



**HAGL Group**



# BLOOMING AND FRUITING

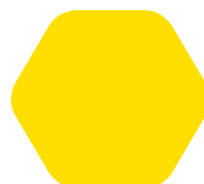
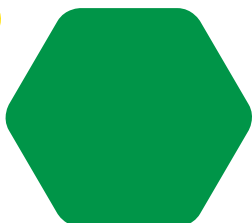
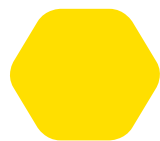
Annual Report 2014

# BLOOMING AND FRUITING

OVERCOMING INITIAL DIFFICULTIES IN THE PROCESS OF RESTRUCTURING AND CHANGING BUSINESS FUNCTIONS AS WELL AS GENERAL DIFFICULTIES OF THE MARKET, HOANG ANH GIA LAI GROUP HAS BEGUN TO REAP THE FIRST ACHIEVEMENTS OF OUR EFFORTS. THIS IS CONSIDERED THE PREMISE FOR THE BLOOMING AND FRUITING PERIOD AFTER A TIME OF INVESTMENTS. SUBSEQUENTLY, OUR ORIENTATIONS ARE IMPROVED AND STRENGTHENED BETTER AND BETTER FOR THE PURPOSE OF BRINGING SUSTAINABLE AND LONG-TERM VALUES TO THE SHAREHOLDERS, PARTNERS, CUSTOMERS IN PARTICULAR AND THE SOCIETY IN GENERAL.

## VISION

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



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## MISSION

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

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## GENERAL INFORMATION

### Transaction name

Vietnamese name:

**CÔNG TY CỔ PHẦN HOÀNG ANH GIA LAI**

English name:


**HOANG ANH GIA LAI JOINT STOCK COMPANY**

Transaction name: **HOANG ANH GIA LAI**

Abbreviation name: **HAGL**

### Business registration certificate

- Business code: **5900377720**
- Registered for the first time on 1<sup>st</sup> June 2006; Business registration certificate No. 3903000083 dated 1<sup>st</sup> June 2006 granted by the Department of Planning and Investment of Gia Lai Province (registered for the first time)
- The 24<sup>th</sup> amended certificate dated 19<sup>th</sup> September 2014


 **CHARTER CAPITAL (OWNER'S EQUITY)**  
**VND 7,899,679,470,000**


*In words: Seven thousand eight hundred and ninety nine billion, six hundred and seventy nine million, four hundred and seventy thousand dong.*


