 billion dong as a result of loan restructuring according to the investment situation of the Company. Short-term loans mainly financed working capital in cattle farming and fruit tree plantations. Long-term loans mainly financed investment in construction at business units in cultivation and nurturing rubber, oil palm, and HAGL Myanmar project. Besides, a part of the increase in liabilities resulted from the increase of 2,018 billion dong in advance from customers, which is not the Company's account payable in the future.

### b. Preliminary financial indices

ITEM	2016	2015
<b>Liquidity</b>		
Current ratio	0.74	1.00
Quick ratio	0.60	0.72
<b>Capital structure</b>		
Total loans and debts/ Total assets	0.50	0.56
Total loans and debts/ Owner's equity	1.60	1.69
<b>Profitability</b>		
Profit after tax/ Net revenue	-23.3%	9.6%
Profit after tax/ Owner's equity	-9.0%	3.8%
Profit after tax/ Total assets	-2.8%	1.2%
Operating profit/ Net revenue	-5.8%	19.8%



# REPORT AND ASSESSMENT OF THE BOARD OF DIRECTORS

## 1. ASSESSMENT OF THE COMPANY'S OPERATIONS



**Rubber:** Continual recovery of rubber price serves as a lever for the Company to speed up latex harvest - the Company's flagship investment. In 2017 the Company is expected to exploit 18,000 tons of latex yielding a revenue of 745 billion dong.



**Livestock:** Currently a major contribution to the Company's revenue and profit. In 2017 the Company is expected to sell 40,000 heads bringing a revenue of 1,240 billion dong.



**Real estate:** Phase 1 of HAGL Myanmar project is in stable operation, producing profit and surplus cash flow from its business operation. The Company is laying the foundations of Phase 2 with priority given to the Commercial Center to exploit the enormous demand for this segment in Yangon. The Company had also transferred all the real estate projects in Ho Chi Minh City and Da Nang, and there is no policy on any investment in Vietnam market in the coming time.



**Sugarcane:** The Company is currently performing procedures for transfer of share capital in Hoang Anh Gia Lai Sugarcane JSC.



**Passion fruit and others:** Making use of the redundant land in Vietnam, Laos and Cambodia, the Company engaged in planting passion fruit, and passion fruit export value chain of Laos and Vietnamese origins.



**Finance:** The Company's repayment term was restructured, thus alleviating the pressure on cash flow for repayment and focusing on investing activities and management enhancement.



**Governance system:** Consolidating and perfecting the governance system, improving the competence of the management and leadership of the Company, enhancing sector management and carrying out governance of strategy including planning, exercising, inspecting and strategy assessment.



## 2. ASSESSMENT BY THE BOARD OF DIRECTORS OF THE OPERATION OF THE BOARD OF MANAGEMENT

The Board of Directors exercises supervision of The Board of Management as required by the Charter and Regulation on Company Governance. From quarterly meetings and at request, the Board of Directors explicitly discussed and questioned on the operation of the General Director in implementing the operation strategy and business targets passed by the General Meeting of Shareholders. The Board of Management is required to regularly and proactively make detailed and updated reports on the progress of implementation as well as hindrance or difficulty arising in the course of realizing the business plan.

According to the assessment by the Board of Directors, the Board of Management did not achieve the targets of profit in 2016. However, the Board of Management successfully restructured the debts, rescheduling of repayment terms. The Board of Directors found that the Board of Management strictly observed the procedures and regulations in the running of the company by the Charter and Regulation on Company governance as well as current legal regulations. The Board of Directors commented that the members of the Board of Management are all qualified and competent enough to undertake the tasks assigned by the General Meeting of Shareholders and the Board of Directors.

## 3. PLAN AND ORIENTATION OF THE BOARD OF DIRECTORS

In 2017, The Board of Directors will instruct the Board of Management to continue implementation of the restructuring plan as presented at the General Meeting of Shareholders in September 2016. The restructuring enables the Company to reform business operations, organization and personnel rationally, focus on major areas, in order to improve the financial position and stabilize production and business, concurrently creating premised for the Company to achieve strategic goals in a longer-term vision.

The Company will also accelerate latex harvest and concentrate resources from such short-term projects as cattle farming, passion fruit and other fruit trees, as these projects can generate quick cash flow enabling the Company to adopt "using the short-term goals to achieve the long-term goals".





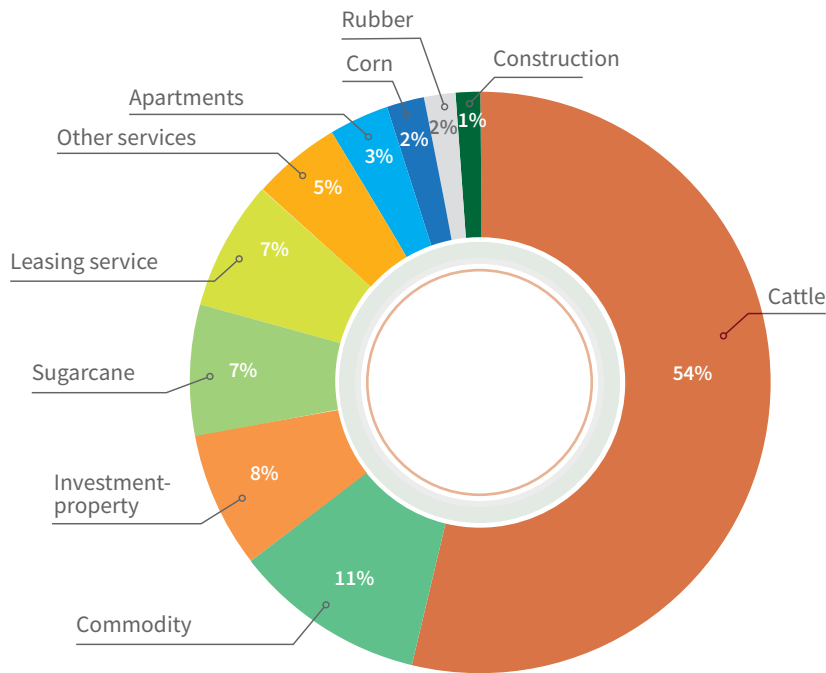
# REPORT AND ASSESSMENT OF THE BOARD OF MANAGEMENT

## 1. ASSESSMENT OF PRODUCTION AND BUSINESS RESULTS

In 2016, total revenue reached 6,440 billion dong, increasing by 3% as compared with that of 2015, accounting for 114% of the target. Revenue structure by sector is as follows:

SECTOR	2016		2015		2014	
	Revenue	Proportion	Revenue	Proportion	Revenue	Proportion
	(VND Billion)	(%)	(VND Billion)	(%)	(VND Billion)	(%)
Cow	3,465	54	2,542	41	-	-
Commodity	689	11	614	10	309	10
Investment property	483	8	215	3	-	-
Sugarcane	469	7	871	14	1,042	34
Leasing service	460	7	14	0	-	-
Other services	329	5	239	4	224	7
Apartment	207	3	198	3	238	8
Corn	136	2	323	5	205	7
Rubber	114	2	196	3	227	7
Construction	88	1	1,040	17	765	25
Mining	-	-	-	-	44	2
<b>Total revenue</b>	<b>6,440</b>		<b>6,252</b>		<b>3,054</b>	

REVENUE STRUCTURE 2016



### IN WHICH:

**Cow sales** reached 3,465 billion dong accounting for a proportion of 54%. Gross profit was 440 billion dong and gross profit margin reached 13%. This is a key contribution to HAGL's revenue growth and gross profit in 2016.

**Commodity and products** reached 689 billion dong accounting for a proportion of 11%. Gross profit reached 45 billion dong and gross profit margin reached 7%. As compared with that in 2015, revenue from commodity and products increased by 75 billion dong.

**Sales of investment property** reached 483 billion dong accounting for a proportion of 8%. Gross profit reached 90 billion dong and gross profit margin reached 19%, because The Company disposed the property project in Ho Chi Minh City and sold the land in Vo Van Kiet street, Da Nang.

**Sugarcane** reached 469 billion dong accounting for a proportion of 7%. Gross profit margin reached 142 billion dong and gross profit margin reached 30%. As compared with that in 2015, revenue from sugarcane decreased by 402 billion dong, because in 2016 the Company transferred sugarcane project to a third party as from 31 August 2016.

**Leasing service** reached 460 billion dong accounting for a proportion of 7%. Gross profit margin reached 309 billion dong and gross profit margin reached 67%. As compared with that in 2015, revenue from leasing increased by 447 billion dong, mainly because the

leasing section of Hoang Anh - Myanmar center was put into operation from Quarter II of 2016.

**Other services** reached 329 billion dong accounting for a proportion of 5%. Gross profit margin reached 18 billion dong and gross profit margin reached 6%. As compared with that in 2015, revenue from other service provision increased by 90 billion dong, mainly from medical service provided by Medicine and Pharmacy University - Hoang Anh Gia Lai Hospital.

**Apartment** reached 207 billion dong accounting for a proportion of 3%. Gross profit reached 23 billion dong and gross profit margin reached 11%.

**Corn** reached 136 billion dong accounting for a proportion of 2%. Gross profit reached 69 billion dong and gross profit margin reached 51%.

**Rubber** reached 114 billion dong accounting for a proportion of 2%. As compared with that in 2015, revenue from rubber decreased 82 billion dong because in 2016 rubber price stayed low, so HAGL limited the exploiting area.

**Construction** reached 88 billion dong accounting for a proportion of 1%. As compared with that in 2015, revenue from construction decreased by 952 billion dong, mainly because construction for the breeding facilities for the livestock sector had been completed and the construction schedule for Nongkhang airport in Huaphan Province, Laos was extended.



# REPORT AND ASSESSMENT OF THE BOARD OF MANAGEMENT (cont.)

## 2. FINANCIAL POSITION

### a. Assets

Total assets in 2016 increased by 8% as compared with those in 2015, accounting for VND 3,947 billion. Details are as follows:

Unit: Billion dong				
ITEM	2016	2015	FLUCTUATION	%
<b>Current assets</b>	<b>9,394</b>	<b>13,216</b>	<b>(3,822)</b>	<b>-29%</b>
<b>Long-term assets</b>	<b>43,369</b>	<b>35,600</b>	<b>7,769</b>	<b>+22%</b>
Construction in progress	17,984	19,189	(1,205)	-6%
Fixed assets and other long-term assets	25,385	16,411	8,974	+55%
<b>Total assets</b>	<b>52,763</b>	<b>48,816</b>	<b>3,947</b>	<b>+8%</b>

The increase in total assets was due to a considerable increase of 7,769 billion dong, because in 2016 the Company acquired Trung Nguyen Rubber JSC and Indochina Investment and Development Co., Ltd. and its subsidiaries. Besides, short-term assets decreased by 3,822 billion dong as compared with those of 2015.

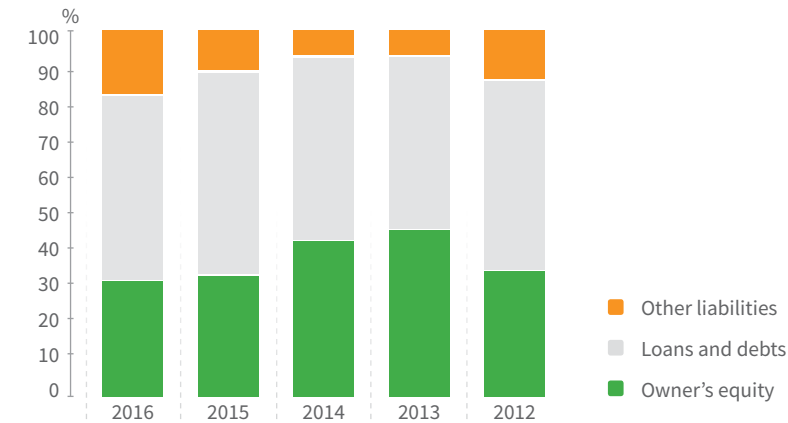
### b. Liabilities

In 2016, HAGL's total liabilities increased by 3,353 billion dong. Details are as follows:

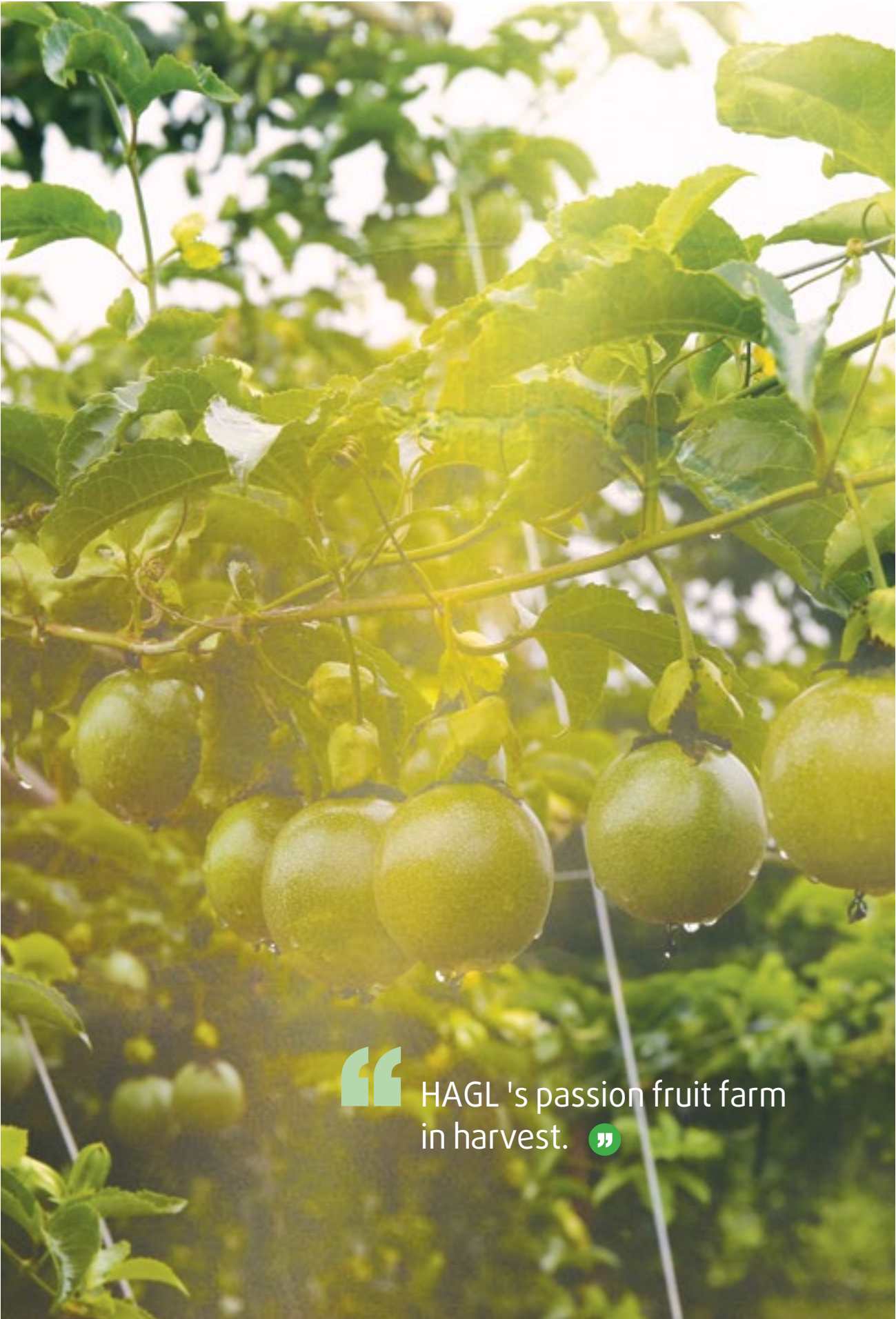
Unit: Billion dong				
ITEM	2016	2015	FLUCTUATION	%
<b>Current liabilities</b>	<b>12,726</b>	<b>13,213</b>	<b>(487)</b>	<b>-4%</b>
Short-term loans and debts	5,198	8,298	(3,100)	-37%
Other short-term liabilities	7,528	4,915	2,613	+53%
<b>Long-term liabilities</b>	<b>23,387</b>	<b>19,547</b>	<b>3,840</b>	<b>+20%</b>
Long-term loans and debts	21,444	18,801	2,643	+14%
Other long-term liabilities	1,943	746	1,197	+160%
<b>Total liabilities</b>	<b>36,113</b>	<b>32,760</b>	<b>3,353</b>	<b>+10%</b>

The total liabilities account for 68% of HAGL's total capital in 2016. Details are as follows:

#### Liabilities and owner's equity (VND BILLION)



The ratio of total loans and debts over total assets decreased from 0.56 time by the end of 2015 to 0.5 time by the end of 2016, and the ratio of total loans and debts over owner's equity decreased from 1.69 times by the end of 2015 to 1.6 by the end of 2016. Though not a significant decrease, it is a sign of positive change in the Company's quick ratio, and gradual improvement in the Company's difficult financial position.



“ HAGL 's passion fruit farm in harvest. ”





## WIDESPREAD VALUE SHARING



# CORPORATE GOVERNANCE

## ACTIVITIES OF THE BOARD OF DIRECTORS

### 1. INFORMATION ABOUT THE BOARD OF DIRECTORS

No.	MEMBERS OF THE BOD	TITLE	ATTENDING TIMES	RATE
1	Mr. Doan Nguyen Duc	Chairman	7	100%
2	Mr. Vo Truong Son	Member	7	100%
3	Ms. Vo Thi Huyen Lan	Member	7	100%
4	Mr. Doan Nguyen Thu	Member	7	100%
5	Mr. Nguyen Van Minh	Member	7	100%
6	Mr. Phan Thanh Thu	Member	7	100%
7	Mr. Nguyen Xuan Thang	Member	7	100%



### 2. MEETINGS OF THE BOARD OF DIRECTORS

In 2016, the Company held 7 meetings of the BOD as follows:

- On 15 March 2016, The BOD agreed to pass the issues of restructuring according to the Company’s current targets and strategies;
- On 20 June 2016, The BOD agreed to pass the issues relating to Corporate Governance such as cash flow management; investment cost management to further improve the Company’s management;
- On 04 July 2016, The BOD agreed to pass the selection of the audit firm for preparing the financial statements for the year ended 2016;
- On 06 August 2016, The BOD agreed to pass the finalization of shareholder list to hold the 2016 Annual General Meeting of Shareholders;
- On 19 August 2016, The BOD agreed to pass the updates of business position and revenue in the first half of the year 2016;
- On 06 September 2016, The BOD agreed to pass the dismissal and appointment of the Company’s Chief Accountant;
- On 23 December 2016, The BOD agreed to pass the issuance of bonds under private placement to restructure the Company’s debts.

### 3. SUPERVISION ACTIVITIES OF THE BOD TO THE BOM

In 2016, the BOD gave instructions and exercised supervision on the following activities of the BOM:

- The BOD gave directions to the BOM and related departments to successfully hold the 2016 Annual General Meeting of Shareholders on 15 September 2016;
- Completing the development of the Group’s restructuring plan;
- Instructing and supervising the Company’s financial management;
- Instructing, supervising and speeding up the BOM to consolidate the whole personnel structure making it streamlined and professional;
- Instructing and supervising the Company’s operations aiming to reach the targets as planned;
- Instructing and supervising the implementation of Resolutions of the BOD, especially the management of the Company to enhance production and business effectiveness.





REPORT OF THE BOARD OF SUPERVISION

MEMBERS AND STRUCTURE OF THE BOARD OF SUPERVISION

1	Mr. Lam Hoang Hai	Head of the BOS
2	Mr. Nguyen Tan Anh	Member
3	Ms. Nguyen Thi Huyen	Member

“The Board of Supervision assessed the quarterly, semi-annual and annual financial statements to ensure that they were presented truly, fairly and consistently in conformity with the laws.”



ACTIVITIES OF THE BOARD OF SUPERVISION

In 2016, the Board of Supervision (BOS) supervised the BOD, the BOM in terms of their fairness, honesty, and prudence in management and administration of business operations on the following contents:

- Attending meetings of the BOD quarterly and upon request, to timely catch up with the actual business situation, to participate in questioning and giving comments to the BOD on deciding and performing the goals approved by the GMS.
- Assessing the management and operation of the BOD and the BOM upon the set plan and strategy in line with the actual situation of the Company.
- Assessing the information in the quarterly, semi-annual and annual financial statements to ensure that they were presented truly, fairly and consistently in conformity with the laws.
- Discussing with the external auditor about the audit results of the accounting year 2015 and the results of reviewing semi-annual financial statements for the fiscal year 2016.



PERFORMANCE OF THE BOARD OF SUPERVISION

Supervising the implementation of Resolutions of the 2016 GMS

During the year, the Company implemented Resolutions passed by the GMS as follows:

- Completing the debt restructuring of the Company with credit institutions under the Group's Restructuring Scheme (for the period 2016 - 2026).
- Making amendments to the terms and conditions of convertible bonds HAG-CB2011.

Reviewing the financial position in 2016

The BOS discussed with the independent auditor about the nature and scope of the audit and established the working procedures with the Company's independent auditor - Ernst & Young Vietnam, Ltd. ("EY"). Accordingly, the BOS actively involved in the process of issuing quarterly, semi-annual and annual financial statements of the Company. The BOS reviewed and analyzed the fluctuations of material items in the financial statements and reported the results to the BOD before the Company's issuance of financial statements.

The BOS assessed the quarterly, semi-annual and annual financial statements to ensure that they were presented truly, fairly and consistently in conformity

with the laws. The Board of Management had rationally and prudently conducted evaluations and estimates in accounting and financial reporting.

Supervising the activities of the BOD and the BOM

In 2016, the BOS fully attended quarterly meetings of the Board of Directors quarterly and upon request, to timely catch up with the actual business situation, to participate in questioning and giving comments to the Board of Directors on deciding and performing the goals approved by the GMS.

The BOS also supervised the activities of the Board of Management from the stage of planning to the stage of executing business operations and investments of the Company. From the audit results, the BOS raised a number of ideas for the Board of Management to perfect the Company's internal control and management systems.

No requests or complaints were sent to the BOS by shareholders during the year.