 Securities code  
**HAG**


 Face value per share  
**VND 10,000**

 Total number of shares  
**789,967,947**

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

 84 – 59 – 3820288

 84 – 59 – 3820007

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

# PRELIMINARY FINANCIAL INDICES

UNIT: VND Billion

As of 31 December

**2014****2013****2012****2011****2010****STATEMENT OF INCOME**

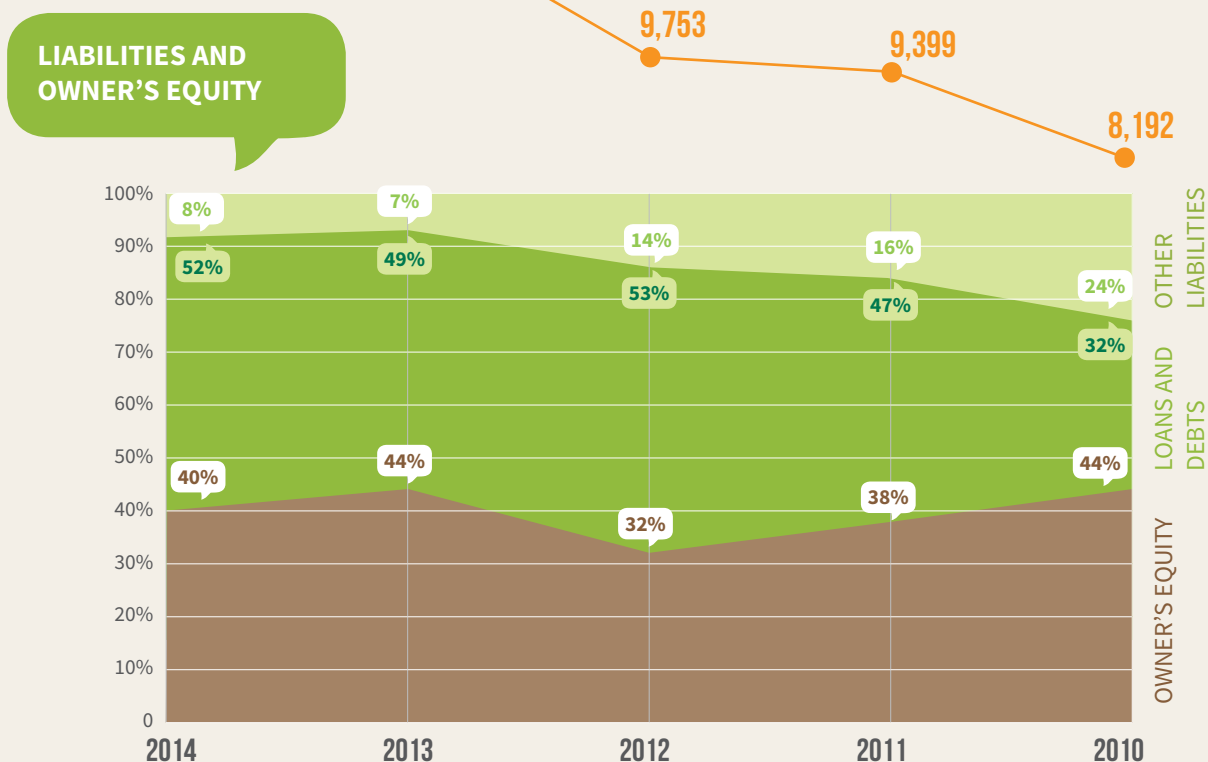
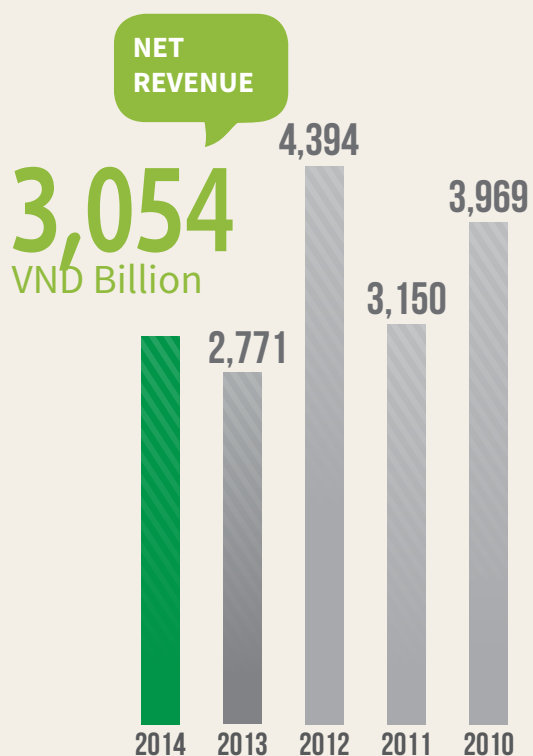
<b>Total revenue</b>	<b>3,056</b>	<b>2,773</b>	<b>4,400</b>	<b>3,152</b>	<b>3,971</b>
Net revenue	3,054	2,771	4,394	3,150	3,969
Gross profit	1,227	1,196	1,201	1,424	2,008
<i>Gross margin</i>	<i>40.2%</i>	<i>43.2%</i>	<i>27.3%</i>	<i>45.2%</i>	<i>50.6%</i>
Net operating profit	1,749	1,045	614	1,719	2,765
Results of other activities	24	(46)	(90)	(17)	1
Share of profit in associates	–	–	1	–	3
Profit before tax	1,773	999	525	1,702	2,769
<b>Profit after tax</b>	<b>1,556</b>	<b>972</b>	<b>365</b>	<b>1,325</b>	<b>2,081</b>
<i>Net margin</i>	<i>50.9%</i>	<i>35.1%</i>	<i>8.3%</i>	<i>42.1%</i>	<i>52.4%</i>
Earnings per share (VND)	1,866	1,195	592	1,976	3,854

**BALANCE SHEET**

Current assets	10,113	9,740	14,309	13,309	11,450
Long-term assets	26,256	20,073	16,976	12,268	7,593
<b>Total assets</b>	<b>36,369</b>	<b>29,813</b>	<b>31,285</b>	<b>25,577</b>	<b>19,043</b>
Short-term loans and debts	6,839	3,129	2,860	3,202	3,093
Other short-term accounts payable	2,418	1,830	4,207	3,576	3,958
Long-term loans and debts	11,337	11,129	13,272	8,424	2,782
Other long-term accounts payable	385	205	123	291	429
<b>Total liabilities</b>	<b>20,979</b>	<b>16,293</b>	<b>20,462</b>	<b>15,493</b>	<b>10,262</b>
Owner's equity	14,238	12,853	9,753	9,399	8,192
Minority interest	1,152	667	1,070	685	589
<b>Total owner's equity</b>	<b>36,369</b>	<b>29,813</b>	<b>31,285</b>	<b>25,577</b>	<b>19,043</b>

**CASH FLOW STATEMENT**

Profit before tax	1,773	999	525	1,702	2,769
Depreciation and amortisation	334	326	225	136	77
Operating profit before changes of working capital	1,120	961	936	1,154	1,785
Net cash flows from operating activities	(473)	(2,060)	940	(994)	294
Net cash flows from investing activities	(5,808)	(3,215)	(5,833)	(5,299)	(1,786)
Net cash flows from financing activities	4,811	5,205	4,515	6,183	2,554
<b>Ending cash and cash equivalents</b>	<b>978</b>	<b>2,448</b>	<b>2,518</b>	<b>2,896</b>	<b>3,006</b>





## MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Mr. Doan Nguyen Duc  
Chairman of the BOD

### *Dear shareholders and prospective investors!*

In the year 2014, Hoang Anh Gia Lai (HAGL) continues following the slogan of “Focus on core resources” and, on this basis, actively implements the investment projects in cultivation and livestock sectors, as well as speeds up the construction progress of the real estate project in Yangon - Myanmar. With the satisfactory performance and results of investment and business activities in 2014, we select the topic of our annual report of this year to be “*Blooming and Fruiting*”. The business sectors “bearing fruits” are those which have come into operation and earned profit such as sugarcane, corn and rubber. The business sectors “in bloom” are those expected to come into operation in 2015 such as breeding beef cattles and dairy cows, oil palm and the real estate project in Myanmar.