Selecting the external auditor

The BOS maintained the coordination with EY, and other consultancy services did not affect the independence and impartiality of the external auditor in auditing the financial statements.

The BOS informed the BOD about the procedures of choosing the external auditor for the fiscal year ending 2017 to submit to the latest GMS for approval.

OPERATIONAL PLAN OF THE BOS IN 2017

In order to perform responsibilities of the BOS in compliance with the Enterprise Law and the Company's charter, the BOS has had the following plans:

- Supervising the observance of the Company's Charter and Resolutions of the GMS;
- Supervising the management and administration of the BOD and the BOM;
- Examining, assessing the financial statements quarterly, semi-annually and annually;
- Checking and assessing the implementation of the Company's business plan for 2017;
- Other issues.



INVESTOR RELATION

Transparency, publicity and regular updates of information to shareholders and investors have always been emphasized and exercised by HAGL's Leaders via these two main channels:

- Providing information on business operations, financial positions through annual reports, financial statements, press releases on the Company's website at *www.hagl.com.vn*, as well as on the website of Ho Chi Minh Stock Exchange (HOSE) and other media channels.
- The Leaders of the Group exchange information and receive comments from shareholders and investors through direct meetings, project visits, investor conferences, teleconferences and road shows in order to help the shareholders and investors have a comprehensive view of the Group enabling the most timely and accurate decisions.

Organizing site trips to Group's investment projects in Vietnam, Laos, Cambodia, and Myanmar has become a regular activity. Each trip lasts from two to three days, with participation of representatives from investment funds, strategic shareholders and potential investors; There are site trips for small groups of investors from 5 to 10 people, etc.

In the recent year, the Group has repeatedly delayed its issuance of financial statements for 3 times, consequently being warned by the State Securities Commission and the Ho Chi Minh City Stock Exchange (HOSE), namely its delayed release of consolidated financial statements for the 4<sup>th</sup> quarter of 2016, its delayed issuance of the audited separate and consolidated financial statements for the year 2016, its delayed issuance of annual report for the year 2016 and separate and consolidated financial statements for the first quarter of 2017. The Group's Leaders have sent written explanations to the relevant authorities and committed to rectifying the these issues in the coming time.

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 the 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, 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 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 in 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

a sharp decrease in prices in the global market. 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 the price of a product but others' are not affected. In the long term, the Group will also do research and apply risk protection instruments such as forward contracts, 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) do not change 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 of the future large fluctuations in 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, especially to projects of real estate in Myanmar. A large proportion of the required capital has been raised by borrowing from banks and issuing corporate bonds at a floating interest rate. If the interest rate gets increased, the borrowing costs become more burdensome and adversely affect the Group's business operations.

Risk management measures

The Group has actively developed a debt and equity structure according to each period of the economy and its own production and business. Thanks to good relationships with major commercial banks, the Group is able to reach a number of loan agreements with affordable expenses.

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

PROJECT IMPLEMENTATION RISKS

Nature

The Group has some business sectors, of which the project development periods are long, i.e. 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, 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 possible 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 business agreements in the Group's daily transactions to mitigate legal risks.

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

OTHER UNSYSTEMATIC RISKS

Nature

Each business has one or more unsystematic risks. The cultivation, for example, is exposed to risks of natural disasters, drought, flood or fire; the livestock is very sensitive to diseases; the real estate business is exposed to risks of fire or accidents during construction, etc. Whether they are expected 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 taking out the appropriate insurance policies. The Group has fully purchased insurance policies covering construction, fire for real estate projects and factories; livestock risk insurance for cattle farms; tree insurance for rubber, oil palm; labor accident insurance for employees, third party liability insurance, etc.



# CORPORATE GOVERNANCE (cont.)

## SHAREHOLDER STRUCTURE

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

No.		NAMES		20 JAN. 2016		23 AUG. 2016		CHANGES	
				Quantity	Rate	Quantity	Rate	Quantity	Rate
1	Mr. Doan Nguyen Duc	- Chairman		347,765,533	44.02%	347,765,533	44.02%	-	0.00%
2	Mr. Vo Truong Son	- Member		803,654	0.10%	803,654	0.10%	-	0.00%
3	Ms. Vo Thi Huyen Lan	- Member		-	0.00%	-	0.00%	-	0.00%
4	Mr. Doan Nguyen Thu	- Member		6,457,456	0.82%	6,457,456	0.82%	-	0.00%
5	Mr. Nguyen Van Minh	- Member		3,370,057	0.43%	3,370,057	0.43%	-	0.00%
6	Mr. Phan Thanh Thu	- Member		29,426	0.00%	29,426	0.00%	-	0.00%
7	Mr. Nguyen Xuan Thang	- Member		30,598	0.00%	30,598	0.00%	-	0.00%

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

No.		NAMES		20 JAN. 2016		23 AUG. 2016		CHANGES	
				Quantity	Rate	Quantity	Rate	Quantity	Rate
1	Ms. Ho Thi Kim Chi	- Deputy General Director		145,159	0.018%	145,159	0.018%	-	0.00%

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

No.		NAMES		20 JAN. 2016		23 AUG. 2016		CHANGES	
				Quantity	Rate	Quantity	Rate	Quantity	Rate
1	Mr. Lam Hoang Hai	- BOS Head		-	0.00%	-	0.00%	-	0.00%
2	Mr. Nguyen Tan Anh	- Member		-	0.00%	-	0.00%	-	0.00%
3	Ms. Nguyen Thi Huyen	- Member		63,140	0.01%	63,140	0.01%	-	0.00%

### MAJOR SHAREHOLDERS AS AT 23 AUGUST 2016

No.	INSTITUTION/ INDIVIDUAL	ID CARD/ PASSPORT/ BUSINESS LICENSE NO.	ADDRESS	NUMBER OF SHARES	OWNERSHIP
1	Mr. Doan Nguyen Duc	230046495	147 Tran Phu, Pleiku, Gia Lai	347,765,533	44.02%

### SHAREHOLDER STRUCTURE BY LIST

ITEMS	NUMBER OF SHARES	OWNERSHIP
Total capital share	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	72,568,637	9.19%
Shareholders holding less than 1% of voting shares	359,737,596	45.54%
Foreign shareholders		
Institution	77,698,464	9.84%
Individual	5,191,680	0.66%

of which:

### CHANGES IN OWNER'S EQUITY

In 2016, the Company did not have any increase in its capital.

Share capital as at 31 Dec. 2016 (VND thousand) 7,899,679,470

Share capital at the end of each 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
31/12/2016	7,900

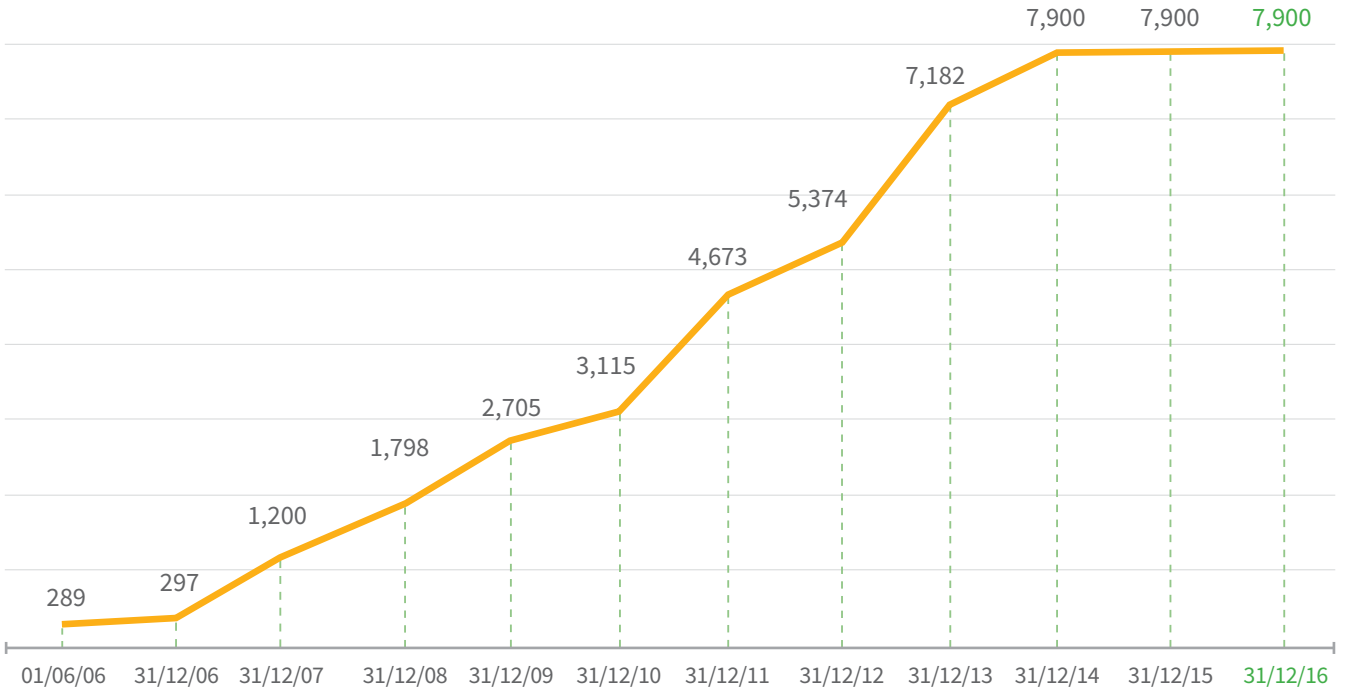
TOTAL NUMBER OF SHARES Shares

Number of shares allowed to be issued 789,967,947

Shares issued and fully paid 789,967,947

Treasury shares 68,644

### OWNER'S EQUITY CHART (VND BILLION)





## CORPORATE GOVERNANCE (cont.)

### DEVELOPMENT ORIENTATION

#### INVESTING IN AGRICULTURE, RECYCLING RESOURCES

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 Israeli drip irrigation system, a micro-organic fertilizer factory, analysis of soil nutrition, standardizing food safety, etc. Such efforts have made a significant contribution to economizing on water, controlling exhausted soil and erosion, minimizing contamination, saving production cost, producing highly economic efficiency. In 2016, the Group put investment in growing fruit trees such as passion fruit, banana, dragon fruit, and more than 10 other types of fruit trees in compliance with the Global Gap standards to provide quality and safe products for the markets domestically and internationally.

#### 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.

Having brought great success in Laos, PPP model is highly appreciated by Laos Government. HAGL has also offered interest-free loans to Laos Government for infrastructure 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, healthcare facilities, and wells for deprived people, etc. in some provinces of this country.

#### INTENSIVE INVESTMENT AND VALUE CHAIN GENERATING COMPETITIVE ADVANTAGES

We understand that in order to create a competitive advantage in the market, together with massive



We have put into use the Israeli drip irrigation system in cultivation, employing a workforce of over 1,000 Vietnamese engineers to research and serially launch advanced technical applications in farming and cultivation.



investment, we need to research and acquire the hi-tech solutions to apply to the practical production processes, especially in agribusiness.

HAGL is a leading business in growing rubber, oil palm and fruit trees on the poor forests of Laos and Cambodia, most of which are dry, year-round barren land. However, with strong determination, HAGL Group has actively made large-scale investments from people to machinery, from technology to process and seedlings to improve soil fertility and boost productivity. We have put into use the Israeli drip irrigation system in cultivation, employed a workforce of over 1,000 Vietnamese engineers to research and serially launch hi-tech applications in farming and cultivation, raising the livestock, developing industrial trees and plants in order to enhance efficiency, productivity and substantial economies.

#### COLLABORATION FOR COLLECTIVE DEVELOPMENT

HAGL's achievements are constituted from confidence, sympathy and good-willed assistance and cooperation of customers, partners, shareholders, investors, social communities, and government agencies as well as from the dedication and endeavor of the Group's staff.

Realizing this important issue, HAGL has pursued and successfully applied the business philosophy of "collaboration for collective development", a guiding star adopted on the Group's business orientation. Therefore, despite suffering extremely adverse period, HAGL still received sympathy, support and cooperation from reputable domestic and international financial institutions, banks as well as local communities and host governments.

### DEVELOPMENT STRATEGY

In 2016, the business results of the Group were not achieved as planned, but from an overall view, the

Group gained a number of positive results, including the basic completion of debt and bond restructuring with creditors. The Group has taken full advantage of its vast land resources to grow many kinds of fruit trees for export and domestic consumption, and has initially achieved some encouraging signs. The business operation of HAGL Myanmar project is proceeding well.

The development orientation of the Group is based on two fundamental sectors known as Agriculture and Real Estate, in which highly profitable industrial trees such as rubber and oil palm are to be harvested; large land bank is fully taken in use for short-term crops such as passion fruit, banana, dragon fruit, mango, jackfruit, etc. and cattle raising. Regarding the real estate, the pivotal project of the Group is still HAGL Myanmar Centre located in the most desirable place in Yangon City. Currently, the Group has embarked on phase 2 of the project comprising five 28-storey blocks, equivalent to 1,134 apartments and offices for lease with a total area of 126,000 m<sup>2</sup>.





# CORPORATE GOVERNANCE (cont.)

## DEVELOPMENT ORIENTATION

### 1. TRADE STRATEGY AND PRODUCTS

#### 1.1 Agribusiness

Since Vietnam joined the ASEAN Free Trade Area (AFTA), 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

Over the past year, the world and domestic rubber prices have observed a steady recovery from USD 1,100/ton in 2015 to USD 2,200/ton; therefore, in 2017 crop the company boosts its exploitation by expanding rubber tapping area. In addition, HAGL has grown a variety of fruit trees such as passion fruit, mango, dragon fruit and more than 10 other types, etc. To diversify the products, realizing the target "using short-term goals to achieve long term goals".



#### Livestock Farming

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 Israeli drip irrigation system, grass cutting, processing, and food mixing by machines, etc. HAGL's products are competitively priced in the market.

In the recent year, HAGL beef was 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 in other provinces nationwide.





DEVELOPMENT ORIENTATION



1.2 REAL ESTATE

In 2016, the Group has put into operation two office buildings for lease, a commercial center and the five-star Melia Yangon hotel, simultaneously affirming its leading position in Myanmar real estate market. In the coming time, the Group will consistently pursue its strategy: focus on elevating performance of the commercial center, offices for lease and Melia Yangon hotel; continue the construction of phase 2 of the project consisting of two office buildings for lease and five apartment buildings for sale or for lease; enhance the capacity of service, sale, rental, project management and property management teams to speed up the business and sales of apartments.

Capital strategy

Actively preparing a stable long-term cash flow plan is determined to be a crucial goal of the Group, 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; operated and exploited real estate - services to get regular revenue, and advocated policy of disposing the property projects when having fair prices for capital turnover.

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

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



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



2. GOVERNANCE SYSTEM

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

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 offices locally and abroad.

The Group promotes its brand name, upholding 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 its business efficiency, HAGL attaches importance to improvement in its management system, organization, and personnel to match the Group’s development targets. Besides, enhancing the employees’ professional qualification, giving training and planning for executives are also viewed as the Group’s crucial tasks.







## COLLECTIVE SUSTAINABLE DEVELOPMENT



# REPORT OF SUSTAINABLE DEVELOPMENT

## ECONOMIC DEVELOPMENT

Despite of difficulties in business operation in the recent year, HAGL still formulates decisive policies and business strategies flexibly, promptly and opportunely in line with the market movements. The Group has continued to promote the restructuring, focusing on the exploitation of its core strengths of agribusiness with the cultivation of short-term fruit trees such as passion fruit, dragon fruit, banana, etc. to proactively create stable cash flows. In its business strategy, HAGL has always set profit targets associated with its responsibilities to the community, society and environment.

The projects invested by the Group in Western Highland, Laos, Cambodia, and Myanmar have facilitated and continued to boost the economic development at the project areas by creating jobs for thousands of villagers, proactively carried out a number of social welfare programs at localities, namely: building infrastructures such as roads, bridges, airports, hospitals, schools, wells, resettlement areas, etc. Such contributions have played an important role in cementing the friendly relation, accelerating commercial exchanges between neighboring countries and pushing the regional economy as well.



In determination of agribusiness as the key strategy, HAGL has made systematic investments, applying modern methods for the Group’s sustainable development in the future.



Employing local people is an important meaning in HAGL’s socio-economic development strategy. At the rubber, oil palm, fruit plantations, thousands of local employees have been recruited and trained by foreign and domestic experts as well as equipped with the high technical expertise to earn a high and stable income. The employees have labor contracts and are arranged accommodation at the project resettlement areas built by HAGL.

In determination of agribusiness as a key strategy, HAGL has made systematic investments, applying modern methods for the Group’s sustainable development in the future.



With the motto of “Profit balance for increased efficiency”, HAGL’s operations aim not only at the Company’s sustainable developments but also at long-term profits of its shareholders and investors.



- Developing a closed farming network: HAGL can take full advantages of all products and by-products made from all of the Group’s operating sectors, and can also optimize the productivity while minimizing the wastes, reducing manufacturing costs, creating competitive advantages for output products and helping protect environment simultaneously.
- Building a hi-tech agricultural model: HAGL considers this a decisive factor for the success of its sustainable business goals. Modern technology has been successfully applied to agribusiness such as Israeli drip irrigation system, mechanization of all stages in cultivation and production in order to achieve maximum efficiency in increasing productivity, getting free from labor force and reducing production costs.



REPORT OF  
SUSTAINABLE DEVELOPMENT (cont.)

RESPONSIBILITY TO COMMUNITY

In HAGL, responsibility toward community is not only understood as a program for social welfare and social life improvement, but also known as an assurance for the development of staff and employees of the Group.

COMMUNITY CONNECTION AND SOCIAL LIFE IMPROVEMENT

HAGL is well aware that the company’s development is dependent on the wellbeing and prosperity of surrounding communities. Thus, along with its business targets, HAGL always places an importance in taking responsibility and sharing interests with communities through social welfare programs.



“ 90,000 USD  
Funded to communities in Laos  
in 2016 ”

Having become traditional activities in all localities invested by HAGL, such meaningful programs not only originated from the general orientation of the Group but also gained the sharing hands from all staff and employees, mainly focusing on infrastructure, healthcare, education, culture, and sport, etc.

HAGL has funded and built numerous projects for communities in Vietnam, Laos, and Cambodia to meet the needs of the local people. Bridges, hospitals, schools, airports, gravel roads, electricity grid, communal houses, healthcare centers, or workers' houses have been put into use and indeed brought in practical benefits for people in the project sites as well as in the neighboring areas.

Particularly in Laos, in 2016, HAGL donated a total of over 700,000,000 Kip (equivalent to 90,000 USD) to localities for construction of roads, scholarships for Laotian students studying in Vietnam, provision of financial support for local socio-cultural activities, etc.

“ 14,879 CASES/YEAR  
Patients provided with  
examinations and treatments by  
MPU-HAGL Hospital in 2016 ”

In terms of healthcare, MPU-HAGL Hospital in Gia Lai and Attapeu General Hospital have been performing medical quality improvement very well for residents around the area. By frequent cooperation with medical staff, the Group also organized humanitarian diagnoses and treatments, provided drugs to people in far-off areas in Gia Lai Province and in the two neighboring countries of Laos and Cambodia.

Taking a mission to create more values for the whole society, apart from investments in facilities, education and healthcare, HAGL always allocates yearly funding for the program “Joining hands to build a better society” to support Fund for the Poor, Blind Association, Children Patronage Center, Agent Orange Fund, deliver Tet gifts for deprived families, etc.

In addition, HAGL attaches great importance to integrating into local communities of the countries where the Group has its investments. A majority of directors, supervisors, and technicians of the Company volunteered to learn the language and established good communication with the local people.

WELFARE FOR EMPLOYEES

In HAGL, human resources are valuable properties and the elements ensuring creativity as operations of the Company. Therefore, the development of human resource policies and working environment are particularly appreciated in order to create the best conditions for employees to promote their capability. The Group’s fulfillment of its responsibility toward the personnel is based on three criteria:

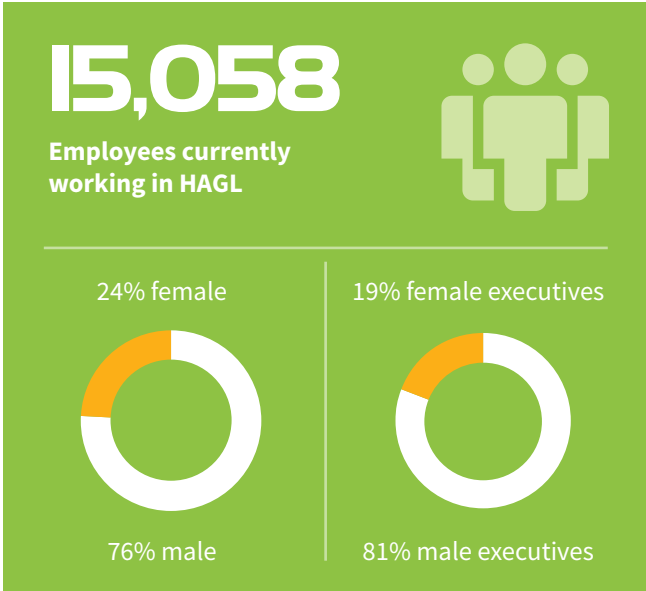
Safety and health

In addition to complying with the insurance regime for employees in accordance with the laws and regulations on labour safety, HAGL also carries out the employees’ health care by supporting their medical expenses at the MPU-HAGL Hospital, considering the exemption and reduction of medical expenses for staff working in foreign countries, coordinating with the Social Insurance Agency to timely and fully support the laborers in case of illness, maternity. Furthermore, the Group organizes training courses on fire prevention and firefighting, emergency care and first aid, hygiene and food safety, integrated pest management (IPM), safe use of plant protection products, etc.

Assurance of fairness

Fairness culture is applied in employment from recruitment, training, development and promotion opportunities. HAGL gives priority in using local laborers and respects gender equality, as well as provides equal opportunities to both male and female employees.

Currently, the total number of employees of HAGL (as of 31/12/2016) is 15,058, of which, the number of female employees accounts for 24%, the number of female managers accounts for 19%.



Average training time for each worker in a year is 20 - 30 days/year ”

Development opportunities

- In HAGL, work is assigned appropriately so that it suits the best to each employee's level of expertise and ability. Healthy competition is created in each department to encourage each employee to perform the best.
- The Company always encourages and creates the most favourable conditions for its employees to attend professional training courses. Annually, HAGL organizes periodical professional training courses to enhance working skills for staff and employees in all fields; regular training courses on statistical software, accounting software, awareness of ISO 9001 and Global GAP, HACCP hygiene and food safety, internal auditor training, guiding for safe operations of machinery and equipment at factories and plantations.
- Average training time for each worker in a year is 20 - 30 days/year.
- Besides, HAGL has done some construction works for workers within the project areas such as workers' houses, family houses, public toilets, toilets in plots, complimentary shuttle service, mini soccer and volleyball fields, etc. to generate motivation and feelings of security for the employees at work.





# REPORT OF SUSTAINABLE DEVELOPMENT (cont.)

## ENVIRONMENT PROTECTION

Having full awareness of the fact that environment is the precious resource of human, for many years, HAGL has always attached great importance in and strived to develop measures on effective utilization of natural resources and energy, to comply with regulations on ecological environment protection as well as to minimize negative effects on the environment, etc.

### EFFECTIVELY EXPLOITING RENEWABLE RESOURCES

HAGL takes full advantage of its available resources to effectively utilize renewable energy sources.

#### Water consumption

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

Application of Israeli drip irrigation systems is always the top choice and it is also HAGL's pride in the irrigation work at its agricultural projects. This system can save 50 - 70% of irrigation water as compared to normal irrigation forms.

Waste water from processing plants is treated and reused to irrigate crops. Waste water from livestock farms is treated to partly produce gas, and the rest is to irrigate crops. This measure helps the Group minimize environmental pollution, protect water sources and save costs for HAGL.

#### Consumption of electric power

Utilization of electricity is mainly allocated for the operations of processing plants, repair workshops, water pumping, irrigation, stimulating the flowering of plants, etc. and office operations; The Group has significantly reduced its power consumption by adopting practical measures:

- Replacing old appliances and equipment such as incandescent bulbs, fluorescent bulbs, etc. with LED bulbs.
- Utilizing the heat generated from sugarcane bagasse and gas from livestock waste, investing in the construction of thermal power plants in Laos and Cambodia, which are now in operation and integrated into national grids.

“

90%

Recycling rate of damaged  
irrigation tube

”



- Constructing irrigation canals bringing water to the reservoirs to irrigate the plantations, using solar water heating.
- Disseminating to all employees of the regulations on economical and effective use of electricity.

### MITIGATING ADVERSE IMPACTS ON THE ENVIRONMENT

- Establishing a closed production process, using treated farming waste to irrigate crops, thus mitigating the amount of toxic waste to the environment, protecting the land and water resources around the project areas.
- Israeli drip irrigation system helps HAGL minimize



residues of fertilizers, pesticides soaked in soil, and helps reduce the level of adverse impacts on land and groundwater, improve micro-climate in irrigation areas. Moreover, the drip irrigation system also does not cause soil to be eroded and exhausted...

- The Company has built a microbiological fertilizer plant with a capacity of 50,000 tons / year.
- Using reusable materials in manufacturing and packaging products:
  - Reuse of fertilizer bags: to collect garbage in the lots (such as rotten fruit, branches, leaves etc.) of which 50% of bags are reused.
  - Use of carton boxes for fruits: the amount used in 2016 was 200,000 boxes for packaging passion fruit to be put on the market.
  - Irrigation pipes (such as PVC pipes, HDPE pipes, LDPE pipes) are used for drip irrigation in the plantations. Broken irrigation pipes after use are shipped to the Company's factories for recycling with a rate going up to 90%.

### 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. Before developing any project, HAGL always hires an independent third party to assess the environmental impacts, to introduce measures to mitigate socio-environmental impacts by that investment project, then to submit the documents related to the project's environmental assessment to competent authorities for approval.

- HAGL has established an Environment Section to ensure the compliance of all production activities with the regulations of competent authorities.
- HAGL released its own Regulations on utilization of chemicals committing to use chemicals in compliance with the laws, placing maximum limit of the use of pesticides and chemical products to minimize negative impacts on land, water and human health.
- HAGL issued the Mechanism on receiving, handling feedback, petition and providing information to individuals and organizations regarding the Company's rubber development projects in Laos and Cambodia.
- HAGL has cooperated with Bureau Veritas - an international organization in testing, evaluating and certifying in order to implement commitments on sustainable planning, production and development towards community protection and natural preservation.



# REPORT OF SUSTAINABLE DEVELOPMENT (cont.)

## COLLECTIVE DEVELOPMENT

It can be said that the philosophy of "Collective development" is one of the key factors in bringing success to HAGL on the way towards sustainable development.

Strong engagement with stakeholders as well as feedback interactions throughout the Group's development process have enabled HAGL to identify issues that the stakeholders are concerned and their materiality to set up the foundation for the Group's sustainable development orientation.

- Information on business operations and financial position is disclosed proactively and transparently through annual reports, financial statements, press releases, information on the Company's website at [www.hagl.com.vn](http://www.hagl.com.vn), as well as on the website of Ho Chi Minh Stock Exchange (HOSE) and other media channels.
- The Leaders of the Group exchange information and receive comments from shareholders and investors through direct meetings, press conferences and Shareholders' general meeting.
- Site trips to Group's projects in Vietnam, Laos, Cambodia, and Myanmar are regularly organized to provide investors with a comprehensive view of the Group's activities.

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

In regard to real estate, HAGL signed a 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.

- Communicating, updating information to the employees via intranet, email, telephone, online meetings.
- Promoting unity among the employees through informal gatherings, birthday parties, teambuilding, etc.
- Holding training courses to improve professional skills of the staff.



### SHAREHOLDERS & INVESTORS



### CUSTOMERS & PARTNERS



### EMPLOYEES

- Priority is given to employment of local human resources in order to provide stable jobs and income for the local people.
- Funding construction of basic facilities such as houses, roads, wells, hospitals, schools, etc. to improve the people's livelihood.
- Conducting charity programs, providing free health examinations, supplying food to deprived people.

HAGL is highly appreciated by the host countries for its remarkable contributions to the building and development of these countries through investments in local economic development and social improvement of communities, cementing the relationships between Vietnam and the countries where HAGL is making investments in.

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

- Exchanging and sharing information with press agencies via press releases, press conferences and events held by HAGL as well as seminars on the sectors the Group is involved in.
- Inviting journalists to participate in the Group's community activities.



### SOCIAL COMMUNITY



### GOVERNMENTS, AUTHORITIES



### SUPPLIERS



### MEDIA AGENCIES





## FINANCIAL STATEMENTS



GENERAL INFORMATION

THE COMPANY

Hoang Anh Gia Lai Joint Stock Company (“the Company”) was incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate (“BRC”) No. 3903000083 issued by the Department of Planning and Investment of Gia Lai Province on 1 June 2006 and twenty eight (28) subsequent Amended BRC.

The 28<sup>th</sup> amendment dated 17 June 2016 approved the supplement of business activities: fruit growing, cultivation, processing and preserving meat products, fruits and vegetables.

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

At 31 December 2016, The Group has eight (8) direct subsidiaries, thirty two (32) indirect subsidiaries and three (3) associates.

The current principal activities of the Group are breeding and trading dairy cows and cows for meat; developing and operating rubber, sugarcane, oil palm and other tree plantations; manufacturing and trading cattle foods, fertilizers; warehouse services, processing of agricultural products and services; developing apartments, trade centres for sale and lease; construction; developing and operating hydropower plants; 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:

<i>Name</i>	<i>Position</i>
Mr. Doan Nguyen Duc	Chairman
Mr. Vo Truong Son	Member
Ms. Vo Thi Huyen Lan	Member
Mr. Doan Nguyen Thu	Member
Mr. Nguyen Van Minh	Member
Mr. Phan Thanh Thu	Member
Mr. Nguyen Xuan Thang	Member

BOARD OF SUPERVISORS

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

<i>Name</i>	<i>Position</i>
Mr. Lam Hoang Hai	Head
Ms. Nguyen Thi Huyen	Member
Mr. Nguyen Tan Anh	Member

GENERAL INFORMATION (continued)

MANAGEMENT

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

<i>Name</i>	<i>Position</i>
Mr. Vo Truong Son	General Director
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 representative of the Company during the year and at the date of this report is Mr. Vo Truong Son.

AUDITORS

The auditors of the Company are Ernst & Young Vietnam Limited.



GENERAL INFORMATION (continued)

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 2016.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

STATEMENT BY MANAGEMENT

Management does hereby state that, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 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

27 April 2017

INDEPENDENT AUDITORS’ REPORT

Reference: 60752790/18591868-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 27 April 2017 and set out on pages 75 to 164 which comprise the consolidated balance sheet as at 31 December 2016, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

Management’s responsibility

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

Auditors’ responsibility

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

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

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



INDEPENDENT AUDITORS’ REPORT (continued)

Basis for qualified opinion

As mentioned in the Note 4.7 of the consolidated financial statements, the Group transferred the key management positions of Hoang Anh Gia Lai Sugar Cane Joint Stock Company and Hoang Anh Attapeu Sugar Cane Company Limited (“Group of Sugar cane Companies”) together with the operational right of the sugar cane mill, sugar cane plantations and other related assets in Laos to another third party since 31 August 2016. As at the date of these consolidated financial statements, the involved parties are still in the legal and administrative process to finalise the transaction. However, the Group’s management confirmed that it has ceased all control over the Group of Sugar cane Companies after 31 August 2016. Accordingly, the Group’s management has included the balance sheet as at 31 August 2016 and income statement and cash flow statement for the 8-month period then ended of the Group of Sugar cane Companies into the Group’s consolidated financial statements for the year ended 31 December 2016. Owing to the uncomplete legal procedures in relation to the transaction, we were unable to obtain sufficient audit evidence to determine the timing of Group’s loss of control over the Group of Sugarcane Companies. In addition, we were not able to perform the necessary audit procedures to verify the figures on the balance sheet of Group of Sugar cane Companies as at 31 August 2016, and income statement and cash flow statement for the 8-month period then ended. Accordingly, we were unable to determine whether it is necessary to make any adjustments to the Group’s consolidated financial statements for the year ended 31 December 2016 relating to the financial information of Group of Sugar cane Companies or not.

Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2016, 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.

Ernst & Young Vietnam Limited



Le Vu Truong  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 1588-2013-004-1

Pham Thi Cam Tu  
Auditor  
Audit Practicing Registration Certificate  
No. 2266-2013-004-1

Ho Chi Minh City, Vietnam

3 May 2017

CONSOLIDATED BALANCE SHEET

as at 31 December 2016

B01-DN/HN

VND’000

Code	ASSETS	Notes	Ending balance	Beginning balance (As restated - Note 40)
100	<b>A. CURRENT ASSETS</b>		<b>9,394,220,363</b>	<b>13,215,916,673</b>
110	<b>I. Cash</b>	<b>5</b>	<b>791,208,293</b>	<b>967,966,695</b>
111	1. Cash		791,208,293	967,966,695
130	<b>II. Current accounts receivable</b>		<b>6,768,206,227</b>	<b>8,469,868,136</b>
131	1. Short-term trade receivables	6	1,772,653,862	1,607,110,089
132	2. Short-term advances to suppliers	7	1,316,838,516	1,661,082,955
135	3. Short-term loans receivables	8	2,034,357,256	3,699,988,122
136	4. Other short-term receivables	9	1,672,681,113	1,511,776,819
137	5. Provision for short-term receivables	6	(28,324,520)	(10,089,849)
140	<b>III. Inventories</b>	<b>10</b>	<b>1,789,466,577</b>	<b>3,646,452,010</b>
141	1. Inventories		1,822,154,682	3,651,634,817
149	2. Provision for obsolete inventories		(32,688,105)	(5,182,807)
150	<b>IV. Other current assets</b>		<b>45,339,266</b>	<b>131,629,832</b>
151	1. Short-term prepaid expenses		7,961,305	13,427,321
152	2. Value-added tax deductible		26,318,790	33,767,746
153	3. Tax and other receivables from the State	22	11,059,171	2,238,777
155	4. Other current assets		-	82,195,988
200	<b>B. NON-CURRENT ASSETS</b>		<b>43,369,249,238</b>	<b>35,600,011,677</b>
210	<b>I. Long-term receivables</b>		<b>6,350,659,266</b>	<b>6,141,903,570</b>
215	1. Long-term loan receivables	8	5,717,370,743	6,062,008,291
216	2. Other long-term receivables	9	633,288,523	79,895,279
220	<b>II. Fixed assets</b>		<b>10,017,094,697</b>	<b>7,546,496,433</b>
221	1. Tangible fixed assets	11	8,664,993,197	6,176,778,419
222	Cost		10,076,814,951	7,116,522,216
223	Accumulated depreciation		(1,411,821,754)	(939,743,797)
227	2. Intangible fixed assets	12	1,352,101,500	1,369,718,014
228	Cost		1,429,539,847	1,405,334,952
229	Accumulated amortisation		(77,438,347)	(35,616,938)
230	<b>III. Investment properties</b>	<b>13</b>	<b>3,510,539,222</b>	<b>81,725,494</b>
231	1. Cost		3,567,861,308	84,074,852
232	2. Accumulated depreciation		(57,322,086)	(2,349,358)
240	<b>IV. Long-term assets in progress</b>		<b>17,983,864,412</b>	<b>19,188,680,860</b>
242	1. Construction in progress	14	17,983,864,412	19,188,680,860
250	<b>V. Long-term investments</b>		<b>877,887,933</b>	<b>328,257,789</b>
252	1. Investments in associates	16	865,766,030	252,299,640
253	2. Investments in other entities	17	12,101,903	75,938,149
255	3. Held-to-maturity investments		20,000	20,000
260	<b>VI. Other long-term assets</b>		<b>4,629,203,708</b>	<b>2,312,947,531</b>
261	1. Long-term prepaid expenses	18	1,497,175,881	1,156,515,098
262	2. Deferred tax assets	35.3	91,119,227	82,941,387
269	3. Goodwill	19	3,040,908,600	1,073,491,046
270	<b>TOTAL ASSETS</b>		<b>52,763,469,601</b>	<b>48,815,928,350</b>



## CONSOLIDATED BALANCE SHEET (continued)

as at 31 December 2016

B01-DN/HN

VND'000

Code	RESOURCES	Notes	Ending balance	Beginning balance (As restated - Note 40)
<b>300</b>	<b>C. LIABILITIES</b>		<b>36,113,695,179</b>	<b>32,760,380,160</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>12,726,074,032</b>	<b>13,212,975,900</b>
311	1. Short-term trade payables	20	1,319,409,776	1,123,648,086
312	2. Short-term advances from customers	21	3,546,000,509	1,438,433,801
313	3. Statutory obligations	22	195,748,396	275,400,876
314	4. Payables to employees		74,235,298	46,519,890
315	5. Short-term accrued expenses	23	846,456,575	809,388,331
318	6. Short-term unearned revenues		6,760,210	-
319	7. Other short-term payables	24	1,535,617,649	1,217,547,588
320	8. Short-term loans	25	5,197,619,996	8,297,755,147
322	9. Bonus and welfare fund		4,225,623	4,282,181
<b>330</b>	<b>II. Non-current liabilities</b>		<b>23,387,621,147</b>	<b>19,547,404,260</b>
333	1. Long-term accrued expenses		4,222,541	-
337	2. Other long-term liabilities	24	1,374,575,760	546,724,865
338	3. Long-term loans	25	21,444,223,544	18,801,459,914
341	4. Deferred tax liabilities	35.3	287,204,877	192,839,513
342	5. Long-term provisions	26	277,394,425	6,379,968
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>16,649,774,422</b>	<b>16,055,548,190</b>
<b>410</b>	<b>I. Equity</b>		<b>16,649,774,422</b>	<b>16,055,548,190</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	650,139,359	555,077,253
418	5. Investment and development fund	27.1	279,895,303	279,895,303
421	6. Undistributed earnings	27.1	1,391,155,127	2,023,903,249
421a	- Undistributed earnings up to prior year		2,527,805,613	1,570,546,874
421b	- Undistributed earnings/Losses of current year		(1,136,650,486)	453,356,375
429	7. Non-controlling interests	28	2,890,513,019	1,758,600,771
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>52,763,469,601</b>	<b>48,815,928,350</b>



Nguyen Thi Do Quyen  
Preparer



Duong Hoang Bac  
Chief Accountant



Vo Truong Son  
General Director

27 April 2017

## CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2016

B02-DN/HN


VND'000

Code	ITEMS	Notes	Current year	Previous year
<b>01</b>	<b>1. Revenues from sale of goods and rendering of services</b>	<b>30.1</b>	<b>6,441,028,981</b>	<b>6,252,482,061</b>
<b>02</b>	<b>2. Deductions</b>	<b>30.1</b>	<b>(1,249,713)</b>	<b>(35,528)</b>
<b>10</b>	<b>3. Net revenues from sale of goods and rendering of services</b>	<b>30.1</b>	<b>6,439,779,268</b>	<b>6,252,446,533</b>
<b>11</b>	<b>4. Costs of goods sold and rendering of services</b>	<b>31</b>	<b>(5,430,638,742)</b>	<b>(4,398,020,571)</b>
<b>20</b>	<b>5. Gross profit from sale of goods and rendering of services</b>		<b>1,009,140,526</b>	<b>1,854,425,962</b>
<b>21</b>	<b>6. Finance income</b>	<b>30.2</b>	<b>947,916,097</b>	<b>1,053,656,518</b>
<b>22</b>	<b>7. Finance expenses</b>	<b>32</b>	<b>(1,674,519,826)</b>	<b>(1,203,667,607)</b>
23	- In which: Interest expenses		(1,579,381,993)	(1,078,711,240)
<b>24</b>	<b>8. Shares of profit (loss) of associates</b>		<b>11,710,281</b>	<b>(1,898,163)</b>
<b>25</b>	<b>9. Selling expenses</b>	<b>33</b>	<b>(169,154,415)</b>	<b>(111,239,060)</b>
<b>26</b>	<b>10. General and administrative expenses</b>	<b>33</b>	<b>(501,564,190)</b>	<b>(350,371,742)</b>
<b>30</b>	<b>11. Operating (loss) profit</b>		<b>(376,471,527)</b>	<b>1,240,905,908</b>
<b>31</b>	<b>12. Other income</b>	<b>34</b>	<b>176,199,117</b>	<b>180,631,718</b>
<b>32</b>	<b>13. Other expenses</b>	<b>34</b>	<b>(1,206,015,281)</b>	<b>(615,325,413)</b>
<b>40</b>	<b>14. Other loss</b>	<b>34</b>	<b>(1,029,816,164)</b>	<b>(434,693,695)</b>
<b>50</b>	<b>15. Accounting (losses) profit before tax</b>		<b>(1,406,287,691)</b>	<b>806,212,213</b>
<b>51</b>	<b>16. Current corporate income tax expense</b>	<b>35.1</b>	<b>(10,311,463)</b>	<b>(153,548,976)</b>
<b>52</b>	<b>17. Deferred tax expense</b>	<b>35.3</b>	<b>(86,187,524)</b>	<b>(50,302,292)</b>
<b>60</b>	<b>18. Net (losses) profit after tax</b>		<b>(1,502,786,678)</b>	<b>602,360,945</b>
<b>61</b>	<b>19. Net (losses) profit after tax attributable to shareholders of the parent</b>		<b>(1,136,650,486)</b>	<b>502,343,207</b>
<b>62</b>	<b>20. Net (losses) profit after tax attributable to non-controlling interests</b>		<b>(366,136,192)</b>	<b>100,017,738</b>
<b>70</b>	<b>21. Basic (losses) earnings per share (VND)</b>	<b>29</b>	<b>(1,439)</b>	<b>613</b>
<b>71</b>	<b>22. Diluted (losses) earnings per share (VND)</b>	<b>29</b>	<b>(1,439)</b>	<b>613</b>



Nguyen Thi Do Quyen  
Preparer

27 April 2017



Duong Hoang Bac  
Chief Accountant



Vo Truong Son  
General Director



## CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2016

VND'000				
Code	ITEMS	Notes	Current year	Previous year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
01	<b>Accounting (losses) profit before tax</b>		<b>(1,406,287,691)</b>	<b>806,212,213</b>
	<i>Adjustments for:</i>			
02	Depreciation of fixed assets and investment properties and amortisation of intangible fixed assets (including amortization of goodwill)		774,966,464	372,592,068
03	Provisions		45,528,933	9,745,286
04	Foreign exchange differences arisen from the revaluation of monetary accounts denominated in foreign currencies		33,309,004	(115,305,562)
05	Profits from investing activities		(767,018,139)	(628,376,312)
06	Interest expenses	32	1,579,381,993	1,078,711,240
08	<b>Operating (loss) profit before changes in working capital</b>		<b>259,880,564</b>	<b>1,523,578,933</b>
09	Decrease in receivables		1,119,197,170	1,169,669,226
10	Decrease (increase) in inventories		1,293,921,678	(1,916,001,996)
11	Increase in payables		1,067,210,872	1,699,906,910
12	(Increase) decrease in prepaid expenses		(120,577,118)	121,084,629
14	Interest paid		(1,417,691,509)	(932,571,773)
15	Corporate income tax paid	35.1	(25,424,754)	(109,599,492)
17	Other cash outflows for operating activities		(56,558)	(26,760,841)
20	<b>Net cash flows from operating activities</b>		<b>2,176,460,345</b>	<b>1,529,305,596</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
21	Purchases and construction of fixed assets		(3,895,058,904)	(7,946,189,324)
22	Proceeds from disposals of fixed assets and other long-term assets		1,711,964,916	791,534,557
23	Loans to other entities		(3,351,481,274)	(6,581,690,554)
24	Collections from borrowers		4,404,445,889	4,476,003,816
25	Payments for investments in other entities (net of cash held by entity being acquired)		(4,604,707,935)	(2,350,933,815)
26	Proceeds from sale of investments in other entities (net of cash held by entity being disposed)		2,018,359,523	866,639,814
27	Interest and dividends received		354,720,632	411,747,874
30	<b>Net cash flows used in investing activities</b>		<b>(3,361,757,153)</b>	<b>(10,332,887,632)</b>

## CONSOLIDATED CASH FLOW STATEMENT (continued)

for the year ended 31 December 2016

VND'000				
Code	ITEMS	Notes	Current year	Previous year
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
31	Capital contribution from non-controlling interests of subsidiaries		2,792,000,000	159,000,000
32	Capital redemption to non-controlling interests		(313,000,000)	(2,200,000)
33	Borrowings received		4,868,173,006	15,978,713,459
34	Borrowings repaid		(6,433,696,706)	(7,342,378,545)
40	<b>Net cash flows from financing activities</b>		<b>913,476,300</b>	<b>8,793,134,914</b>
50	<b>Net decrease in cash for the year</b>		<b>(271,820,508)</b>	<b>(10,447,122)</b>
60	<b>Cash at beginning of the year</b>		<b>967,966,695</b>	<b>978,413,817</b>
61	Impact of exchange rate fluctuation		95,062,106	-
70	<b>Cash at end of the year</b>	5	<b>791,208,293</b>	<b>967,966,695</b>



Nguyen Thi Do Quyen  
Preparer



Duong Hoang Bac  
Chief Accountant



Vo Truong Son  
General Director

27 April 2017



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2016 and for the year then ended

B09-DN/HN

## 1. 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 (“BRC”) No. 3903000083 issued by the Department of Planning and Investment of Gia Lai Province on 1 June 2006 and twenty eight (28) subsequent Amended BRC.