HAGL RANKED

**44/1000**

largest corporate  
income taxpayers

Regarding our long-term business strategy, HAGL continues focusing on exploiting our competitive advantages, i.e. the large and contiguous land areas with abundant sources of water, which are convenient for mechanizing works and applying high technology in tilling land, planting trees, irrigating and draining water, fertilizing, harvesting, transporting, processing, etc. The application of mechanization and high technology in agribusiness helps HAGL get the best efficiency in production with high productivity and low cost. This is the key factor for competition and success in agribusiness. The output products of agribusiness are often similar with respect to specification and quality among the manufacturers. Therefore, anyone who makes products with high productivity and low cost will be the winner in the market economy that is more and more widely and deeply integrated.

Another important factor helping HAGL get success in agribusiness is the connection of the value chains of cultivation and livestock sectors together to make the maximum competitive advantage. The subproducts of cultivation sector such as corn trees, bagasse, molasses, oil palm ocrea, oil palm waste are the nutrient-rich foods for cattles. Hence, the cattle raising costs are very low. Besides, the cow pats can be turned into a fuel gas for power plant. This power is used to run the crop irrigation system, to light up the cowsheds and



## The Board of Directors strives to reach a profit before tax of VND 2,100 billion in 2015.

to run the breeding facilities. The cow pats can also be used to fertilize trees to help the trees grow well.

Regarding real estate sector, HAGL has definitely restructured and then withdrawn its real estate sector from Vietnamese market. We believe that the supply of real estates in Vietnamese market is so high in comparison with the purchase power of the economy at present and in the near future. HAGL is now focusing on speeding up the construction of Hoang Anh Gia Lai Myanmar Center. Myanmar is a newly-opened market having good potential growth, where the supply is now seriously lower than the demand, so the real estate price is very expensive. The fast

construction progress is the important factor to decide the success of this project. HAGL will finish Phase 1 and put the commercial center with a NLA of 38,365 m<sup>2</sup> and 2 blocks of the office building for lease with a NLA of 85,701 m<sup>2</sup> into operation in June 2015 and the 5-star hotel with a capacity of 406 rooms in September 2015. HAGL is also constructing the foundation of Phase 2 including 2 blocks of the office building with a NLA of 94,189 m<sup>2</sup> and 5 blocks of the high-grade apartment building with 1,030 houses. It is expected that the office building of Phase 2 and the apartment building will be completed in the middle of the year 2017 and in late 2017 respectively.

Regarding hydropower sector, HAGL is building Nam Kong 2 hydropower plant project in Laos with the capacity of 66 MW. In the future, we will only select and make investment in hydropower projects in Laos as the selling price of electricity is pretty high there.

Detailed information on each sector, the situation of investment and the contribution of each sector in the Group's business results of 2014 will be presented hereunder in this Annual Report.

Regarding financing activities, in 2014, HAGL has effectively arranged the sources of capital for our investment projects, especially the cattle raising project and Hoang Anh Gia Lai Myanmar Center project. Consequently, the project implementation progress is very high as scheduled. In the first half of the year 2015, HAGL will keep on

speeding up investment to put these projects into operation. Regarding dividend policy, since HAGL is still in the period of capital mobilization for investment, we will ask for the shareholders' opinions on the delay of dividend distribution in cash until these projects can make fast-moving cash flows. Instead, we will distribute dividends in form of stocks so that the profit can be re-invested.

The Management of HAGL believes that the business plan and the financial policy mentioned above are in conformity with the Group's sustainable development orientation. The concentration on resources to make investments, to exploit competitive advantages and land resources can help HAGL make many products of high quality and at low prices, make much profit to the shareholders, contribute to the State's budget, give more jobs to labourers, help develop the local community and economy.

On behalf of all the management and employees of Hoang Anh Gia Lai Group, I would like to express my sincere thankfulness to the shareholders and investors for your believing, supporting and accompanying our Hoang Anh Gia Lai Group.

Chairman of the BOD



DOAN NGUYEN DUC



## BEGINNING STAGE

1990–1993

### SOLE PROPRIETORSHIP ENTERPRISE:

Furniture production

- A small furniture workshop



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



## PUBLIC STAGE

2002–2007

### PUBLIC COMPANY:

Real estate was the key business while diversification strategies were being implemented

- Investing in Hoang Anh Gia Lai Football Club to promote Hoang Anh Gia Lai trademark locally and internationally.
- Transforming from a sole proprietorship enterprise to a public joint stock company.