The 28<sup>th</sup> amendment dated 17 June 2016 approved the supplement of business activities: fruit growing, cultivation, processing and preserving meat products, fruits and vegetables.

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

At 31 December 2016, The Group has eight (8) direct subsidiaries, thirty two (32) indirect subsidiaries and three (3) associates, as below:

Name of subsidiaries	Location	Status of operation	% holding
<b>Real estate sector</b>			
(1) Hoang Anh Construction and Housing Development Joint Stock Company (“HAN”)	Ho Chi Minh City, Vietnam	Operating	68.90
(2) Hoang Anh Gia Lai Myanmar Co., Ltd. (“HA Myanmar”)	Yangon, Myanmar	Operating	68.90
(3) Hoang Anh Gia Lai - Bangkok Co., Ltd. (i)	Bangkok, Thailand	Operating	32.38
<b>Energy sector</b>			
(4) Hoang Anh Gia Lai Hydropower Joint Stock Company (“DHA”)	Gia Lai, Vietnam	Operating	99.40
(5) Hoang Anh Attapeu Power Co., Ltd. (“NK2”)	Vientiane, Laos	Waiting for disposal	99.40
(6) Nam Kong 3 Electric Co., Ltd. (“NK3”)	Attapeu, Laos	Pre-operating	99.40
<b>Agriculture plantation sector</b>			
(7) Hoang Anh Gia Lai Agricultural Joint Stock Company (“HNG”) (ii)	Gia Lai, Vietnam	Operating	75.02
(8) Hoang Anh Gia Lai Import - Export Trading One member Co., Ltd.	Gia Lai, Vietnam	Operating	75.02
(9) Hoang Anh Gia Lai Sugar Cane Joint Stock Company	Gia Lai, Vietnam	Waiting for disposal	75.01
(10) Hoang Anh Attapeu Sugar Cane Co., Ltd.	Attapeu, Laos	Waiting for disposal	75.01
(11) Hoang Anh - Quang Minh Rubber Joint Stock Company	Gia Lai, Vietnam	Operating	73.35
(12) Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd.	Attapeu, Laos	Operating	73.35

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2016 and for the year then ended

B09-DN/HN

## 1. THE COMPANY (continued)

Name of subsidiaries	Location	Status of operation	% holding
<b>Agriculture plantation sector (continued)</b>			
(13) Hoang Anh Dak Lak Joint Stock Company	Dak Lak, Vietnam	Operating	74.67
(14) Ban Me Rubber Joint Stock Company	Dak Lak, Vietnam	Pre-operating	74.61
(15) Hoang Anh Attapeu Agriculture Development Co., Ltd. (“HAA”)	Attapeu, Laos	Operating	75.02
(16) Hoang Anh An Dong Meas One Member Co., Ltd.	Rattanakiri, Campuchia	Operating	73.35
(17) Hoang Anh Oyadav Co., Ltd.	Rattanakiri, Campuchia	Pre-operating	75.02
(18) Heng Brothers Co., Ltd.	Rattanakiri, Campuchia	Pre-operating	75.02
(19) CRD Co., Ltd.	Rattanakiri, Campuchia	Pre-operating	75.02
(20) Hoang Anh Rattanakiri Co., Ltd.	Rattanakiri, Campuchia	Pre-operating	75.02
(21) Highland Dairy Cattle Joint Stock Company	Gia Lai, Vietnam	Operating	74.27
(22) An Dong Mia JSC	Gia Lai, Vietnam	Operating	53.60
(23) Hoang Anh Lum Phat Co., Ltd.	Rattanakiri, Campuchia	Pre-operating	53.60
(24) Dong Penh JSC	Gia Lai, Vietnam	Operating	74.80
(25) Daun Penh Agrico Co., Ltd.	Rattanakiri, Campuchia	Pre-operating	74.80
(26) Indochina Rubber Investment and Development Co., Ltd.	Ho Chi Minh City, Vietnam	Operating	75.02
(27) Eastern Europe Rubber Investment Co., Ltd.	Ho Chi Minh City, Vietnam	Operating	75.02
(28) Eastern Rubber (Cambodia) Co., Ltd.	Kratie, Campuchia	Pre-operating	75.02
(29) Binh Phuoc Kratie Rubber 2 Co., Ltd.	Kratie, Campuchia	Pre-operating	75.02
(30) Sovann Vuthy Co., Ltd.	Kratie, Campuchia	Pre-operating	75.02
(31) Trung Nguyen Rubber JSC	Gia Lai, Vietnam	Operating	74.96



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**1. THE COMPANY** (continued)

<i>Name of subsidiaries</i>	<i>Location</i>	<i>Status of operation</i>	<i>% holding</i>
<b>Mining sector</b>			
(32) Hoang Anh Gia Lai Mineral One member Co., Ltd.	Gia Lai, Vietnam	Discontinued operation	99.40
(33) Hoang Anh Gia Lai - Kon Tum Mineral One member Co., Ltd.	Kontum, Vietnam	Discontinued operation	99.40
(34) Hoang Anh Xekong Mineral Co., Ltd.	Attapeu, Laos	Discontinued operation	99.40
<b>Construction, trading and services sector</b>			
(35) Hoang Anh Gia Lai Sport Joint Stock Company	Gia Lai, Vietnam	Operating	69.85
(36) Hoang Anh Gia Lai Hospital Joint Stock Company	Gia Lai, Vietnam	Operating	99.00
(37) V&H Corporation (Lao) Co., Ltd.	Vientiane, Laos	Pre-operating	80.00
(38) V&H Corporation Co., Ltd.	Vientiane, Laos	Pre-operating	100.00
(39) Hoang Anh Gia Lai Vientiane Co., Ltd.	Vientiane, Laos	Pre-operating	100.00
(40) Hoang Anh Gia Lai Real Estate and Hotel Management Joint Stock Company	Da Nang, Vietnam	Operating	94.50

- (i) The Group has more than 50% voting rights in this company.
- (ii) Hoang Anh Gia Lai Agricultural Joint Stock Company was offcically listed and traded on Ho Chi Minh Stock Exchange with stock symbol of HNG on 20 July 2015.

Pre-operating status means the subsidiaries are still under investment stage and have not yet started their commercial operations as at 31 December 2016.

The current principal activities of the Group are breeding and trading dairy cows and cows for meat; developing and operating rubber, sugarcane, oil palm and other tree plantations; manufacturing and trading cattle foods, fertilizers; warehouse services, processing of agricultural products and services; developing apartments, trade centres for sale and lease; construction; developing and operating hydropower plants; 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 2016 was 4,529 (31 December 2015: 4,198).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**2. BASIS OF PREPARATION**

**2.1 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.

**2.2 Applied accounting documentation system**

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

**2.3 Fiscal year**

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

**2.4 Accounting currency**

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



2. BASIS OF PREPARATION (continued)

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2016.

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.

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. When the Group loses its control over the subsidiaries but the transfer process of its ownership has not been completed as at reporting date, the Group incorporates the financial statements of subsidiaries as at and up to the date of the Group's loss of control into the Group's consolidated financial statements for the reporting period.

Except for subsidiaries acquired under common control which are accounted for under the pooling of interests method (*Note 3.12*), 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 Cash

Cash comprises cash on hand and cash in banks.

3.2 Receivables

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

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

3.3 Inventories

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

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

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

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

*Apartments for sale*

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

Cost includes:

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

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

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

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



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2016 and for the year then ended

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

**3.4 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

**3.5 Intangible fixed assets**

Intangible fixed assets are stated at cost less accumulated amortisation.

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

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

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

*Land use rights*

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

*Computer software*

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.6 Depreciation**

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

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

Land use right with indefinite useful life is not amortised.

The Group estimated to start harvesting the rubber and oil palm plantations after seven (7) years and four and a half (4.5) years of development, respectively, since their being planted. Thus, the plantations would be transferred to tangible fixed assets from construction in progress and start being depreciated after that time.

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/QĐ-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:

<i>Year</i>	<i>Rate (%)</i>
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
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

**3.7 Investment properties**

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

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



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

**3.7 Investment properties** (continued)

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

Buildings	25 - 30 years
Commercial center	50 years
Office for rent	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 year of retirement or disposal.

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

**3.8 Construction in progress**

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

*Plantation costs*

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

*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.

*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. land area of 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. As at 31 December 2016, some parts of the project including Myanmar Commercial Center and Office area - Phase I of the project came into official operation.

*Hydro power 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.9 Leased assets**

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

*Where the Group is the lessee*

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

*Where the Group is the lessor*

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

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

**3.10 Borrowing costs**

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

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

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

**3.11 Prepaid expenses**

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

- ▶ Prepaid land and office rentals are amortised over the lease year;
- ▶ 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 recognised in the consolidated income statement;
- ▶ Sugarcane, corn, grass and fruit 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 year, 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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.12 Business combinations and goodwill**

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

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

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

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

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2016 and for the year then ended

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

**3.13 Investments**

*Investments in associates*

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

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

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

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

*Investments in other entities*

Investments in other entities are stated at their acquisition costs.

*Provision for investments*

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

**3.14 Payables and accruals**

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

**3.15 Accrual for severance pay**

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2016 and for the year then ended

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

#### 3.16 Profit (loss) earnings per share

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

Diluted earnings per share amounts are calculated by dividing the net profit/ (loss) after tax attributable to ordinary equity holders of the Group (after appropriation to bonus and welfare fund (if any) and adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the 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.

#### 3.17 Foreign currency transactions

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

- Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the transaction of commercial banks designated for payment;
- Capital contributions are recorded at the buying exchange rates of the 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 actual transaction exchange rates at the balance sheet date which are determined as follows:

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

#### 3.18 Treasury shares

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

#### 3.19 Appropriation of net profit

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

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

##### ► Investment and development fund

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

##### ► Welfare fund

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

#### 3.20 Revenue recognition

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

##### Sale of goods

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

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 and is stated net of discounts, allowances and non-refundable taxes.



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

**3.20 Revenue recognition** (continued)

*Construction contract*

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

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

*Interest*

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

*Rental income*

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

*Dividend income*

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

*Income from disposal of investments*

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

**3.21 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)

**3.21 Taxation** (continued)

*Deferred tax*

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

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

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

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

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

The carrying amount of deferred income tax assets is reviewed at each 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 income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the 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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.22 Convertible bonds**

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

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

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

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

**3.23 Provision**

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

**3.24 Related parties**

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

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

**3.25 Segment information**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**4. SIGNIFICANT EVENTS DURING THE YEAR**

**4.1 Capital restructuring**

During the year, as also presented at Note 25, the Group has completed its debts restructuring plan with the creditors comprising Vietnam Joint Stock Commercial Bank for Investment and Development; Ho Chi Minh City Development Joint Stock Commercial Bank; Vietnam Prosperity Joint Stock Commercial Bank; Saigon Thuong Tin Commercial Joint Stock Bank; Tien Phong Commercial Joint Stock Bank; Viet Capital Joint Stock Commercial Bank; Laos Viet Joint Venture Bank; Viet Golden Farm Joint Stock Company. The restructuring involved extending the original maturities of principal of loans and bonds from 4 to 10 more years, extending maturities of interest expense payables from 1 to 3 more years, and reducing interest rates and penalty.

**4.2 Acquisition of Indochina Rubber Investment and Development Company Limited and its subsidiaries.**

On 22 February 2016, HNG acquired 100% equity interest in Indochina Rubber Investment and Development Co., Ltd. ("Indochina Rubber") from An Thinh Investment Rubber Co., Ltd. and Cuong Thinh Rubber Co., Ltd. in accordance with the related Share Capital Transferring Contracts, for considerations of VND'000 880,000,000 and VND'000 770,000,000, respectively. Accordingly, Indochina Rubber became the Group's subsidiary since this date.

Indochina Rubber is a limited liability company with two or more members incorporated under the Law on Enterprise of Vietnam pursuant to BRC No 0311181334 do issued by the Department of Planning and Investment of Ho Chi Minh City on 23 September 2011. The Company's head office is located at 11D Phan Ke Binh Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam.

As at the acquisition date, Indochina Rubber has the following subsidiaries:

<i>Name of subsidiaries</i>	<i>Location</i>	<i>Activity business</i>	<i>Status of operation</i>	<i>Date of establishment or acquisition</i>	<i>% holding</i>
(1) Eastern Europe Rubber Investment Co., Ltd.	Ho Chi Minh City, Vietnam	Plant Rubber	Pre-operating	27 June 2014	100%
(2) Eastern Rubber (Cambodia) Co., Ltd.	Kratie, Campuchia	Plant Rubber	Pre-operating	8 August 2011	100%
(3) Sovann Vuthy Co., Ltd.	Kratie, Campuchia	Plant Rubber	Pre-operating	14 October 2011	100%
(4) Binh Phuoc Kratie 2 Co., Ltd .	Kratie, Campuchia	Plant Rubber	Pre-operating	17 January 2013	100%

The current principal activities of Indochina Rubber and its subsidiaries ("Indochina Rubber Group") is the planting and pampering rubber plantations in Cambodia.

As at 31 December 2016, the Group is in process of completion its valuation relating to Indochina Rubber Group's identifiable assets, payables and other contingent liabilities as at the date of acquisition. Therefore, the Group applied provisional fair value method to account for the transaction.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 4. SIGNIFICANT EVENTS DURING THE YEAR (continued)

#### 4.2 Acquisition of Indochina Rubber Investment and Development Company Limited and its subsidiaries (continued)

The provisional fair value of the identifiable assets and liabilities of Indochina Rubber Group is as below:

VND'000

	Provisional fair value recognised on acquisition
<b>Assets</b>	
Cash and cash equivalent	684,785,662
Short-term investment	276,612,284
Short-term other receivables	32,460,055
Fixed assets	2,839,163
Construction in progress (Rubber plantations)	1,680,586,665
<b>Liabilities</b>	
Other short-term payables	(203,027,005)
Short-term loan	(488,455,486)
Long-term loan	(504,688,437)
<b>Total net assets</b>	<b>1,481,112,901</b>
Non-controlling interests	34,888,585
Goodwill arising on acquisition	133,998,514
<b>Purchase Consideration</b>	<b>1,650,000,000</b>

#### 4.3 Additional issuance and disposal of part of interests in Hoang Anh Gia Lai Agricultural Joint Stock Company

On 22 February 2016, Hoang Anh Gia Lai Agricultural Joint Stock Company ("HNG"), the Group's subsidiary, completed the issuance of 59,000,000 shares to non-controlling interests at the price of VND 28,000/share (i.e. par value of VND 10,000/share), in accordance with the Resolution of Shareholder No. 0610/15/NQDHCD-HAGL dated 6 October 2015 and the related Resolutions of Board of Directors. This transaction reduced the Group's ownership in HNG from 85.95% to 79.34% as at this date.

In March 2016, the Group disposed 22,648,360 HNG shares then accordingly reduced the Group's ownership in HNG from 79.34% to 75.61% as at 31 December 2016.

#### 4.4 Additional issuance of Hoang Anh Construction and Housing Development Joint Stock Company's new shares

On 3 May 2016, General Shareholder Meeting of Hoang Anh Construction and Housing Development Joint Stock Company ("HAN"), the Group's subsidiary, approved the plan to issue 56,000,000 new shares to shareholders in accordance with the Resolution of approved the GSM No. 27/NQDHCD.16. This transaction was completed on 11 May 2016 with 56,000,000 shares issued to Transport and Industry Development Investment Joint Stock Company.

This transaction reduced the Group's ownership in HAN from 85.75% to 68.90% as at this date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 4. SIGNIFICANT EVENTS DURING THE YEAR (continued)

#### 4.5 Share repurchase and cancellation of Hoang Anh Gia Lai Hydropower Joint Stock Company ("DHA")

On 28 September 2016, DHA, the Group's subsidiary, has repurchased its shares of 10,000,000 shares, equivalent to 3.85% ownership from an individual - Mr. Nguyen Van Hung, for a total amount of VND'000 313,000,000 as the company's treasury shares and then cancelled lateron. Accordingly, DHA's share capital decreased VND'000 313,000,000.

This transaction increased the Group's ownership in DHA from 95.58% to 99.40% as at this date.

#### 4.6 Acquisition of Trung Nguyen Rubber Joint Stock Company

On 9 December 2016, the Company's subsidiary, HNG completed the acquisition of 81,937,178 shares, equivalent to 99.9% equity interest in Trung Nguyen Rubber Joint Stock Company ("CSTN"), from a related party being CSTN's shareholder at the total consideration of VND'000 3,277,737,120 (Note 36). Accordingly, CSTN became the subsidiary of the Group.

CSTN is a shareholding company incorporated under the Law on Enterprise of Vietnam in accordance with the Business Registration Certificate No. 5900189156 issued by the Department of Planning and Investment of Gia Lai on 18 February 2008. The current principal activities of CSTN are developing and operating rubber and fruit plantations; and livestock.

As at 31 December 2016, the Group was still in process to determine fair value of the assets, liabilities, and contingent liabilities of CSTN on acquisition date. Accordingly, the Group applied provisional fair value method for consolidation purpose of this company. The provisional fair values of identifiable assets and liabilities of CSTN at the acquisition date were as follows:

VND'000

	Provisional fair value recognised on acquisition
<b>Assets</b>	
Cash	150,156,944
Other short-term receivables	1,836,627,939
Inventories	251,734,900
Short-term prepaid expenses	8,053,791
Construction in progress (Rubber and fruit)	988,522,788
Fixed assets	127,142,696
<b>Liabilities</b>	
Loans	(654,841,526)
Other short-term payables	(2,096,952,050)
<b>Total identifiable net assets</b>	<b>610,445,482</b>
Non-controlling interests	665,784,954
Goodwill arising from acquisition	2,001,506,684
<b>Purchase consideration</b>	<b>3,277,737,120</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 4. SIGNIFICANT EVENTS DURING THE YEAR (continued)

#### 4.7 Transfer shares in Hoang Anh Gia Lai Sugar Cane Joint Stock Company and Hoang Anh Attapeu Sugar Cane Co., Ltd.

The Group transferred the key management positions of Hoang Anh Gia Lai Sugar Cane Joint Stock Company and Hoang Anh Attapeu Sugar Cane Company Limited (“Group of Sugar cane Companies”) together with the operational right of the sugarcane mill, sugarcane plantations and other related assets in Laos to another third party since 31 August 2016. As at the date of these consolidated financial statements, the involved parties are still in the process of carrying out necessary legal procedures of this arrangement. However, the Group’s management confirmed that it has ceased all control over the Group of Sugar cane Companies after 31 August 2016. Accordingly, the Group’s management has included the balance sheet as at 31 August 2016 and income statement and cash flow statement for the 8-month period then ended of the Group of Sugar cane Companies into the Group’s consolidated financial statements for the year ended 31 December 2016.

The consolidated balance sheet and the consolidated income statement of the Group of Sugar cane Companies for the period from 1 January 2016 to 31 August 2016 are included to the Group’s consolidated financial statements as at 31 December 2016 and for the year then ended, as follows:

VND’000

<b>CONSOLIDATED BALANCE SHEET</b>		<b>As at 31 August 2016</b>
<b>Assets</b>		
Cash		8,420,846
Short-term assets		101,755
Inventories		371,383,029
Other short-term receivables		5,567,522
Prepaid expenses		279,113,465
Fixed assets		1,920,521,443
<b>Liabilities</b>		
Loan		(794,079,850)
Other short-term payables		(764,853,195)
<b>Total net assets</b>		<b>1,026,175,015</b>
Owners’ Equity		815,000,000
Foreign exchange differences		67,461,794
Undistributed earnings		143,713,221
<b>Total net assets</b>		<b>1,026,175,015</b>

<b>CONSOLIDATED INCOME STATEMENT</b>		<b>For the period from 1 January 2016 to 31 August 2016</b>
Revenue from sale of goods		700,511,814
Cost of goods sold		(529,149,304)
Gross profit from sale of goods		171,362,510
Finance expenses		(145,174,439)
General and administrative expenses and other expense		(21,359,825)
Accounting profit before tax		4,828,246
<b>Net profit after tax</b>		<b>4,828,246</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2016 and for the year then ended

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### 5. CASH

VND’000

	<b>Ending balance</b>	<b>Beginning balance</b>
Cash on hand	23,866,437	54,242,848
Cash in banks (*)	767,341,856	801,473,847
Cash in transit	-	112,250,000
<b>TOTAL</b>	<b>791,208,293</b>	<b>967,966,695</b>

(\*) Portions of the Group’s cash in banks of VND’000 77,802,463 were pledged as securities for the bank loans of the Group (Note 25.4) (31 December 2015: VND’000 29,850,088).