## KEY MILESTONES

### SUSTAINABLE DEVELOPMENT STAGE

#### 2008-2010

- Listing on Ho Chi Minh City Stock Exchange (HOSE) in December 2008
- Raising capital from the stock market to finance cultivation, hydropower and mining businesses for sustainable development

#### 2011-2012

- Raising capital from international equity markets by listing GDR on LSE
- Issuing international bonds of USD 90 million via Credit Suisse
- Issuing convertible bonds to Temasek

#### 2013

#### FOCUSING ON DEVELOPING 2 MAIN SECTORS: AGRIBUSINESS AND REAL ESTATE

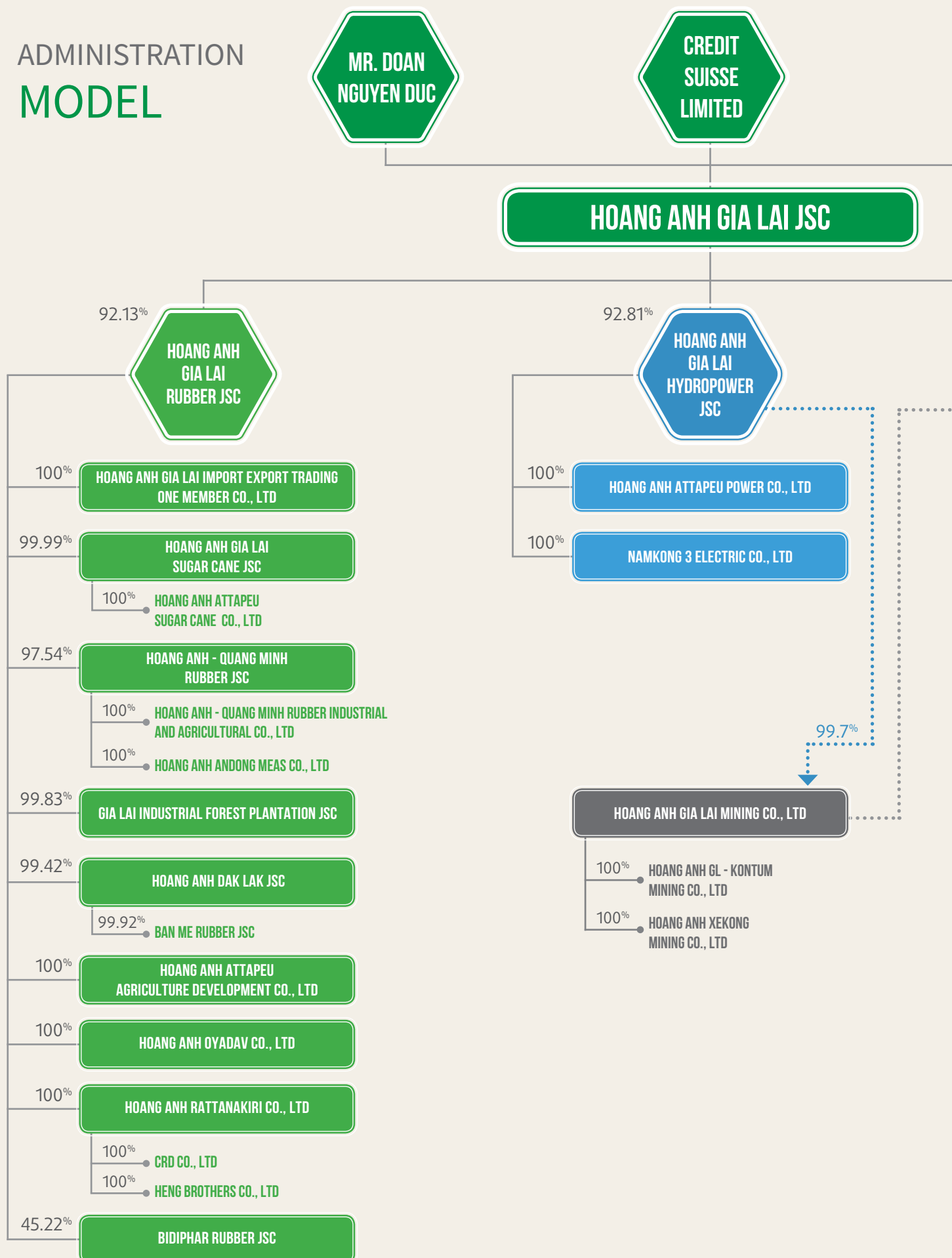
**Agriculture:** Rubber, sugarcane, oil palm, corn trees, raising beef and dairy cows

- **Rubber:** planted on 42,500 ha
- **Oil palm:** planted on 17,300 ha
- **Sugarcane:** planted on 8,000 ha
- **Corn:** planted on 5,000 ha for the first crop in Laos and Cambodia
- **Raising cows:** up to now, HAGL has imported more than 43,500 cows to raise in the farms in Gia Lai, Laos and Cambodia