### 6. SHORT-TERM TRADE RECEIVABLES

VND’000

	<b>Ending balance</b>	<b>Beginning balance</b>
Receivables from sales of goods and rendering of services	816,345,701	341,776,177
Receivables from construction services	821,662,397	850,175,129
<i>In which:</i>		
Receivable from Laos Government for construction of Attapeu and Nong Khang Airports	727,713,177	730,579,743
Other customers	93,949,220	119,595,386
Receivables from disposal of investments	-	309,841,300
Receivables from disposal of assets and investment properties	116,853,085	76,548,668
Receivables from sale of apartments	17,792,679	28,768,815
<b>TOTAL</b>	<b>1,772,653,862</b>	<b>1,607,110,089</b>
<i>In which:</i>		
Other parties	1,306,664,665	1,324,091,905
Related parties (Note 36)	465,989,197	283,018,184

Details of movements of provision for doubtful receivables:

VND’000

	<b>Current year</b>	<b>Previous year</b>
Beginning balance	10,089,849	3,369,230
Provision created during the year	25,671,473	6,720,619
Reversal of provision during the year	(7,436,802)	-
<b>Ending balance</b>	<b>28,324,520</b>	<b>10,089,849</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 7. SHORT-TERM ADVANCE TO SUPPLIERS

VND'000

	Ending balance	Beginning balance
Advances to suppliers for purchase of goods and services	1,084,871,410	755,208,152
Advances to contractors for construction of apartments and purchasing of machineries and equipment	226,917,728	585,491,717
<i>In which:</i>		
<i>HongKong Tongguing International Trading Limited</i>	-	244,247,966
<i>Dairy Vietnam Co., Ltd.</i>	26,295,632	-
<i>Others</i>	200,622,096	341,243,751
Advances to subcontractors for construction of airport projects	3,214,912	320,383,086
Advances for land acquisition	1,834,466	-
<b>TOTAL</b>	<b>1,316,838,516</b>	<b>1,661,082,955</b>
<i>In which:</i>		
<i>Related parties (Note 36)</i>	731,281,859	489,232,072
<i>Other parties</i>	585,556,657	1,171,850,883

### 8. LOAN RECEIVABLES

VND'000

	Ending balance	Beginning balance
Short-term		
Short-term loans to related parties (Note 36) (i)	1,976,619,350	3,581,551,780
Short-term loans to other parties (ii)	57,737,906	118,436,342
	<b>2,034,357,256</b>	<b>3,699,988,122</b>
Long-term		
Long-term loans to related parties (Note 36) (i)	4,975,852,142	5,050,459,374
Long-term loans to others parties (ii)	571,518,003	843,568,572
Long-term loans to Laos Government - Attapeu Airport project (iii)	170,000,598	167,980,345
	<b>5,717,370,743</b>	<b>6,062,008,291</b>
<b>TOTAL</b>	<b>7,751,727,999</b>	<b>9,761,996,413</b>

- (i) These loans are unsecured, having repayment terms from 2017 to 2020 and bearing interest rates from 6% to 15% per annum.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2016 and for the year then ended

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### 8. LOAN RECEIVABLES (continued)

- (ii) These short-term and long-term loans are unsecured to other companies which have repayments terms ranging from January 2017 to September 2021 and bearing interest rates from 10% to 15.1% per annum, details are as follows:

VND'000

	Ending balance	Beginning balance
Thanh Binh Construction Investment Consultant Co., Ltd.	212,033,194	145,403,194
Samaki Agricultural Development Co., Ltd.	135,441,322	57,628,773
Quang Trung Electric Co., Ltd.	110,000,000	62,945,000
Other	171,781,393	696,027,947
<b>TOTAL</b>	<b>629,255,909</b>	<b>962,004,914</b>

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

	Ending balance	Beginning balance
Beginning balance (USD)	7,482,421	21,900,188
Addition	-	2,000,000
Decrease	-	(16,417,767)
<b>Ending balance (USD)</b>	<b>7,482,421</b>	<b>7,482,421</b>
<b>Ending balance (VND'000)</b>	<b>170,000,598</b>	<b>167,980,345</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**9. OTHER RECEIVABLES**

VND'000

	Ending balance	Beginning balance
<b>Short-term</b>	<b>1,672,681,113</b>	<b>1,511,776,819</b>
Interest from loans to other companies	1,243,347,511	896,888,290
Advances to employees	51,578,038	216,180,954
Short-term deposits	44,289,460	1,144,114
Interest from loans to employees	19,076,113	24,799,150
Others	314,389,991	372,764,311
<i>In which:</i>		
<i>Related parties (Note 36)</i>	1,381,308,662	991,000,699
<i>Other parties</i>	291,372,451	520,776,120
<b>Long-term</b>	<b>633,288,523</b>	<b>79,895,279</b>
Borrowing from other companies	397,983,108	-
Receivable from business cooperation contracts (*)	132,347,166	-
Interest from loans to companies	81,356,191	23,349,092
Long-term deposits	20,931,632	18,174,130
Others	670,426	38,372,057
<i>In which:</i>		
<i>Related parties (Note 36)</i>	588,990,280	-
<i>Other parties</i>	44,298,243	79,895,279
<b>TOTAL</b>	<b>2,305,969,636</b>	<b>1,591,672,098</b>

(\*) This represents BCC with Gia Lai Live Stock Joint Stock Company regarding cattle project and BCC with Power Construction Installation Co., Ltd. regarding fruit plantations.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**10. INVENTORIES**

VND'000

	Ending balance	Beginning balance
Work in process	1,403,667,094	2,428,332,779
<i>Of which from:</i>		
<i>Construction contracts</i>	601,329,775	516,598,857
<i>Beef cattle breeding (i)</i>	419,894,535	1,389,087,259
<i>Manufacturing activities</i>	381,653,599	521,785,649
<i>Services rendered</i>	789,185	861,014
Apartments available for sales (ii)	134,333,625	644,705,652
Raw materials	160,086,800	470,738,184
Tools and supplies	70,023,675	17,666,745
Finished goods	29,303,407	38,557,275
Construction materials	15,206,574	41,367,158
Merchandise goods	9,533,507	10,267,024
<b>TOTAL</b>	<b>1,822,154,682</b>	<b>3,651,634,817</b>
Provision for obsolete inventories	(32,688,105)	(5,182,807)
<b>NET</b>	<b>1,789,466,577</b>	<b>3,646,452,010</b>

(i) Beef cattle breeding cost amounting to VND'000 363,165,199 have been mortgaged to secure the Group's outstanding loans (Note 25).

(ii) Included in apartments available for sales at Bau Thac Gian project, there was some apartments valued of VND'000 35,976,301 and HAG-BIDV apartments owned by Hoang Anh Dak Lak JSC valued of VND'000 85,207,487 have been mortgaged to secure the Group's outstanding loans (Note 25).



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11. TANGIBLE FIXED ASSETS

	Buildings, structures	Machinery and equipment	Means of transportations	Office equipment	Livestock and perennial tress	Other assets	Total
VND'000							
<b>Cost</b>							
Beginning 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
Increases	1,385,831,507	399,016,524	838,802,168	427,498	1,141,113,289	5,670,836	3,770,861,822
Transfer from construction in progress	1,246,653,866	346,028,989	691,260,000	-	775,786,194	864,581	3,060,593,630
New purchases	117,672,423	42,042,608	120,655,921	316,450	321,859,777	4,862,728	607,409,907
Acquisition of subsidiary	25,988,803	2,021,522	56,974,590	107,770	71,217,751	-	156,310,436
Foreign exchange difference	(4,483,585)	8,923,405	(30,088,343)	3,278	(27,750,433)	(56,473)	(53,452,151)
Decreases	(64,488,033)	(58,997,360)	(94,439,890)	(668,631)	(576,661,868)	(15,313,305)	(810,569,087)
Disposals	(64,076,595)	(16,504,865)	(85,995,350)	(668,631)	(576,661,868)	(15,313,305)	(759,220,614)
Disposals of subsidiary	(411,438)	(42,492,495)	(8,444,540)	-	-	-	(51,348,473)
Ending balance	3,349,189,153	2,061,117,896	1,998,347,450	8,231,054	2,610,345,363	49,584,035	10,076,814,951
<b>Accumulated depreciation</b>							
Beginning balance	(252,300,871)	(346,413,427)	(217,479,551)	(5,016,403)	(102,967,326)	(15,566,219)	(939,743,797)
Increases	(134,861,312)	(130,502,471)	(139,575,551)	(992,084)	(162,266,923)	(5,671,949)	(573,870,290)
Depreciation for the year	(132,291,081)	(130,631,131)	(130,862,985)	(914,036)	(168,651,116)	(5,715,250)	(569,065,599)
Acquisition of subsidiary	(9,018,726)	(964,918)	(11,715,083)	(74,570)	(4,515,051)	-	(26,288,348)
Foreign exchange differences	6,448,495	1,093,578	3,002,517	(3,478)	10,899,244	43,301	21,483,657
Decreases	24,017,812	38,837,047	19,250,207	623,012	18,137,468	926,787	101,792,333
Disposals	23,674,949	6,760,085	14,512,656	623,012	18,137,468	926,787	64,634,957
Disposals of subsidiary	342,863	32,076,962	4,737,551	-	-	-	37,157,376
Ending balance	(363,144,371)	(438,078,851)	(337,804,895)	(5,385,475)	(247,096,781)	(20,311,381)	(1,411,821,754)
<b>Net carrying amount</b>							
Beginning 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
Ending balance	2,986,044,782	1,623,039,045	1,660,542,555	2,845,579	2,363,248,582	29,272,654	8,664,993,197
In which:							
Pledged/mortgaged as loan's security (Note 25)	2,986,044,782	1,623,039,045	1,660,542,555	-	2,363,248,582	-	8,632,874,964
Fully depreciated	7,281,034	11,635,053	20,643,098	1,736,435	-	1,500,217	42,795,837

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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12. INTANGIBLE FIXED ASSETS

	Land use rights (*)	Computer software	Total
VND'000			
<b>Cost</b>			
Beginning balance (previously presented)	12,295,495	134,285,181	146,580,676
Beginning balance (As restated – Note 40)	1,271,049,771	134,285,181	1,405,334,952
Foreign exchange differences	24,204,895	-	24,204,895
Ending balance	1,295,254,666	134,285,181	1,429,539,847
<b>Accumulated amortisation</b>			
Beginning balance	(417,086)	(35,199,852)	(35,616,938)
Amortisation for the year	(25,048,580)	(16,772,829)	(41,821,409)
Ending balance	(25,465,666)	(51,972,681)	(77,438,347)
<b>Net carrying amount</b>			
Beginning balance (previously presented)	11,878,409	99,085,329	110,963,738
Beginning balance (As restated – Note 40)	1,270,632,685	99,085,329	1,369,718,014
Ending balance	1,269,789,000	82,312,500	1,352,101,500
In which:			
Pledged/mortgaged as loans' security (Note 25)	1,269,789,000	82,312,500	1,352,101,500
Fully depreciated	-	294,964	294,964

(\*) Land use rights includes prepaid land use right premium of Hoang Anh Gia Lai Myanmar Centre project amounting to VND'000 1,211,604,074.



## VND'000

(\*) This amount represents the offices for lease and commercial center of Myanmar Centre project - Phase 1 which were completed and put in use during the year.

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

The fair value of the investment properties was not formally assessed and determined as at 31 December 2016. However, given the present high occupancy rate and the market value of these properties, it is management's assessment that these properties' market values are much higher than their carrying value as at the balance sheet date.

## VND'000

Rubber, oil palm, 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 25*).

## 15. CAPITALISED BORROWING COSTS

During the year, the Group has capitalised borrowing costs amounting to VND'000 929,048,293 (for the year ended 31 December 2015: VND'000 1,143,044,636). These are costs incurred on the bank loans and bonds used to finance the construction and development of fixed assets, hydro power plants, rubber and oil palm plantations, cattle projects, apartment and other projects.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 16. INVESTMENTS IN ASSOCIATES

Name of associates	Business activity	Ending balance		Beginning balance	
		Interest	Carrying value	Interest	Carrying value
		%	VND'000	%	VND'000
Gia Lai Livestock Joint Stock Company ("CNGL") (i)	Livestock	23.46	599,017,484	-	-
Bidiphar Rubber Joint Stock Company	Rubber plantation	49.14	259,139,025	47.80	244,809,722
East Asia Investment and Construction Consultant Joint Stock Company	Design and consultancy	25.00	7,609,521	25.00	7,489,918
<b>TOTAL</b>			<b>865,766,030</b>		<b>252,299,640</b>

- (i) On 10 August 2016, a subsidiary of the Group, Highland Dairy Cattle Joint Stock Company has acquired more 14,850,000 CNGL shares, equivalent to 18.56% ownership in CNGL from An Phu Real Estate Investment Joint Stock Company, a related party, at consideration of VND'000 550,000,000 and then increase the ownership in CNGL to 23.46% and became an associate of the Group at that date.

Gia Lai Livestock Joint Stock Company, a company in Vietnam, designed as a shareholding company incorporated under the Law on Enterprise of Vietnam in accordance with the Business Registration Certificate No. 5900988952 issued by the Department of Planning and Investment of Gia Lai on 3 June 2014. The current principal activities of CNGL are breeding and trading dairy cows, beef cattle and fruit plantation.

Details of carrying value of the investment in associates on 31 December 2016 were as follows:

	VND'000
	Amount
<b>Cost of investment</b>	
Beginning balance	254,797,803
Increase	601,756,108
Ending balance	856,553,911
<b>Accumulated share in post-acquisition (loss) profit</b>	
Beginning balance	(2,498,163)
Unrealized profit	(5,070,461)
Share of profit from associates for the year	16,780,743
Ending balance	9,212,119
<b>Net carrying amount</b>	
Beginning balance	252,299,640
Ending balance	865,766,030

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2016 and for the year then ended

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### 17. INVESTMENTS IN OTHER ENTITIES

	Ending balance		Beginning balance	
	Interest	Carrying value	Interest	Carrying value
	%	VND'000	%	VND'000
Thanh Nien Media Joint Stock Company	2.00	6,200,000	2.00	6,200,000
Gia Lai Livestock Joint Stock Company	-	-	4.90	39,200,000
Hoang Anh Gia Lai Wooden Furniture Joint Stock Company (i)	-	-	19.26	24,636,246
Others	-	5,901,903	-	5,901,903
<b>TOTAL</b>		<b>12,101,903</b>		<b>75,938,149</b>

- (i) On 2 May 2016, the Group disposed all of its equity interest in Hoang Anh Wood, the Group's subsidiary, to Ms. Nguyen Thi Nga, a related party, for total consideration of VND'000 24,636,250. On 30 June 2016, the Group has received the full amount of the proceeds from this transaction.

### 18. LONG-TERM PREPAID EXPENSES

	VND'000	
	Ending balance	Beginning balance
Sugarcane plantations	618,978,018	658,413,797
Tools and supplies	380,772,736	134,418,866
Fruit plantations	186,650,601	-
Land reclamation and grass plantations	109,762,962	121,112,688
Land clearance	73,795,185	91,834,191
Training costs of HAGL - JMG	57,955,720	63,699,738
Office rental fee	25,358,651	26,054,715
Corn plantations	-	49,185,469
Others	43,902,008	11,795,634
<b>TOTAL</b>	<b>1,497,175,881</b>	<b>1,156,515,098</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2016 and for the year then ended

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**19. GOODWILL**

VND'000

	Amount
<b>Cost</b>	
Beginning balance <i>(Previously presented)</i>	479,247,555
Beginning balance <i>(As restated)</i>	1,078,228,406
Increase from acquisition of subsidiary (i)	2,135,505,198
Decrease during the year	(17,592,789)
Ending balance	3,196,140,815
<b>Accumulated amortisation</b>	
Beginning balance	(4,737,360)
Amortisation for the year	(150,494,855)
Ending balance	(155,232,215)
<b>Net carrying amount</b>	
Beginning balance <i>(Previously presented)</i>	474,510,195
Beginning balance <i>(As restated – Note 40)</i>	1,073,491,046
Ending balance	3,040,908,600

- (i) Goodwill arising from the acquisition of Indochina Rubber Investment and Development Company Limited and its subsidiaries and Trung Nguyen Rubber *(Note 4)*.

**20. SHORT-TERM TRADE PAYABLES**

VND'000

	Ending balance	Beginning balance
Payables for purchases of land use rights at Hoang Anh Gia Lai Myanmar Centre project	451,447,328	490,407,288
Payables to construction contractors	446,817,869	300,130,687
Payables for purchases of goods and services	408,139,015	152,218,598
Payables for purchases of machineries, equipment and for development of plantations	5,256,463	114,681,513
Others	7,749,101	66,210,000
<b>TOTAL</b>	<b>1,319,409,776</b>	<b>1,123,648,086</b>
<i>In which:</i>		
<i>Other parties</i>	1,254,386,264	1,021,126,780
<i>Related parties (Note 36)</i>	65,023,512	102,521,306

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

VND'000

	Ending balance	Beginning balance
Advances from an investor (Chieun Sekong Group) for acquisition of a subsidiary <i>(Note 14)</i>	1,937,491,633	-
Advances from trade customers	883,696,039	796,834,695
<i>In which:</i>		
<i>Indochina Cows Joint Stock Company</i>	-	574,711,583
<i>Binh Ha Livestock JSC</i>	103,163,300	105,643,300
<i>Others</i>	780,532,739	116,479,812
Advances from customers for purchases of apartments (i)	531,096,293	374,145,290
Advances from construction services customers	193,716,544	267,453,816
<b>TOTAL</b>	<b>3,546,000,509</b>	<b>1,438,433,801</b>
<i>In which:</i>		
<i>Other parties</i>	3,327,865,405	1,186,629,294
<i>Related parties (Note 36)</i>	218,135,104	251,804,507

- (i) Advances received from customers for purchase of apartments at the Hoang Anh Gia Lai Myanmar Center Project.

**22. STATUTORY OBLIGATIONS**

VND'000

	Beginning balance	Increase in year	Decrease in year	Ending balance
<b>Receivables</b>				
Corporate income tax <i>(Note 35.1)</i>	1,519,411	-	-	1,519,411
Others	719,366	12,102,687	(3,282,293)	9,539,760
<b>TOTAL</b>	<b>2,238,777</b>	<b>12,102,687</b>	<b>(3,282,293)</b>	<b>11,059,171</b>
<b>Payables</b>				
Value-added tax	162,239,198	107,414,388	(168,013,814)	101,639,772
Corporate income tax <i>(Note 35.1)</i>	67,994,260	21,990,156	(25,424,754)	64,559,662
Personal income tax	6,582,518	11,285,867	(4,739,358)	13,129,027
Others	38,584,900	20,300,922	(42,465,887)	16,419,935
<b>TOTAL</b>	<b>275,400,876</b>	<b>160,991,333</b>	<b>(240,643,813)</b>	<b>195,748,396</b>

**23. SHORT-TERM ACCRUED EXPENSES**

VND'000

	Ending balance	Beginning balance
Interest expenses	720,378,010	789,498,692
Operating costs	71,098,565	19,889,639
Bond issuance cost	54,980,000	-
<b>TOTAL</b>	<b>846,456,575</b>	<b>809,388,331</b>



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

VND'000

	Ending balance	Beginning balance
<b>Short-term</b>	<b>1,535,617,649</b>	<b>1,217,547,588</b>
Borrowing from other entities	900,490,146	1,117,587,465
Interest expense payables	240,759,476	635,570
Payables to individuals	137,404,447	10,422,712
Payable for land leases	29,593,804	14,649,561
Payables for apartments maintenance fee	13,573,215	14,386,625
Others	213,796,561	59,865,655
<i>In which:</i>		
<i>Other parties</i>	1,095,847,319	1,085,376,643
<i>Related parties (Note 36)</i>	439,770,330	132,170,945
<b>Long-term</b>	<b>1,374,575,760</b>	<b>546,724,865</b>
Payables for business cooperation contract (“BCC”) (i)	550,000,000	-
Long-term deposits (ii)	225,056,393	155,032,207
Payable for land leases	202,945,354	185,951,658
Others	396,574,013	205,741,000
<i>In which:</i>		
<i>Other parties</i>	824,575,760	546,724,865
<i>Related parties (Note 36)</i>	550,000,000	-
<b>TOTAL</b>	<b>2,910,193,409</b>	<b>1,764,272,453</b>

- (i) BCC between Highland Dairy Cattle Joint Stock Company, a subsidiary, with An Tien Co., Ltd. (“An Tien”) for investment in beef cattle project, total amounting to VND'000 963,968,249 with duration of 5 years in accordance with BCC No. 01/2016/HDHT dated on 20 May 2016. Accordingly, An Tien will contribute VND 700 billion in the project. As 31 December 2016, An Tien contributed VND 550 billion. The BCC is not required to establish a new legal entity and the profits from the project would be shared based on the actual capital contribution of each parties.
- (ii) This amount mainly represented the long-term deposits received from customers for the rental of apartments, commercial centre and offices at Hoang Anh Gia Lai Myanmar Center Project.

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**25. LOANS**

	Beginning balance	Increase	Decrease	Ending balance
<b>Short-term</b>				
Convertible bonds (Note 25.1)	1,100,000,000	-	-	1,100,000,000
Short-term banks loans (Note 25.2)	3,199,546,106	4,157,837,407	(6,248,013,003)	1,109,370,510
Current portion of long-term banks loans (Note 25.4)	1,194,348,748	299,804,691	(646,130,588)	848,022,851
Other loans (Note 25.5)	-	193,145,986	(1,119,000)	192,026,986
Current portion of long-term bonds	2,803,860,293	300,000,000	(1,155,660,644)	1,948,199,649
<i>In which:</i>				
<i>Bonds with warrants (Note 25.7)</i>	300,000,000	-	(300,000,000)	-
<i>Exchangeable bonds (Note 25.6)</i>	1,130,000,000	-	-	1,130,000,000
<i>Domestic straight bonds (Note 25.3)</i>	1,373,860,293	300,000,000	(855,660,644)	818,199,649
	<b>8,297,755,147</b>	<b>4,950,788,084</b>	<b>(8,050,923,235)</b>	<b>5,197,619,996</b>
<b>Long-term</b>				
Domestic straight bonds (Note 25.3)	10,191,116,964	4,238,150,516	(2,918,851,306)	11,510,416,174
Long-term banks loans (Note 25.4)	8,551,446,715	3,283,965,793	(2,214,692,090)	9,620,720,418
Other loans (Note 25.5)	58,896,235	301,298,977	(47,108,260)	313,086,952
	<b>18,801,459,914</b>	<b>7,823,415,286</b>	<b>(5,180,651,656)</b>	<b>21,444,223,544</b>
<b>TOTAL</b>	<b>27,099,215,061</b>	<b>12,774,203,370</b>	<b>(13,231,574,891)</b>	<b>26,641,843,540</b>

During the year, the Group has completed the debts restructuring plan with its creditors, which involves the extension of the original maturities of principal of loans and bonds from 4 to 10 more years, extension of maturities of interest expense payables from 1 to 3 more years, and reduction of interest rates and penalty.



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

**25.1 Convertible bonds**

On 19 August 2010, the Board of Directors approved a detailed plan to execute the issuance of the convertible bonds amounting to VND 1,100 billion to Northbrooks Investment (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 share. On 26 March 2013, the Group and NIMP signed an amendment to the bond subscription agreement and pursuant to Resolution of General Assembly of shareholders No. 3107/15/NQDHDCCD-HAGL dated 31 July 2015, approval on amending terms and conditions of convertible bonds, as follows:

- ▶ Purpose: To finance the Group’s investment projects and its working capital requirements.
- ▶ Maturity: The maturity date is 31 August 2017.
- ▶ Conversion Price subject to anti-diluted adjustment.
- ▶ 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) issuance of new shares below the current market price per share and (vii) any other dilutive events.
- ▶ Right to request the Group to repurchase the bonds: During the time from 31 August 2013 to maturity date, holder of Convertible Bonds 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.
- ▶ Interest Rate: 3% p.a

As at 31 December 2016, the Group’s total debt per equity ratio exceeded required ratio stated in contract.

As at the date of these consolidated financial statements, the Group is in the process of dealing with its counterparty about the bond conversion plan.

**25.2 Short-term bank loans**

VND’000

	Ending balance	Beginning balance
Bank for Investment and Development of Vietnam (BIDV)	541,434,117	1,896,279,457
Laos Viet Joint Venture Bank (Laos - Viet Bank) - Attapeu Branch	350,471,619	853,351,981
Ho Chi Minh City Development Joint Stock Commercial Bank (“HD Bank”), Dong Nai Branch	193,307,774	449,914,668
Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank) - Cambodian Branch	24,157,000	-
<b>TOTAL</b>	<b>1,109,370,510</b>	<b>3,199,546,106</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; rubber and oil palm plantations; and other assets.

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

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**25. LOANS** (continued)

**25.2 Short-term banks loans** (continued)

Details of short-term banks loans are as follows:

Bank	Ending balance	Original amount	Principal and interest repayment term	Interest rate	Collateral (Notes 5, 10, 11, 12, 13 and 14)
	VND’000	VND’000			USD
BIDV, Gia Lai Branch					
Loan 1	504,124,600	504,124,600	From 1 May 2017 to 8 July 2017	6.5 - 9%/p.a	Assets arising from loans (dairy cow project) at Chuprong, Gia Lai owned by Highland Dairy Cattle JSC
Loan 2	37,309,517	37,309,517	From 2 May 2017 to 27 September 2017	8.64 - 10.2%/p.a	Assets of HAGL Hospital include land use rights, building and structure, and related assets amounting to VND 257 billion; machinery and equipment amounting to VND 50.7 billion
<b>TOTAL</b>	<b>541,434,117</b>				



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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25. LOANS (continued)

25.2 Short-term banks loans (continued)

Name of banks	Ending balance VND'000	Original amount VND'000	USD	Term and maturity date	Interest rate	Collateral (Notes 5, 10, 12,13,14 and 15)
Laos - Viet Bank - Attapeu Branch						
Loan 1 (presented by Group of Sugarcane Companies as at 31 August 2016)	216,919,925	-	9,686,243	From 8 December 2016 to 24 June 2017	8%/p.a	Sugar severing machine value at LAK 5,136 billion owned by Hoang Anh Attapeu Sugar Cane Co., Ltd, a subsidiary; land use right and related assets of 18,813 m² at Samakhixay District , Attapeu Province, Laos with the value at LAK 46,122 billion owned by Hoang Anh Attapeu Agriculture Development Co., Ltd. ("HAA")
Loan 2	133,551,694	-	5,982,684	From 28 March 2017 to 7 September 2017	8%/p.a	Three land use rights total 1,001.78 ha at Laman, Xekong, Laos; all related assets and imported cows for project breeding cattle, owned by Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd.
<b>TOTAL</b>	<b>350,471,619</b>					
HDBank – Gia Lai Branch	192,510,774	192,510,774	-	From 18 January 2017 to 15 May 2017	10.5%/p.a	Assets formed from the loan, cows and calf of project cattle breeding owned by Trung Nguyen Rubber JSC ("CSTN")
HDBank – Dak Lak Branch	797,000	797,000	-	From 28 February 2017 to 26 April 2017	10.5%/p.a	Assets formed from the loan, cows and calf of project cattle breeding owned by Hoang Anh Dak Lak JSC
<b>TOTAL</b>	<b>193,307,774</b>					
Sacombank, Cambodia Branch	24,157,000	-	1,000,000	30 June 2017	9%/p.a	Land use rights at Talao commune, District Ouchum, Province Ratanakiri and Nhang commune, District Andong Meas, Province Ratanakiri owned by Hoang Anh Oyada Joint Stock Company

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25. LOANS (continued)

25.3 Domestic straight bonds

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

Arrangement organizations	Date of issuance	Ending balance		Beginning balance
		Amount VND'000	Maturity date	Amount VND'000
ACB Securities Limited Company ("ACBS")	25 April 2012	820,108,381	From 27 April 2017 to 18 June 2023	1,760,450,342
	30 December 2016	240,000,000	From 30 June 2018 to 30 December 2020	-
BIDV and BIDV Securities Company ("BSC")	30 December 2016	6,546,000,000	30 December 2026	-
	From 9 July 2013 to 17 August 2015	-	-	5,950,000,000
Phu Gia Securities Joint Stock Company ("PHUGIASC")	31 December 2016	930,000,000	31 December 2023	-
	1 April 2014	-		650,000,000
Vietnam Prosperity Bank Securities Company Limited ("VPBS")	28 November 2014	1,000,000,000	28 December 2021	1,000,000,000
	29 December 2016	183,000,000	29 December 2020	-
FPT Securities JSC ("FPTS") and Vietnam Prosperity Bank JSC ("VPB")	27 August 2015	600,000,000	From 27 December 2021	600,000,000
Euro Capital Security ("ECS")	17 November 2015	1,700,000,000	From 17 December 2018 to 17 December 2021	1,700,000,000
IB Securities Joint Stock Company ("IBSC") and VPB	27 December 2016	431,000,000	27 December 2020	-
Bonds issuance cost		(121,492,558)		(95,473,085)
<b>TOTAL</b>		<b>12,328,615,823</b>		<b>11,564,977,257</b>
In which:				
Non-current portion of bonds		11,510,416,174		10,191,116,964
Current portion of bond		818,199,649		1,373,860,293



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25. LOANS (continued)  
25.3 Domestic straight bonds (continued)

Arrangement organizations	Owner	Amount VND'000	Interest rate	Maturity date	Purpose	Description of collateral
ACBS	Viet Capital Commercial Joint Stock Bank	240,000,000	The first year of 10%, the second year the interest rate will be equal to the average interest rate of 13 months corporate savings in VND plus the margin of 3.5%/p.a (2016: 10%/p.a)	From 30 December 2018 to 30 December 2020	To finance the Group's investment projects including the project of planting 10,000 ha of new rubber trees (Rattanakiri Province, Cambodia); projects of sugarcane, thermal power, ethanol and microbial fertilizer plants in Attapeu, Lao People's Democratic Republic ("Laos"); Nam Kong 2 hydropower project, 66 MW capacity (Attapeu Province, Laos) and to restructure the Group's existing debts	12,960,000 HAG shares owned by the Chairman; 13,405,675 HNG share owned by the Company; 45,230,000 Gia Lai Livestock JSC owned by An Phu Real Estate Investment Joint Stock Company
	North Asia Commercial Joint - Stock Bank (*) Hoang Phu Son	520,000,000 108,381	Average interest rate of company savings deposit in VND with the term of thirteen (13) months announced plus margin of 6.5% p.a (2016: 10 - 13.8%/p.a)	27 April 2017		76,521,000 HAG shares owned by the Chairman; 10,800,000 HNG shares owned by the Company
	Viet Golden Farm JSC	300,000,000	13 months deposit interest rate of Tien Phong bank plus margin of 4.5%/p.a (2016: 10%/p.a)	18 June 2023	To finance investment projects of the Group and to restructure existing debts of the Group	Properties formed from construction of Hoang Anh Gia Lai Myanmar Center project
In which:		1,060,108,381				
Current portion of bonds		518,199,647				

(\*) As at 31 December 2016 and the date of these consolidated financial statements, total value of collateral assets used to secure for the bonds was less than 130% value of the bonds as required per collateral contract.

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25. LOANS (continued)  
25.3 Domestic straight bonds (continued)

Arrangement organizations	Owner	Amount VND'000	Interest rate	Maturity date	Purpose	Description of collateral
BIDV and BSC	BIDV	6,546,000,000	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 3% per annum for subsequent periods (2016: 9.75%/p.a)	30 December 2026	To finance investment projects of the Group and to restructure existing debts of the Group	Land lease right and related assets, as follows: - 4,897.5 ha in Attapeu and Sekong Provinces, owned by Hoang Anh - Quang Minh Rubber Industrial; 51 ha in Attapeu, and 2,723.9 ha in Attapeu and Sekong owned by Hoang Anh Sugar Cane Attapeu Co., Ltd; 9,996.9 ha (rubber) in Attapeu; 5,588 ha (rubber) and 2,093.6 ha (paim oil) Attapeu owned by (15) Hoang Anh Attapeu Agriculture Development Co., Ltd. - 9,380.9 ha in Rattanakiri, Campuchia owned by Hoang Anh Andong Meas Co., Ltd; - 1,960.91 ha in Rattanakiri owned by Heng Brothers Co., Ltd; - 3,283.66 ha in Rattanakiri, owned by C.R.D All assets affixed to the land and all rights, interests and benefits associated with or arising from such assets related to the land; The right of ownership and compensation when insured events arise under insurance contracts for related assets as mentioned above; 44,926,000 HAG shares held by the Chairman



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2016 and for the year then ended

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25. LOANS (continued)

25.3 Domestic straight bonds (continued)

Arrangement organizations	Owner	Amount VND'000	Interest rate	Maturity date	Purpose	Description of collateral
PHUGIASC	HDBank - Dong Nai Branch	930,000,000	Adjust one every three month and cost of finance (COF) rate VND twelve (12) months announced by BIDV plus margin of 3.5%/p.a (2016: 10%/p.a)	31 December 2023	To finance investment projects of the Group and to restructure existing debts of the Group	74,070,455 HNG shares held by the Company; 10,800,000 HAG shares held by Chairman; 196,368,900 shares HAN held by the Company.
VPBS	VPB	1,000,000,000	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 and 3.25% per annum for subsequent interest periods (2016: 9.45 - 10.05%/p.a)	28 December 2021	To co-operate business to implement beef cattle and dairy cattle breeding project with Gia Lai Livestock Joint Stock Company (VND 600 billion) in Gia Lai Province and finance working capital of Company (VND 400 billion)	203,484,450 HNG shares held by the Company and 4,700,000 HAG shares held by the Chairman, 19,940,000 HNG shares at Daun Penh JSC and Daun Penh project with total area 73,760,785 m² at Rattarakiri Province owned by Daun Penh Agrico Co., Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2016 and for the year then ended

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25. LOANS (continued)

25.3 Domestic straight bonds (continued)

Arrangement organizations	Owner	Amount VND'000	Interest rate	Maturity date	Purpose	Description of collateral
IBSC	VPB	183,000,000	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 4% per annum	29 December 2020	To finance investment projects of the Group and to restructure existing debts of the Group	234,484,450 HNG shares owned by the Company; 7,376.08 ha of oil palm planted by Daun Penh Agrico Co., Ltd. in Chey Ou Dom Commune, Lumphat District, Ratanakiri Province, Cambodia and 4,700,000 HAG shares owned by Chairman
IBSC	VPB	431,000,000	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 4% per annum	27 December 2020	To finance investment projects of the Group and to restructure existing debts of the Group	234,484,450 HNG shares owned by the Company; 7,376.08 ha of oil palm planted by Daun Penh Agrico Co., Ltd. in Chey Ou Dom Commune, Lumphat District, Ratanakiri Province, Cambodia and 4,700,000 HAG shares owned by Chairman



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2016 and for the year then ended

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25. LOANS (continued)  
25.3 Domestic straight bonds (continued)

Arrangement organizations	Owner	Amount VND'000	Interest rate	Maturity date	Purpose	Description of collateral
FPTS and VPB	VPB	600,000,000	The interest rate of company savings deposit in VND with the term of twelve (12) months announced by VPB plus margin of 4.5%/p.a for (2016: 10.7 - 11.4%/p.a)	27 December 2021	To implement beef cattle breeding project with Highland Dairy Cattle JSC in Ia Bang, Chu Prong District, Gia Lai Province under business cooperation contract	196,368,900 shares of HAN, remaining assets after deleting mortgage by TPBank - Sacombank via guarantee contract No.178 and loan contract No.2000-LAV-201302293 dated 18 April 2013; assets formed from construction of the Myanmar Trade Zone belonged to Hoang Anh Gia Lai Myanmar Co., Ltd; 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 HNG shares held by the Company, 19,940,000 shares of HNG at Daun Penh Agrico JSC and Daun Penh project with total area 73,760,785 m² in Rattarakiri Province, Cambodia owned by Daun Penh Agrico Co., Ltd.
ECS (**)	VPB  National Citizen Bank	1,400,000,000  300,000,000	the interest rate of company savings deposit in VND with the term of twelve (12) months announced by VPB plus margin of 4.5% per annum (2016: 10.5 – 11.3%/p.a)	17 December 2021  17 December 2018	To restructure a part of matured bond - par value at VND 2,000 billion issued on December 2012; investment in the projects including rubber, oil palmand sugarcane plantations in Laos and Cambodia; and supporting the Group's working capital and investment in other projects	181,717,250 HNG shares held by the Company (in which, 31,000,000 HNG shares were used to secure the bonds with par value at VND 600 billion – HAGL 600 Bonds of the Company)

(\*\*) As at the date of these consolidated financial statements, the value of collateral assets was less than 200% the total par value of the bonds as required per collateral contract. However, for the bond owned by VPB, the revised maturity date after restructuring is 17 December 2021, thus this bond was still presented as long-term debt in the accompanying consolidated financial statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

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25. LOANS (continued)  
25.4 Long-term bank loans

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

VND'000		
Banks	Ending balance	Beginning balance
Tien Phong Commercial Joint Stock Bank (“TPbank”) (*)	2,962,524,517	3,155,600,000
Bank for Investment and Development of Vietnam (“BIDV”)	3,778,546,313	2,868,532,269
Laos Viet Joint Venture Bank - Attapeu Branch	1,391,677,219	1,397,191,001
Ho Chi Minh City Development Joint Stock Commercial Bank (“HDBank”)	1,341,912,616	937,322,850
Saigon Thuong Tin Commercial Joint Stock Bank (“Sacombank”)	994,082,604	1,208,568,105
Asia Commercial Joint Stock Bank (“ACB”) - Gia Lai Branch	-	178,581,238
<b>TOTAL</b>	<b>10,468,743,269</b>	<b>9,745,795,463</b>
In which:		
Non-current portion	9,620,720,418	8,551,446,715
Current portion of long-term bank loans	848,022,851	1,194,348,748

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

(\*) According to the amended agreement dated 30 September 2016, Tien Phong Commercial Joint Stock Bank takes over the role of Vietnam Export Import Commercial Joint Stock Bank in this loan agreement.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2016 and for the year then ended

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25. LOANS (continued)

25.4 Long-term bank loans (continued)

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

Name of banks	Ending balance	Original amount	Term and maturity date	Interest rate	Collateral (Notes 5, 10, 11,12, 13 and 14)
	VND'000	USD			
TPBank, Head Office	2,962,524,517	129,992,300	From 10 January 2017 to 17 June 2023	Three-month LIBOR rate in USD at the first drawdown date plus 7.8%/p.a and adjusted quarterly	Total value of future finished assets from the project “Hoang Anh Gia Lai Myanmar Commercial Centre project”, right to collect receivable and other assets owned by HAGL Myanmar Co., Ltd; 196,368,900 shares of HAN owned by the Company - the assets were also pledged as collateral for VND 930 billion bonds owned by HDBank, VND 600 billion bonds owned by VPB, VND 300 billion owned by Viet Golden Farm JSC (Note 25.3) and HDBank loans - Dong Nai Branch (Note 25.2)
	455,800,000				
In which:					
Current portion					
BIDV, Gia Lai Branch					
Loan 1	731,055,979	32,077,928	From 31 December 2017 to 31 December 2026	12-month savings deposit interest rate paid in arrears of BIDV in USD plus 4.7%/p.a (2016: 7%/p.a)	9,996.9 ha rubber plant and land use rights in Attapeu Province, Laos owned by HAA
Loan 2	80,054,1996	3,542,200	From 26 December 2016 to 26 September 2024	12-month savings deposit interest rate paid in arrears of BIDV in USD plus 5%/p.a (2016: 7%/p.a)	Head Office of HAGL at 15 Truong Chinh Street, Tra Ba Ward, Pleiku City, Gia Lai Province and HAGL Hotel at 1 Phu Dong, Pleiku City, Gia Lai Province

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2016 and for the year then ended

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25. LOANS (continued)

25.4 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)	Term and maturity date	Interest rate	Collateral (Notes 5, 10, 11, 12, 13 and 14)
BIDV, Gia Lai Branch (continued)				
Loan 3	225,859,830	From 4 May 2017 to 4 May 2022	12-month fund transfer pricing rate of BIDV plus 3.2%/p.a (2016: 9.5% - 11.5%/p.a)	Assets formed from the loans, project of beef cattle breeding in Gia Lai Province owned by Highland Cattle JSC
Loan 4	79,544,318	From 4 May 2017 to 4 May 2022	12-month fund transfer pricing rate of BIDV plus 3.2%/p.a (2016: 10.65% - 11.65%/p.a)	Assets formed from the loans, project of beef cattle breeding in Gia Lai Province owned by Highland Cattle JSC
Loan 5	65,968,272	From 5 December 2017 to 5 December 2022	12-month savings deposit interest rate plus 3% p.a. but not less than first interest rate, adjust for every 3 months (2016: 9.65%/p.a)	Assets formed from the loans, project of beef cattle breeding in lang Bang, Gia Lai Province owned by Highland Cattle JSC



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2016 and for the year then ended

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25. LOANS (continued)

25.4 Long-term bank loans (continued)

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

Name of Bank	Ending balance	Original amount	Term and maturity date	Interest rate	Collateral (Notes 5, 10, 11, 12, 13 and 14)
	VND'000	VND'000	USD		
BIDV, Gia Lai Branch (continued)					
Loan 6	761,457,207	473,876,601	From 13 March 2019 to 15 June 2020	USD: 4.55 -7%/p.a  VND: 8.9 -11%/p.a	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; cash in banks of VND'000 10,700,000 at BIDV (Note 5) and apartments and apartments in Bau Thac Gian, Da Nang City
Loan 7	600,569,351	474,725,354	From 2017 to 20 October 2020	5.05 - 10.5%/p.a	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 in Po to, Gia Lai Province owned by Trung Nguyen Rubber JSC; cash in banks of VND'000 14,703,000 at BIDV (Note 5)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2016 and for the year then ended

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25. LOANS (continued)

25.4 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, 11, 12, 13 and 14)
	VND'000	USD			
BIDV, Binh Dinh Branch					
Loan 1 (presented by Group of Sugar Companies as at 31 August 2016)	577,159,925	25,772,235	From 30 December 2016 to 21 April 2023	12 months savings deposit interest rate paid in arrears of BIDV in USD plus 3.5%/p.a (2016: 7%/p.a)	Land lease right and related assets 51 ha in Phou Yong District, Attapeu Province, Laos owned by Hoang Anh Attapeu Sugar Cane Co., Ltd.
Loan 2	656,877,232	29,436,736	From 25 March 2015 to 25 December 2022	12-month savings deposit interest paid in arrears of BIDV in USD plus 5% p.a (2016: 7.5%/p.a)	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; cash in banks of VND'000 52,399,463 at BIDV (Note 5); land use right 6,993.2 m² at Phu Dong Street, Pleiku City, Gia Lai Province owned by the Company; 117 apartments in HAGL-BIDV luxury building in Dak Lak Province owned by HAGL Dak Lak JSC; a part of 5,588 ha rubbers plantation and 2,093.6 ha oil palm plantation of land lease right and related assets in Attapeu Province, Laos owned by HAA
TOTAL BIDV	3,778,546,313				
In which:					
Current portion	338,652,495				



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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25. LOANS (continued)

25.4 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, 11, 12, 13 and 14)
	VND'000	USD			
Sacombank, Sai Gon Branch (*)	262,454,604	-	From 2021 to December 2026	1.125%/month for the first 3 months; then at the 13 months deposit rate plus 0.3333% per month, adjusted quarterly (2016: 11.55%/p.a)	23,200,000 HAG shares owned by the Chairman and 14.5 million shares of Hoang Anh Quang Minh JSC owned by HNG
Sacombank, Sai Gon Branch	300,000,000	-	28 December 2021	First 12 months: 10% p.a; From 7th month deposit rate plus 13 months deposit rate + 2.5% p.a adjusted every 3 months (2016: 10%/p.a)	The rubber plantations have been established on land in Ea H'leo Commune, Ea H'leo District, Dak Lak Province, owned by Hoang Anh Dak Lak Joint Stock Company. 18,570 shares of HAG are owned by the Chairman, 14,500,000 shares of HNG are owned by HAGL Hydropower Joint Stock Company, 4,999,000 shares of Hoang Anh Quang Minh Rubber Joint Stock Company are owned of HNG