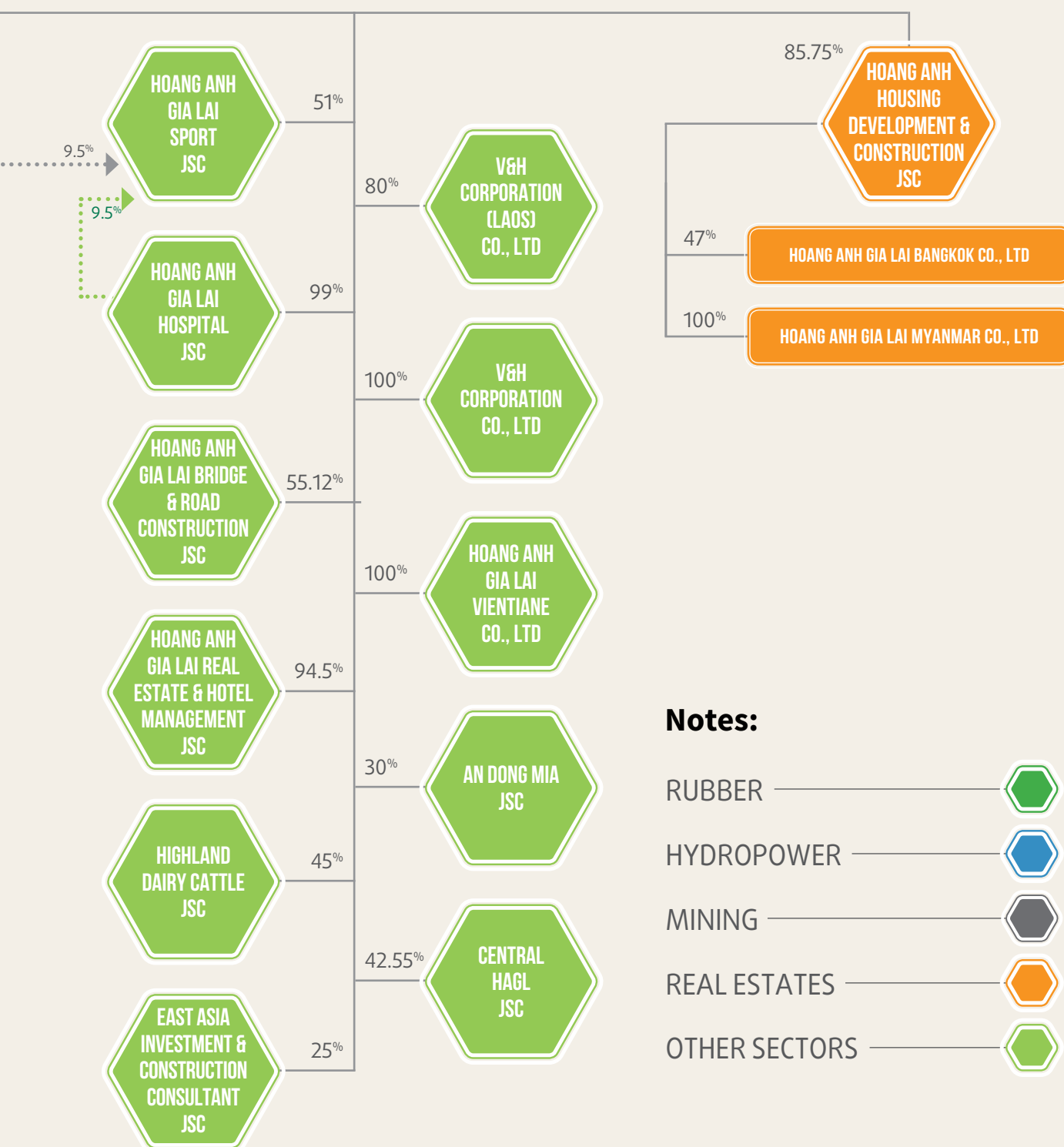


**Real estate:** Spinning off subsidiaries owning apartment projects in Vietnam from the Group, only retaining some projects owned by Hoang Anh Housing Development and Construction JSC, in which Hoang Anh Gia Lai Myanmar Center project plays the key role.

# ADMINISTRATION MODEL



## OTHER SHAREHOLDERS



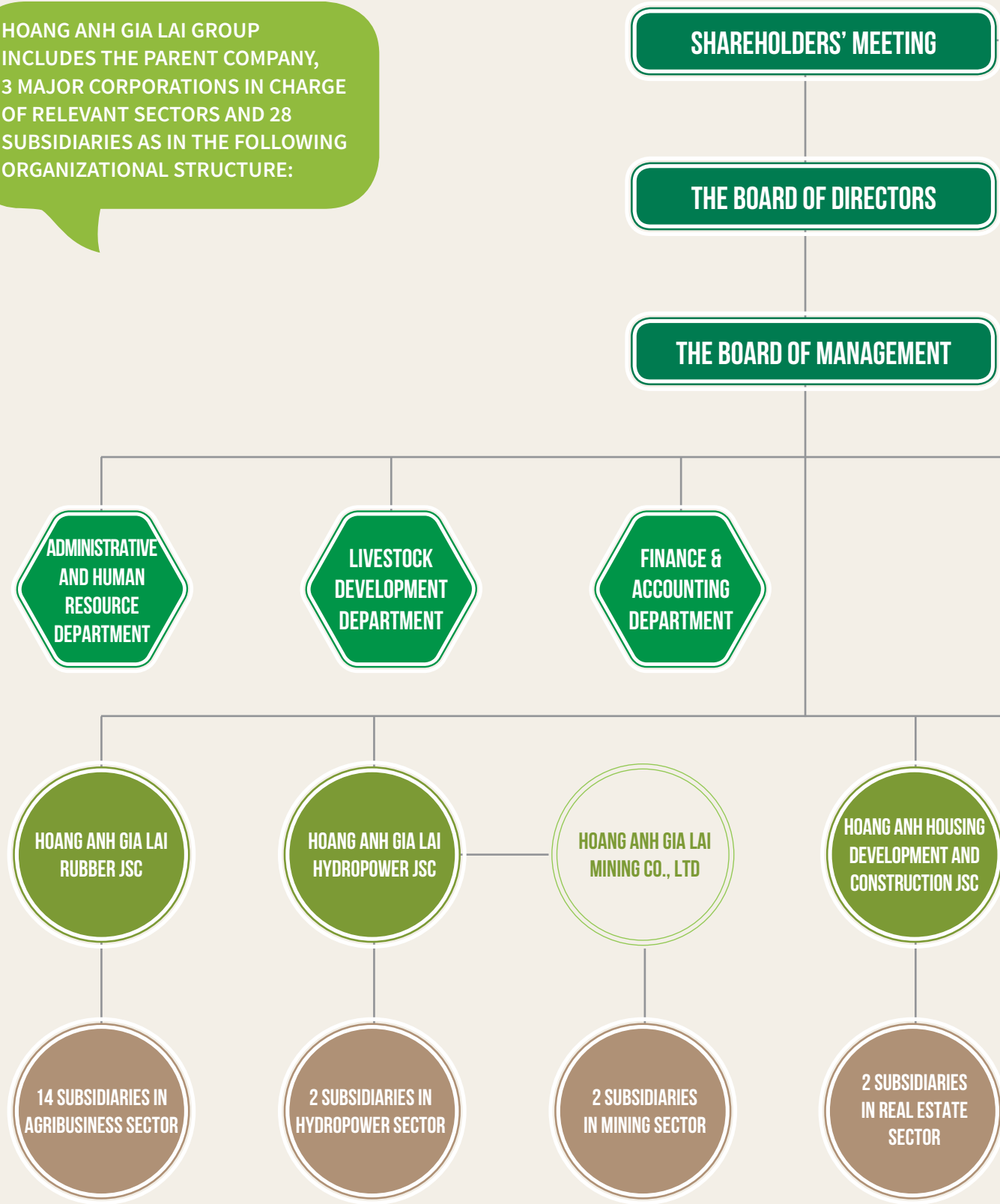
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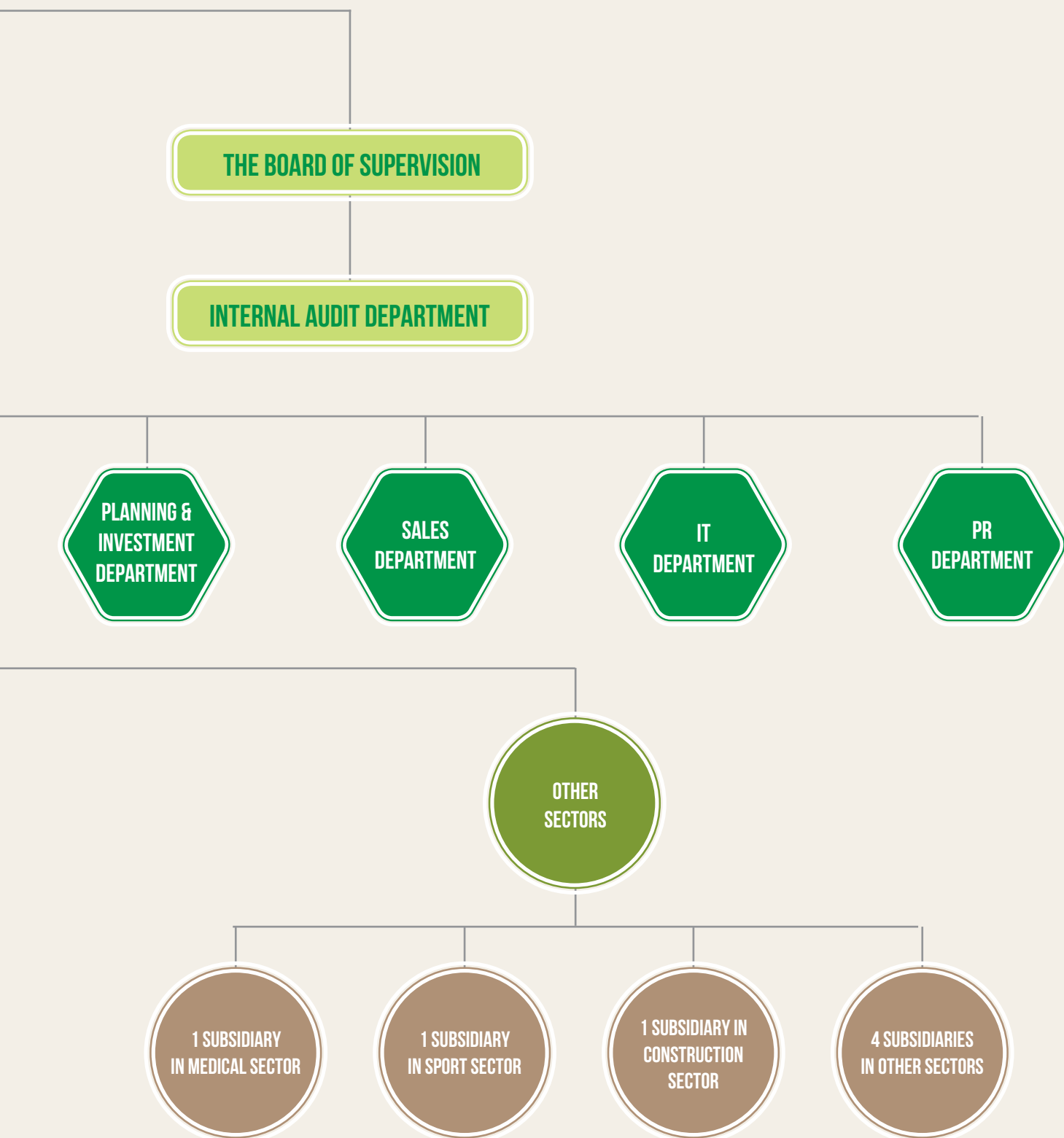
- RUBBER —
- HYDROPOWER —
- MINING —
- REAL ESTATES —
- OTHER SECTORS —