(\*) As at 31 December 2016 and the date of these consolidated financial statements, total value of collaterals are less than 100% amount of outstanding loans balance as regulated in loans contracts and collateral contract. However, the maturity of the loan has been approved for extension up to December 2026, thus this is still presented as long-term debt in the accompanying consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2016 and for the year then ended

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25. LOANS (continued)

25.4 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, 11, 12, 13 and 14)
	VND'000	USD			
Sacombank, Thu Duc Branch					
Loan 1	250,000,000	-	From 29 May 2017 to 29 May 2019	Floating rate (2016: 10%/p.a)	1,328.1 ha rubber plantation owned by Trung Nguyen Rubber JSC; 1 red cover 479.2 ha in EaH'leo, district EaH'leo 95,840 billion VND owned by Hoang Anh Dak Lak Joint Stock Company, a subsidiary and 1 red cover EaH'leo 683.33ha, district EAH' 97,760 billion VND owned by Rubber Ban Me JSC
Loan 2	85,000,000	-	11 October 2021	9.5%/p.a	The entire rubber plantation, construction associated with the land, mining rights and other assets with a total area of 13,281,000 m² are owned by the CSTN
Sacombank, Cambodia Branch	96,628,000	4,000,000	From 23 June 2018 to 23 June 2021	9%/p.a	Land use right at Talao Commune, Ouchum District, Ratanakiri Province and Xa Nhang Commune, Andong Meas District, Ratanakiri Province owned by Hoang Anh Oyadav JSC
Total Sacombank	994,082,604				
In which: Current portion	25,000,000				



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2016 and for the year then ended

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25. LOANS (continued)  
25.4 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, 11,12, 13 and 14)	
	VND'000	USD	LAK'000			
Laos – Viet Bank, Attapeu Branch						
Loan 1	369,671,109	-	135,908,495	From 25 March 2018 to 25 December 2026	12 months individuals deposit rate at LVB plus margin interest, adjusted twice a year (2016: 12 – 12.75%(p.a)	Assets of Nam Kong 3 hydropower project owned by Nam Kong 3 Power Co., Ltd.
Loan 2	423,798,509	18,991,745	-	From 25 November 2018 to 25 August 2022	12 months individuals deposit rate at LVB plus margin interest, adjusted twice a year (2016: 8 – 9.5%(p.a)	Entire imported cows of HA Attapeu
Loan 3	277,751,463	7,649,850	39,355,143	From 21 June 2018 to 21 March 2023	For USD loans: interest rate of medium loan at LBV for adjusted twice a year. For LAK loans: saving deposits rate with the term of 13 months plus 3% p.a, adjusted twice a year (2016: 9.5% -11%(p.a for USD, 12.75% – 13.75%(p.a for LAK)	Land lease rights and related assets of 5,588 ha rubber plantation and 2,093.6 ha oil palm plantation in Attapeu, Laos owned by HA Attapeu

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2016 and for the year then ended

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25. LOANS (continued)  
25.4 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, 11,12, 13 and 14)
	VND'000	VND'000`	USD		
Laos – Viet Bank, Attapeu Branch (continued)					
Loan 4	223,844,283	-	From 25 January 2019 to 25 October 2022	9.5%/p.a	03 land use right of land lot 1,001.78 ha located at Laman, Xekong, Lao are owned by Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd. All assets on land are construction works, machinery and equipment for the project of raising cattle worth 11,372,722 USD; entire imported cows with total value of 26,460,000 USD
Loan 5 (*)	96,611,855	-	From 25 February 2017 to 30 November 2020	9.5% - 10.5%/p.a	All construction instruments, materials and machinery for the construction projects of oil palm processing plant owned by HAA
<b>Total Laos – Viet bank</b>	<b>1,391,677,219</b>				
In which:					
Current portion	24,177,754				

(\*) As at 31 December 2016 and the date of these consolidated financial statements, the Group has not yet made a payment of VND'000 12,095,535 for due loans.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

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25. LOANS (continued)  
25.4 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, 11,12, 13 and 14)	
	VND'000	VND'000	USD			
HDBank – Dong Nai Branch	879,445,535	450,000,000	18,827,073	From 25 June 2020 to 31 December 2023	For USD loan: Cost of fund (COF) USD + 7%/p.a. For VND loan: equal to COF cost + 3.5%/p.a (2016: 10.5 - 12%/p.a for VND and 7 - 7.5%/p.a for USD)	42,880,000 HAG shares held by Chairman and Hoang Thi Ngoc Bich; land lease rights and related assets, exploited rights in Hoang Anh Lumphat project owned by Hoang Anh Lumphat JSC, 6 million shares of An Dong Mia Joint Stock Company (“ADM”) owned by BSTN; 100,000 shares of ADM owned by Gia Lai Livestock Joint Stock Company
HD Bank - Gia Lai Branch	299,706,456	299,706,456	-	From 2017 to 30 August 2020	10 - 11%/p.a	All shares in Hoang Anh Construction and Development House (“HAN”) owned by the Company
HDBank – Gia Lai Branch	99,800,000	99,800,000	-	From 30 September 2019 to 30 September 2021	12.5%/p.a for the first year, adjusted every year.	All fruit tree and exploitation right in the future of fruit plantation project and its income. HAG and HNG shares
HDBank – Dak Lak Branch	62,960,625	62,960,625	-	From 26 December 2017 to 2 December 2020	10.5 – 11.25%/p.a	Assets formed from the loan, cows and calf of project cattle breeding owned Hoang Anh DakLak JSC
<b>TOTAL HD bank</b>	<b>1,341,912,616</b>					
In which:						
Current portion	4,392,602					

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

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25. LOANS (continued)  
25.5 Other loans

The terms and conditions and collateral of loans payable to individuals and companies are as follows:

Name	Ending balance	Original amount	Term and maturity date	Interest rate	Description of collateral
	VND'000	LAK'000	VND'000		
<b>Other short-term loans</b>					
Mr. Do Mai Anh Tuan	75,524,199	27,766,249	-	9 months from 1 December 2015	Nil
Nhat Hoa Real Estate Joint Stock Company	47,322,487	-	47,322,487	6 months from 23 November 2016	Unsecured
Ms. Tran Thi Huu Duyen	24,581,000	-	24,581,000	27 August 2016	Unsecured
Canh Hung Dai Thanh Joint Stock Company	18,000,000	-	18,000,000	26 October 2016	Unsecured
Other parties (*)	26,599,300	-	26,599,300	From 3 March 2016 to 8 June 2017	Unsecured
<b>Total other short-term loans</b>	<b>192,026,986</b>				
In which::					
Loans from related parties (Note 36)	7,823,000				
<b>Other long-term loans</b>					
Gia Lai Livestock Joint Stock Company	298,000,000	-	298,000,000	28 September 2018	Unsecured
Other parties	15,086,952	-	15,086,952	On demand	Unsecured
<b>Total other long-term loans</b>	<b>313,086,952</b>				
In which:					
Loans from related parties (Note 36)	298,000,000				

(\*) As at 31 December 2016 and the date of consolidated financial statement, the Group has not yet made payment for matured loans amounting to VND'000 52,409,300.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2016 and for the year then ended

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**25. LOANS** (continued)

**25.6 Exchangeable bonds**

Detail of exchangeable bonds are as follows:

Owner	Amount VND'000	Interest rate	Maturity Date	Purpose	Description of collateral
Northbrooks Investment (Maritius) Pte. Ltd.	697,000,000	Interest rate = 5%/p.a x (1+ Change in Exchange Rate) “Exchange Rate Exchanges” means the official exchange rate change between USD and VND issued by HSBC from the date of issuance of the Bonds by two working days to the date of payment of interest	14 July 2017	to finance the Group’s investment projects and its working capital requirements of HNG	Unsecured
Saigon Fund Management Joint Stock Company	433,000,000				
	<b>1,130,000,000</b>				

Exchange: The Bondholder has the rights to exchange the Bonds in whole or in part into a number of shares of Hoang Anh Gia Lai Agricultural Joint Stock Company (formally Hoang Anh Gia Lai Rubber Joint Stock Company) owned 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.

As at 31 December 2016, the ratio to net debt on earning before tax, interest and depreciation (“EBITDA”) exceeded the ratio as required per collateral contract.

As at the date of these consolidated financial statements, the Group is in the process of dealing with its counterparties on the possible solutions including cash settlement or exchange of this bond.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2016 and for the year then ended

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**25. LOANS** (continued)

**25.7 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. HNG repurchased 17,000 shares with face value 1,700 billion VND 17 November 2015 and 3,000 remaining shares with face value is 300 billion VND on 18 May 2016.

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 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 23 June 2015, in accordance with an agreement between ECS - owner of 20,000 warrants and the Company, the exercisable period is extended for two (2) years. Accordingly, the exercisable period of the warrants is increased from four (4) years to six (6) years from the date of issuance of the warrant, it means 5 December 2018.

**26. PROVISION FOR LONG-TERM PAYABLE**

Long-term provision payables mainly represent the provision for foreign contractor tax expense in relation to the loans among subsidiaries in the Group which are operating outside of Vietnam.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 27. OWNERS' EQUITY

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

	Share capital	Share premium	Treasury shares	Foreign exchange difference	Investment and development fund	Undistributed earnings	Total
	VND'000						
<b>Previous year</b>							
Beginning balance	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 for the Board, Board of Supervisors and the Secretary	-	-	-	-	-	(737,400)	(737,400)
Appropriation for finance provision and welfare fund	-	-	-	-	30,139,020	(48,249,432)	(18,110,412)
Equity transactions inside Group with non-controlling interests 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>555,077,253</b>	<b>279,895,303</b>	<b>2,023,903,249</b>	<b>14,296,947,419</b>
<b>Current year</b>							
Beginning balance	7,899,679,470	3,539,078,784	(686,640)	555,077,253	279,895,303	2,023,903,249	14,296,947,419
Net losses for the year	-	-	-	-	-	(1,136,650,486)	(1,136,650,486)
Foreign exchange differences	-	-	-	95,062,106	-	-	95,062,106
Equity transactions inside Group with non-controlling interests in subsidiaries without changing control	-	-	-	-	-	503,902,364	503,902,364
<b>Ending balance</b>	<b>7,899,679,470</b>	<b>3,539,078,784</b>	<b>(686,640)</b>	<b>650,139,359</b>	<b>279,895,303</b>	<b>1,391,155,127</b>	<b>13,759,261,403</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 27. OWNERS' EQUITY (continued)

#### 27.2 Shares

	Ending balance	Beginning balance
Shares authorised to be issued	789,967,947	789,967,947
Shares issued and fully paid		
<i>Ordinary shares</i>	789,967,947	789,967,947
Outstanding shares		
<i>Ordinary shares</i>	789,899,283	789,899,283
Treasury shares		
<i>Ordinary shares</i>	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 without restriction.

### 28. NON-CONTROLLING INTERESTS

VND'000

	Current year	Previous year
<b>Beginning balance</b> <i>(Previously presented)</i>	<b>1,968,772,863</b>	<b>1,149,582,771</b>
<b>Beginning balance</b> <i>(As restated - Note 40)</i>	<b>1,758,600,771</b>	<b>1,149,582,771</b>
Acquisition of the subsidiaries	(700,673,539)	254,895,298
(Loss) profit during the year	(366,136,192)	100,017,738
Disposal of subsidiaries	(5,021,563)	(8,652,537)
Dividends paid	(825,000)	(602,955)
New shares issued by subsidiaries, transfer of existing shares of the subsidiaries	2,204,568,542	263,360,456
<b>Ending balance</b>	<b>2,890,513,019</b>	<b>1,758,600,771</b>



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**29. (LOSSES) PROFIT EARNINGS PER SHARE**

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

	Current year	Previous year
Net (losses) profit attributable to ordinary shareholders of the Company (VND'000)	(1,136,650,486)	502,343,207
Appropriation of welfare fund (VND'000)	-	(18,110,412)
Net interest after tax on convertible bonds charged to the consolidated income statement (VND'000)	19,428,440	47,883,010
<b>Net (losses) profit attributable to ordinary shareholders of the Company adjusted for the effect of dilution (VND'000)</b>	<b>(1,117,222,046)</b>	<b>532,115,805</b>
Weighted average number of ordinary shares during the year for basic earnings per share	789,899,283	789,899,283
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>845,893,175</b>
<b>(Losses) earnings per share (VND)</b>		
- Basic (losses) earnings per share	(1,439)	613
- Diluted (losses) earnings per shares	(1,439)	613

(\*) As disclosed in Note 25.1 of consolidated financial statement, on 31 August 2010, the Company issued VND 1,100 billion convertible bonds with a fair value of 1,000,000 VND per bond. The bonds may result in dilutive earnings per share in the future. However, for the years ended 31 December 2015 and 31 December 2016, the earning per share was undiluted.

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**30. REVENUES**

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

VND'000

	Current year	Previous year
<b>Gross revenue</b>	<b>6,441,028,981</b>	<b>6,252,482,061</b>
<i>Of which:</i>		
Sale of cows	3,466,253,714	2,541,497,017
Sale of goods	689,004,439	614,231,760
Sale of sugar	468,841,325	871,366,579
Rendering of rental services	460,341,756	13,787,888
Transfer of real estate project	419,000,000	-
Rendering of other services	328,474,397	238,787,287
Sale of apartments	206,880,422	198,041,907
Sale of corn	135,764,750	323,258,716
Sale of rubber latex	114,025,799	196,279,407
Sale from construction contracts	87,964,779	1,040,289,682
Sale from disposal of investment properties	64,477,600	214,941,818
<b>Less</b>	<b>(1,249,713)</b>	<b>(35,528)</b>
Sales returns	(1,249,713)	(35,528)
<b>Net revenue</b>	<b>6,439,779,268</b>	<b>6,252,446,533</b>
<i>Of which:</i>		
Sale of cows	3,465,004,001	2,541,497,017
Sale of goods	689,004,439	614,196,232
Sale of sugar	468,841,325	871,366,579
Rendering of rental services	460,341,756	13,787,888
Transfer of real estate project	419,000,000	-
Rendering of other services	328,474,397	238,787,287
Sale of apartments	206,880,422	198,041,907
Sale of corn	135,764,750	323,258,716
Sale of rubber latex	114,025,799	196,279,407
Sale from construction contracts	87,964,779	1,040,289,682
Sale from disposals of investment properties	64,477,600	214,941,818
<i>Of which:</i>		
Other parties	5,665,031,413	5,126,980,699
Related parties	774,747,855	1,125,465,834



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**30. REVENUES** (continued)

**30.2 Finance income**

VND'000

	Current year	Previous year
Interest income from loans to other parties	883,197,510	774,082,821
Foreign exchange gains	47,349,975	230,702,842
Interest income from bank deposits	14,660,435	18,714,532
Gain on disposal of equity and other investments	2,595,452	29,925,898
Dividend income	112,725	230,425
<b>TOTAL</b>	<b>947,916,097</b>	<b>1,053,656,518</b>
<i>Of which:</i>		
Interest income from loans to related parties	822,222,870	682,194,159

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

VND'000

	Current year	Previous year
Cost of cows	3,025,303,851	1,798,098,921
Cost of goods sold	644,204,460	518,873,603
Cost of transfer of real estate project	328,544,677	-
Cost of sugar	326,964,951	501,695,563
Cost of rental service	151,360,667	8,716,248
Cost of other services rendered	310,246,492	191,055,334
Cost of apartments	184,114,451	161,652,655
Cost of corn	66,657,192	127,610,998
Cost of rubber latex	142,773,735	191,251,156
Cost of construction contracts	185,600,840	799,970,554
Cost of investment properties	64,867,426	99,095,539
<b>TOTAL</b>	<b>5,430,638,742</b>	<b>4,398,020,571</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**32. FINANCE EXPENSES**

VND'000

	Current year	Previous year
Interest expense on bank loans and bonds	1,579,381,993	1,078,711,240
Foreign exchange losses	49,982,904	97,354,796
Losses from transfer of shares and disposal of investments	-	20,857,250
Others	45,154,929	6,744,321
<b>TOTAL</b>	<b>1,674,519,826</b>	<b>1,203,667,607</b>

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

VND'000

	Current year	Previous year
<b>Selling expense</b>		
Expense of external services	128,056,997	67,390,726
Labour costs	20,749,208	2,725,126
Depreciation and Amortization	1,573,818	1,119,391
Others	18,774,392	40,003,817
<b>TOTAL</b>	<b>169,154,415</b>	<b>111,239,060</b>
<b>General and administrative expenses</b>		
Labour costs	163,448,955	101,193,708
Allocation of goodwill	150,494,855	29,056,524
Expense of external services	67,467,085	114,216,174
Depreciation	36,803,117	27,836,710
Others	83,350,178	78,068,626
<b>TOTAL</b>	<b>501,564,190</b>	<b>350,371,742</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**34. OTHER INCOME AND EXPENSES**

VND'000

	Current year	Previous year
<b>Other income</b>	<b>176,199,117</b>	<b>180,631,718</b>
Profit from disposal of assets	162,033,597	161,694,345
The compensation received	-	2,672,268
Others	14,165,520	16,265,105
<b>Other expenses</b>	<b>(1,206,015,281)</b>	<b>(615,325,413)</b>
Loss from revaluation of non-performing assets	(523,453,281)	(544,622,373)
Loss from disposal of other long-term assets	(402,427,821)	-
Costs arising from change in purpose of using of assets	(207,046,655)	-
Depreciation of idle assets	(25,629,519)	(1,581,124)
Penalty expense	(11,525,716)	(11,281,615)
Others	(35,932,289)	(57,840,301)
<b>OTHER LOSS</b>	<b>(1,029,816,164)</b>	<b>(434,693,695)</b>

**35. CORPORATE INCOME TAX**

The Company and its subsidiaries located in Vietnam have the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits (2015: 22%).

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

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

**35.1 Current income tax**

VND'000

	Current year	Previous year
Current CIT	10,311,463	153,548,976
Deferred tax expense	86,187,524	50,302,292
<b>TOTAL</b>	<b>96,498,987</b>	<b>203,851,268</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**35. CORPORATE INCOME TAX** (continued)

**35.1 Current income tax** (continued)

A reconciliation between the profit/ (loss) before tax and taxable profit/ (loss) is presented below:

VND'000

	Current year	Previous year
<b>Accounting (losses) profit before tax</b>	<b>(1,406,287,691)</b>	<b>806,212,213</b>
<b>Adjustments to increase (decrease) accounting profit</b>		
<i>Adjustments to increase</i>		
Losses of subsidiaries	1,724,866,566	393,289,083
Allocation of goodwill	150,494,855	29,056,524
Movement of intra-group unrealised profit	44,218,911	241,817,159
Change in accruals	22,000,000	96,333,509
Penalty expense	20,886,781	8,878,441
Expenses without adequate supporting documents	12,810,335	55,649,676
Profit (loss) from disposal of subsidiary	2,724,776	(29,925,898)
Others	19,321,536	5,216,413
<i>Adjustments to decrease</i>		
Deductible interest expenses at entities level but capitalised on consolidated financial statements	(89,797,577)	(182,693,504)
Provision for investments in subsidiaries	(193,300,955)	-
Profit from activities which are tax exempted	(148,789,308)	(728,821,481)
Unrealised exchange differences	30,902,557	(16,665,539)
(Profit) loss from associates	(11,710,281)	1,898,163
Accrued expenses of the previous year are deducted this year	(1,010,629)	(2,499,412)
Dividend income	(112,725)	(230,425)
Others	(8,711,778)	(3,349,750)
<b>Adjusted net profit before loss carried forward</b>	<b>168,505,373</b>	<b>674,165,172</b>
Tax loss carried forward	(17,821,889)	(14,063,566)
<b>Estimated current taxable profit</b>	<b>150,683,484</b>	<b>660,101,606</b>
<b>Estimated current CIT</b>	<b>10,928,559</b>	<b>145,222,353</b>
Adjustments for (over) under accrual of CIT from previous years	(617,096)	8,326,623
<b>Estimated current CIT expense for the year</b>	<b>10,311,463</b>	<b>153,548,976</b>
CIT payable at beginning of year	66,474,849	14,193,628
Increase from acquisition of subsidiaries	11,678,693	8,331,737
CIT paid during the year	(25,424,754)	(109,599,492)
<b>CIT payable at end of year</b>	<b>63,040,251</b>	<b>66,474,849</b>
<i>In which:</i>		
CIT payables (Note 22)	64,559,662	67,994,260
CIT over payment (Note 22)	(1,519,411)	(1,519,411)



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**35. CORPORATE INCOME TAX** (continued)