# ADMINISTRATIVE ORGANIZATION

HOANG ANH GIA LAI GROUP INCLUDES THE PARENT COMPANY, 3 MAJOR CORPORATIONS IN CHARGE OF RELEVANT SECTORS AND 28 SUBSIDIARIES AS IN THE FOLLOWING ORGANIZATIONAL STRUCTURE:





## INFORMATION ON RELATED COMPANIES

### REAL ESTATE

#### HOANG ANH CONSTRUCTION AND HOUSING DEVELOPMENT JSC

No. 783 Tran Xuan Soan Street,  
Tan Hung Ward, District 7,  
Ho Chi Minh City, Vietnam

Rate: **85.75%**

#### HOANG ANH GIA LAI (BANGKOK) CO., LTD.

Soi Sua Yai Uthit, Ratchada Phisek Road,  
Bangkok, Thailand

Rate: **40.3%**

#### HOANG ANH GIA LAI MYANMAR CO., LTD.

No. 192, Kaba Aye Pagoda Road,  
Bahan District, Yangon, Myanmar

Rate: **85.75%**

### ENERGY

#### HOANG ANH GIA LAI HYDROPOWER JSC

No. 15 Truong Chinh Street,  
Phu Dong Ward, Pleiku City,  
Gia Lai Province, Vietnam

Rate: **92.81%**

#### HOANG ANH ATTAPEU POWER CO., LTD.

Phai Village, Saysettha District,  
Vientiane, Laos

Rate: **92.81%**

#### NAMKONG 3 ELECTRIC CO., LTD.

Vatluong Village, Samackhixay District,  
Attapeu Province, Laos

Rate: **92.81%**

### RUBBER PLANTATION

#### HOANG ANH GIA LAI RUBBER JSC

No. 15 Truong Chinh Street,  
Phu Dong Ward, Pleiku City,  
Gia Lai Province, Vietnam

Rate: **92.13%**

#### HOANG ANH GIA LAI IMPORT - EXPORT TRADING ONE MEMBER CO., LTD.

No. 15 Truong Chinh Street,  
Phu Dong Ward, Pleiku City,  
Gia Lai Province, Vietnam

Rate: **92.13%**

#### HOANG ANH GIA LAI SUGAR CANE JSC

No. 15 Truong Chinh Street,  
Phu Dong Ward, Pleiku City,  
Gia Lai Province, Vietnam

Rate: **92.12%**

#### HOANG ANH ATTAPEU SUGAR CANE CO., LTD.

Nasuak Village, Phouvong District,  
Attapeu Province, Laos

Rate: **92.12%**

#### HOANG ANH - QUANG MINH RUBBER JSC

No. 15 Truong Chinh Street,  
Phu Dong Ward, Pleiku City,  
Gia Lai Province, Vietnam

Rate: **89.86%**

#### HOANG ANH - QUANG MINH RUBBER INDUSTRIAL AND AGRICULTURAL CO., LTD.

18B Street, Khanmaccong Village,  
Saysettha District, Attapeu Province,  
Laos

Rate: **89.86%**

#### GIA LAI INDUSTRIAL FOREST PLANTATION JSC

No. 15 Truong Chinh Street,  
Phu Dong Ward, Pleiku City,  
Gia Lai Province, Vietnam

Rate: **91.97%**

#### HOANG ANH DAK LAK JSC

No. 40 Hung Vuong Street, Tu An Ward,  
Buon Ma Thuot City, Dak Lak Province,  
Vietnam