**35.2 Current tax**

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

**35.3 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 (As restated – Note 40)	Current year	Previous year
<b>Deferred tax assets</b>				
Unrealised profit eliminated in consolidation	91,119,227	82,941,387	8,177,840	44,905,635
Subsidiaries' tax losses carried forward	-	-	-	(110,825,458)
	<b>91,119,227</b>	<b>82,941,387</b>	<b>8,177,840</b>	<b>(65,919,823)</b>
<b>Deferred tax liabilities</b>				
Interest expense capitalised in consolidation	248,544,686	189,506,405	59,038,281	(18,950,639)
Provision for investments in subsidiaries	38,660,191	-	38,660,191	-
Foreign exchange differences	-	3,333,108	(3,333,108)	3,333,108
	<b>287,204,877</b>	<b>192,839,513</b>	<b>94,365,364</b>	<b>(15,617,531)</b>
<b>Deferred tax expense</b>			<b>86,187,524</b>	<b>50,302,292</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**36. 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
Ms. Nguyen Thi Ngoc Trang	Related party	Purchase of CSTN shares	3,277,487,120	-
Gia Lai Livestock JSC	Associate	Lending	-	1,719,085,398
		Sales of goods and rendering of services	598,278,514	1,111,024,040
		Purchase goods and services	177,804,404	1,148,449,076
		Collection of loan	-	512,697,837
		Purchase fixed assets	88,105,382	305,043,871
		Interest income	216,854,465	154,943,197
An Phu Real Estate Investment JSC ("An Phu")	Related company	Interest income	347,028,384	374,596,730
		Purchase of CNGL shares	550,000,000	-
		Collection of loans	-	739,740,000
		Lending	-	965,478,783
Mr. Doan Nguyen Duc	Chairman	Interest income	81,762,040	14,548,178
		Lending	-	697,320,000
Minh Tuan Trading and Services Co., Ltd.	Related company	Lending	-	54,140,386
		Interest income	7,913,439	2,492,768
		Sales of goods and rendering of services	771,957	-
Hoang Anh Gia Lai Wooden Furniture JSC	Related company	Lending	-	42,869,945
		Interest income	16,222,042	-
		Sales of goods and rendering of services	903,707	-
Phu Hoang Anh JSC	Related company	Interest income	30,469,444	28,743,750
Huynh De Construction Corporation	Related company	Interest income	2,106,001	-



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36. TRANSACTIONS WITH RELATED PARTIES (continued)

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

VND'000

Related parties	Relationship	Transactions	Current year	Previous year
Ms. Nguyen Thi Nga	Related party	Shares transfer	24,636,250	-
		Interest income	839,583	-
Hoang Tho Co., Ltd.	Related company	Interest income	15,119,538	1,585,248
		Lending	-	72,533,690
Dai Thang Agricultural Development Co., Ltd.	Related company	Sales of goods and rendering of services	59,194,401	-
		Transfer project	173,143,070	-
		Purchase goods and services	38,785,483	-

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36. 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	Associate	Sales of goods and rendering of services	339,172,635	275,845,734
		Sales of fixed assets	383,279	383,279
Hoang Anh Me Kong JSC	Related company	Rendering of services	2,041,135	1,813,211
Minh Tuan Trading and Services Co., Ltd.	Related company	Rendering of services	49,843	1,452,577
An Phu Real Estate Investment JSC	Related company	Rendering of services	97,427	1,302,577
East Asia Investment and Construction Consultant JSC	Associate	Rendering of services	1,967,402	915,102
Huynh De Construction Corporation	Related company	Rendering of services	849,306	250,570
Trung Nguyen Rubber 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	2,093,959	873,319
Truc Thinh Trading and Services Co., Ltd.	Related company	Sales of goods and rendering of services	-	63,690
Dai Thang Agricultural Development Co., Ltd.	Related company	Sales of fixed assets	90,147,433	-
		Sales of goods and rendering of services	27,712,129	-
Others	Related company	Sales of goods and rendering of services	1,474,649	-
<b>TOTAL</b>			<b>465,989,197</b>	<b>283,018,184</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**36. 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 advances to suppliers</b> (Note 7)				
Gia Lai Livestock JSC	Associate	Advances for purchasing goods and services	702,918,509	467,936,006
		Advances for acquiring fixed assets	-	4,000,000
East Asia Investment and Construction Consultant JSC	Associate	Advances for designation works	15,056,000	17,023,166
Hoang Tho Co., Ltd.	Related company	Advances for purchasing goods and services	13,034,450	-
Huynh De Construction Corporation	Related company	Advances for construction contracts	272,900	272,900
<b>TOTAL</b>			<b>731,281,859</b>	<b>489,232,072</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**36. 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	Interest	Ending balance	Beginning balance
		%/p.a		
<b>Short-term loan receivables</b> (Note 8)				
An Phu Real Estate Investment JSC (i)	Related company	(i)	726,516,211	2,860,085,936
Trung Nguyen Rubber JSC	Related company (previously)	11 – 13%	-	473,358,579
Mr. Nguyen Hoang Nguyen	Related party		-	92,867,100
Gia Lai Livestock JSC	Associate	10.8 – 11%	660,000,000	67,860,980
Mr. Phan Thanh Thu	Member of Board of Directors	11%	-	30,434,400
Huynh De Construction Corporation	Related company	7 – 13%	-	26,190,000
Mr. Do Thai Co	Related party	11%	-	16,157,837
Sai Gon Me Kong Corporation	Related company	7 – 11%	-	13,433,052
Mr. Doan Nguyen Duc	Chairman	11%	-	663,896
Hoang Anh Real Estate Administrative Services Corporation	Related company		500,000	500,000
Phu Hoang Anh JSC	Related company	10.5%	189,000,000	-
Van Phuc Hung Co., Ltd.	Related company		14,130,278	-
Minh Tuan Trading and Service Co., Ltd.	Related company	11.53 – 16.45%	54,140,387	-
Hoang Anh Attapeu Sugarcane Co., Ltd.	Related company		14,500,000	-
Truc Thinh Trading and Services Co., Ltd.	Related company		126,017,532	-
Hoang Tho Co., Ltd.	Related company		115,917,134	-
An Tien Co., Ltd.	Related company	6.5 - 12%	14,500,000	-
Thang Long Agriculture Development Co., Ltd.	Related company	12.5%	61,397,808	-
<b>TOTAL (*)</b>			<b>1,976,619,350</b>	<b>3,581,551,780</b>



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**36. 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</b> (Note 9)				
An Phu Real Estate Investment JSC	Related company	Interest income	925,412,956	596,353,404
Mr. Phan Thanh Thu	Member of Board of Directors	Business advances	1,600,000	138,499,307
Phu Hoang Anh JSC	Related company	Interest income	143,698,819	113,229,375
		Payment on behalf	2,440,389	2,440,389
Gia Lai Livestock JSC	Associate	Interest income	35,315,529	56,547,492
		Lending	3,759,760	-
		Other	20,976,758	85,229
Trung Nguyen Rubber JSC	Related company (previously)	Interest income	-	40,411,220
		Payment on behalf	-	914,514
Mr. Doan Nguyen Duc	Chairman	Interest income	3,894,640	14,548,178
		Payment on behalf	-	7,779,191
Hoang Anh Me Kong JSC	Related company	Payment on behalf	12,624,059	12,624,059
Minh Tuan Trading and Services Co., Ltd.	Related company	Interest income	10,406,208	2,492,768
		Payment on behalf	7,402,364	-
Huynh De Construction Corporation	Related company	Interest income	2,728,820	622,820
Hoang Anh Gia Lai Wooden Furniture JSC	Related company	Interest income	14,452,574	380,531
		Payment on behalf	2,530,531	-
Ms. Truong Thi Truc Thien Trang	Related party	Interest income	1,501,070	-
Ms. Nguyen Thi Nga	Related party	Interest income	2,329,167	-
Ms. Nguyen Thi Kim Loan	Related party	Interest income	2,329,167	-
Hoang Tho Co., Ltd.	Related company	Interest income	23,465,186	-
An Tien Co., Ltd.	Related company	Interest income	18,058,649	-
Dai Thang Agricultural Development Co., Ltd.	Related company	Lending	119,795,357	-
		Other	12,770,387	-
Dai Loc Hung Thinh Co., Ltd.	Related company	Interest income	13,122,719	-
Others	Related company	Lending & Interest income	693,553	4,072,222
<b>TOTAL</b>			<b>1,381,308,662</b>	<b>991,000,699</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**36. 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	Interest	Ending balance	Beginning balance
<b>Long-term loan receivables</b> (Note 8)				
Gia Lai Livestock JSC	Associate	6 – 9.75%	1,229,890,624	1,991,975,000
An Phu Real Estate Investment JSC	Related company	(i)	1,490,961,271	1,471,708,240
Mr. Doan Nguyen Duc	Chairman	(ii)	300,000,000	697,320,000
Ms. Nguyen Thi Kim Loan	Related party	6.5%	125,340,957	-
Ms. Nguyen Thi Nga	Related party	6.5%	150,000,000	-
Ms. Truong Thi Truc Thien Trang	Related party	6.5%	96,670,000	-
Mr. Huynh Huu Vu	Related party	11%	-	294,936,000
Phu Hoang Anh JSC	Related company	0 – 8%	45,615,335	221,000,000
Truc Thinh Trading and Services Co., Ltd.	Related company	10%	-	126,017,533
Hoang Anh Gia Lai Wooden Furniture JSC	Related company	12%	141,231,796	116,568,196
Hoang Tho Co., Ltd.	Related company		105,110,065	-
Dai Loc Hung Thinh Co., Ltd.	Related company		771,628,333	-
Saigon Mekong Investment JSC	Related company		381,703,227	-
Van Phuc Hung Co., Ltd.	Related company		30,048,554	-
Trung Nguyen Rubber JSC	Related company (previously)	11 – 13%	-	62,142,038
Minh Tuan Trading and Services Co., Ltd.	Related company	8 – 13%	-	54,140,387
An Tien Co., Ltd.	Related company	6.5 - 12%	93,000,000	-
Huynh De Construction Corporation	Related company	13.21 – 15.73%	14,651,980	14,651,980
<b>TOTAL (*)</b>			<b>4,975,852,142</b>	<b>5,050,459,374</b>

(\*) These short-term and long-term loans receivable from related parties have been approved by the shareholders at Annual General Meeting on 15 September 2016, in accordance with the 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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2016 and for the year then ended

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

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

(i) This represents unsecured loans which was used to finance An Phu's capital for acquisitions of the Group's real estate subsidiaries and real estate projects following the Group's restructuring. Details of loans receivables from An Phu are as follows:

Contract	31 December 2016	Maturity	Interest rate
	VND'000		% pa
Contract 1	446,516,211	17 July 2017	8%
Contract 2	280,000,000	8 August 2017	12%
Contract 3	620,961,271	8 September 2018	Nil
Contract 4	287,000,000	30 December 2021	10%
Contract 5	283,000,000	30 August 2020	6%
Contract 6	300,000,000	27 May 2018	11.5%
<b>TOTAL</b>	<b>2,217,477,482</b>		

As the date of these consolidated financial statements, the Group's receivables from An Phu Real Estate Investment JSC ("An Phu") and An Phu's related parties are guaranteed by the Chairman's - Mr. Doan Nguyen Duc's assets and other related companies' assets.

(ii) These loans granted to Mr Chairman, in accordance with loan contract No. 01/10/15HDV-HAGL dated 1 October 2015, mature in three years and bears an interest at 12% per annum (2015: 10% per annum).

Related parties	Relationship	Transactions	Ending balance	Beginning balance
<i>VND'000</i>				
<b>Other long-term receivables (Note 9)</b>				
Gia Lai Livestock Joint Stock Company	Associate	Interest income	60,368,691	-
		Business Cooperation Contract	109,650,981	-
An Phu Real Estate Investment Joint Stock Company	Related company	Interest income	20,987,500	-
Dai Thang Agricultural Development Co., Ltd.	Related company	Loan	102,439,202	-
Thang Long Agricultural Development Co., Ltd.	Related company	Loan	295,543,906	-
<b>TOTAL</b>			<b>588,990,280</b>	<b>-</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**36. TRANSACTIONS WITH RELATED PARTIES** (continued)

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

Related parties	Relationship	Transactions	Ending balance	Beginning balance
<i>VND'000</i>				
<b>Short-term trade payables (Note 20)</b>				
Trung Nguyen Rubber JSC	Related company (previously)	Payables for development of plantation	-	(60,549,000)
Gia Lai Livestock JSC	Associate	Purchase of machinery and equipment	-	(23,204,432)
		Purchase of goods and services	(57,589,718)	(9,136,427)
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	(4,172,853)	(1,462,695)
Dai Thang Agricultural Development Co., Ltd.	Related company	Purchase of goods and services	(3,195,941)	-
Other parties	Related company	Purchase of goods and services	(65,000)	(28,060)
<b>TOTAL</b>			<b>(65,023,512)</b>	<b>(102,521,306)</b>
<b>Short-term advances from customers (Note 21)</b>				
Gia Lai Livestock JSC	Associate	Advance for sales of construction contract and goods	(193,716,544)	(251,804,507)
Dai Thang Agricultural Development Co., Ltd.	Related company	Advance for sales of goods and services	(24,395,000)	-
Hoang Tho Co., Ltd.	Related company	Advance for sales of construction contract and goods	(23,560)	-
<b>TOTAL</b>			<b>(218,135,104)</b>	<b>(251,804,507)</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
as at 31 December 2016 and for the year then ended

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**36. 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 other payables (Note 24)</b>				
Trung Nguyen Rubber JSC	Related company (previously)	Temporary borrowings	-	(123,120,360)
Minh Tuan Trading and Services Co., Ltd.	Related company	Temporary borrowings	-	(6,092,453)
Sai Gon Me Kong Investment JSC	Related company	Temporary borrowings	(6,450,000)	(2,104,578)
Gia Lai Livestock JSC	Associate	Temporary borrowings	(404,622,014)	-
An Tien Co., Ltd.	Related company	Temporary borrowings	(4,688,276)	-
Ms. Vo Thi My Hanh	Related party	Temporary borrowings	(23,204,111)	-
Others	Related party	Other	(805,929)	(853,554)
<b>TOTAL</b>			<b>(439,770,330)</b>	<b>(132,170,945)</b>
<b>Other long-term payable (Note 24)</b>				
An Tien Co., Ltd.	Related company	Business Cooperation contract	(550,000,000)	-
<b>Short-term loan (Note 25)</b>				
Mr. Duong Hoang Bac	Related party	Loan	(7,823,000)	-
<b>Long-term loan (Note 25)</b>				
Gia Lai Livestock JSC	Associate	Loan	(298,000,000)	-

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

VND'000

	Current year	Previous year
<b>Board of Directors and Management</b>		
Salary	9,950,242	10,079,430
<b>Board of Supervisors</b>		
Salary	2,292,856	2,181,905
<b>Board's secretary</b>		
Salary	545,858	523,347
<b>TOTAL</b>	<b>12,788,956</b>	<b>12,784,682</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**37. COMMITMENTS**

**Operating lease commitments**

As a lease

The Group leases parcels of land in Vietnam, Laos, Cambodia and Myanmar to build factories, football facilities, hotels; office; cattle farm and for 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	106,719,092	102,937,206
From one to five years	465,335,080	456,835,315
More than five years	9,237,157,505	9,225,640,605
<b>TOTAL</b>	<b>9,809,211,677</b>	<b>9,785,413,126</b>

As lessor

The Group leases out assets under operating lease arrangements. As at 31 December 2016, the Group has signed operating lease arrangements as lessor comprise of office rental, commercial center in Hoang Anh Gia Lai Myanmar Commercial Centre. The future minimum rental receivables as at 31 December 2016 under the operating lease agreements are as follows:

VND'000

	Ending balance	Beginning balance
Less than one year	819,615,350	693,345,361
From one to five years	4,149,731,927	940,655,522
More than five years	980,831,074	72,731,616
<b>TOTAL</b>	<b>5,950,178,351</b>	<b>1,706,732,499</b>

**Capital commitments for construction works**

At 31 December 2016, the Group has contractual commitments for the construction works for its real estates and hydropower plant projects as follows:

VND'000

	Contracted amount	Recognised amount	Remaining commitment
<b>Hydropower plants</b>			
Nam Kong 3 project	1,667,250,000	679,840,474	987,409,526
<b>Real estate</b>			
Myanmar project	9,810,680,000	4,918,172,179	4,892,507,821
<b>TOTAL</b>	<b>11,477,930,000</b>	<b>5,598,012,653</b>	<b>5,879,917,347</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**38. OFF BALANCE SHEET ITEMS**

ITEM	Ending balance	Beginning balance
Foreign currencies:		
- Laos KIP (LAK)	10,435,442,239	1,062,267,512
- Myanmar Kyat (MMK)	1,901,281,258	1,477,735,052
- Cambodia Riels (KHR)	111,306,843	100,364,068
- Thai Baht (THB)	7,078,908	10,979,106
- United States dollar (USD)	7,610,333	9,680,509
- Euro (EUR)	1,864	1,150

**39. SEGMENT INFORMATION**

The primary segment reporting format is determined to be business segments as the Group’s risks and rates of return are affected predominantly by differences in the products and services provided. Secondary information is reported geographically. The Group’s 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 results of its operations 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 2016 and for the year then ended

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**39. SEGMENT INFORMATION** (continued)

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

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

The segment information of the hospitality industry has been combined into the trading and services industry during the 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)

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39. SEGMENT INFORMATION (continued)

39.1 Business segment (continued)

	Real estate	Production	Trading and services	Construction	Agriculture	Power	Mining	Eliminations	Total
For the year ended 31 December 2015									
Revenue									
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)	-
Total	412,983,725	1,665,463,921	330,485,710	1,359,953,544	4,943,424,489	1,794,208	-	(2,461,659,064)	6,252,446,533
Results									
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)
Net profit for the year									602,360,945
As at 31 December 2015									
Assets and liabilities									
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									(3,077,404,349)
Total assets									48,815,928,350
Segment liabilities	(5,749,925,677)	(6,971,300,300)	(342,851,722)	(487,006,160)	(23,589,760,026)	(2,449,760,889)	(136,660,009)	-	(39,727,264,783)
Unallocated liabilities									6,966,884,623
Total liabilities									(32,760,380,160)

VND'000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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39. SEGMENT INFORMATION (continued)

39.1 Business segment (continued)

	Real estate	Production	Trading and services	Construction	Agriculture	Power	Mining	Eliminations	Total
For the year ended 31 December 2016									
Revenue									
External customers	690,358,022	662,806,980	788,159,732	87,964,779	4,209,833,333	656,422	-	-	6,439,779,268
Inter-segment elimination	-	416,293,248	54,029,012	42,484,635	412,703,686	-	-	(925,510,581)	-
Total	690,358,022	1,079,100,228	842,188,744	130,449,414	4,622,537,019	656,422	-	(925,510,581)	6,439,779,268
Segment results	112,831,468	163,378,207	326,552,573	(97,636,061)	503,357,917	656,422	-	-	1,009,140,526
Unallocated expenses									(1,700,534,769)
Loss before income tax, financial income and financial expense									(691,394,243)
Financial income									947,916,097
Financial expense									(1,674,519,826)
Share loss from associates									11,710,281
Losses before tax									(1,406,287,691)
Current income tax expense									(10,311,463)
Deferred income tax expense									(86,187,524)
Loss after tax for the year									(1,502,786,678)
As at 31 December 2016									
Assets and liabilities									
Segment assets	9,303,424,303	5,938,175,313	420,743,155	134,654,415	35,742,409,998	4,527,494,431	445,831,631	-	56,512,733,246
Cash of the Group									791,208,293
Investments in associates									865,766,030
Unallocated assets									(5,406,237,968)
Total assets									52,763,469,601
Segment liabilities	(6,018,627,989)	(8,783,778,325)	(363,576,683)	(116,462,423)	(28,479,547,520)	(3,037,788,835)	(115,006,912)	-	(46,914,788,687)
Unallocated liabilities									10,801,093,508
Total liabilities									(36,113,695,179)

VND'000



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

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39. SEGMENT INFORMATION (continued)

39.2 Geographical segment

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

	Vietnam	Laos	Cambodia	Myanmar	Others	Total
For the year ended 31 December 2015						
Revenue						
Sales to external customers	3,537,795,775	2,313,976,917	385,591,191	-	15,082,650	6,252,446,533
Capital expenditure						
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
As at 31 December 2015						
Other segment information						
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						(2,807,463,766)
Total assets						48,815,928,350
For the year ended 31 December 2016						
Revenue						
Sales to external customers	3,232,724,397	2,506,968,190	64,613,336	527,589,610	107,883,735	6,439,779,268
Capital expenditure						
Tangible fixed assets	1,614,370,980	941,132,740	363,692,108	457,265,687	-	3,376,461,515
As at 31 December 2016						
Other segment information						
Segment assets	20,217,523,536	16,938,340,189	9,449,068,450	6,533,872,729	49,986,162	53,188,791,066
Cash of the Group						791,208,293
Investment in associates						865,766,030
Unallocated assets						(2,082,295,788)
Total assets						52,763,469,601

VND'000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

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40. RESTATEMENT AND RECLASSIFICATION OF PRIOR YEAR’S CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Vietnamese Accounting Standard No 11, the management has revisited the fair value assessment of net assets from the acquisitions of subsidiaries in previous year. Accordingly, management decided to restate retrospectively the recogniiton of fair vauue of identifiable assets from the acquisition of 99.7% equity interest in Dong Penh JSC and its subsidiary - Daun Penh Agrico Co., Ltd. with a total consideration of VND’000 798,397,600 on 14 October 2015.

In addition, the management has also made retrospective adjustments to recognise the fair value of identifiable assets from the acquisition 69.7% equity interest in An Dong Mia Joint Stock Company and its subsidiary - Hoang Anh Lumphat Co., Ltd., with the total consideration of VND’000 700,695,000 on 15 October 2015.

Futhermore, the value of the land use rights at Hoang Anh Gia Lai Myanmar Center project has been reclassified to conform with the presentation of the current year’s consolidated financial statements.

Details of certain corresponding figures on the consolidated financial statements for the year ended 31 December 2015 have been restated and reclassified as follows:

VND’000

	Beginning balance (previously presented)	Restated	Reclassified	Beginning balance (after restated and reclassified)
Consolidated balance sheet as at 31 December 2015				
Goodwill	474,510,195	598,980,851	-	1,073,491,046
Construction in progress	21,458,876,315	(1,011,441,179)	(1,258,754,276)	19,188,680,860
Intangible fixed assets	146,580,676	-	1,258,754,276	1,405,334,952
Deferred tax liability	395,127,749	(202,288,236)	-	192,839,513
Non-controlling interests	1,968,772,863	(210,172,092)	-	1,758,600,771



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)  
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**41. EVENTS AFTER THE BALANCE SHEET DATE**

There has been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the accompanying consolidated financial statements.

  
\_\_\_\_\_  
Nguyen Thi Do Quyên  
Preparer  
  
27 April 2017

  
\_\_\_\_\_  
Duong Hoang Bac  
Chief Accountant

  
\_\_\_\_\_  
Vo Truong Son  
General Director