Rate: **91.60%**

#### BAN ME RUBBER JSC

No. 40 Hung Vuong Street, Tu An Ward,  
Buon Ma Thuot City, Dak Lak Province,  
Vietnam

Rate: **91.53%**

#### HOANG ANH ATTAPEU AGRICULTURE DEVELOPMENT CO., LTD.

Km 30, 18B Street, Hatxan Village,  
Saysettha District, Attapeu Province,  
Laos

Rate: **92.13%**

#### HOANG ANH ANDONG MEAS CO., LTD.

Rattanakiri, Cambodia

Rate: **89.86%**

#### HOANG ANH OYADAV CO., LTD.

Village 3, National Road 78,  
Labanseak Ward, Banlung City,  
Rattanakiri Province, Cambodia

Rate: **92.13%**


*Harvest grass to raise beef*

#### HENG BROTHERS CO., LTD.

No. 8, Road 99, Boeung Trabek Ward,  
Chamkarmon District, Phnom Penh,  
Cambodia

Rate: **92.13%**

#### CRD CO., LTD.

No. 1 Road 291, Boeung Kak 1 Ward,  
Khan Toul Kork District, Phnom  
Penh, Cambodia

Rate: **92.13%**

#### HOANG ANH RATTANAKIRI CO., LTD.

Village 3, National Road 78,  
Labanseak Ward, Banlung City,  
Rattanakiri Province, Cambodia

Rate: **92.13%**

#### BIDIPHAR RUBBER JSC

No. 498 Nguyen Thai Hoc Street,  
Quy Nhon City, Binh Dinh Province,  
Vietnam

Rate: **45.22%**

### MINING

#### HOANG ANH GIA LAI MINING CO., LTD.

No. 15 Truong Chinh Street,  
Phu Dong Ward, Pleiku City,  
Gia Lai Province, Vietnam

Rate: **92.53%**

#### HOANG ANH GL – KONTUM MINING CO., LTD.

No. 394 Tran Phu Street,  
Quang Trung Ward, Kontum City,  
Kontum Province, Vietnam

Rate: **92.53%**

#### HOANG ANH XEKONG MINING CO., LTD.

Khanmakong Village,  
Samackhixay District,  
Attapeu Province, Laos

Rate: **92.53%**

### CONSTRUCTION, TRADING AND SERVICES

#### HOANG ANH GIA LAI SPORT JSC

No. 01 Phu Dong Street, Pleiku City,  
Gia Lai Province, Vietnam

Rate: **69.20%**

#### HOANG ANH GIA LAI HOSPITAL JSC

Le Duan Street, Tra Ba Ward,  
Pleiku City, Gia Lai Province, Vietnam

Rate: **99%**

#### V&H CORPORATION (LAOS) CO., LTD.

Vatnacnhay Village,  
Sisattanak District, Vientiane, Laos

Rate: **80%**

#### V&H CORPORATION CO., LTD.

Vatnacnhay Village,  
Sisattanak District, Vientiane, Laos

Rate: **100%**

#### HOANG ANH GIA LAI BRIDGE & ROAD CONSTRUCTION JSC

No. 15 Truong Chinh Street,  
Phu Dong Ward, Pleiku City,  
Gia Lai Province, Vietnam

Rate: **55.12%**

#### HOANG ANH GIA LAI VIENTIANE CO., LTD.

Vatchan Village,  
Chanthabouly District, Vientiane, Laos

Rate: **100%**

#### HOANG ANH GIA LAI REAL ESTATE AND HOTEL MANAGEMENT JSC

No. 01 Nguyen Van Linh Street,  
Nam Duong Ward, Hai Chau District,  
Da Nang City, Vietnam

Rate: **94.5%**

#### AN DONG MIA JSC

No. 20 Phan Boi Chau Street,  
Hoi Thuong Ward, Pleiku City,  
Gia Lai Province, Vietnam

Rate: **30%**

#### HIGHLAND DAIRY CATTLE JSC

No. 15 Truong Chinh Street,  
Phu Dong Ward, Pleiku City,  
Gia Lai Province, Vietnam

Rate: **45%**

#### CENTRAL HAGL JSC

No. 01 Nguyen Van Linh Street,  
Nam Duong Ward, Hai Chau District,  
Da Nang City, Vietnam

Rate: **42.55%**

#### EAST ASIA INVESTMENT AND CONSTRUCTION CONSULTANT JSC

No. 7/1 Thanh Thai Street, 10 District,  
Ho Chi Minh City, Vietnam

Rate: **25%**



## BUSINESS SECTORS



92.13%

### RUBBER

- 42,500 ha has been planted in Vietnam, Laos and Cambodia.
- Rubber has been tapped for latex from 2012 and the rubber processing plant has been put into operation with the main product of SVR10.



92.12%

### SUGARCANE

- Planted 8,000 ha in Laos.
- Sugar Industrial Complex: including a sugar processing plant with a daily capacity of 7,000 tons of sugarcane, a thermal power plant of 30MW, and a micro-organism fertilizer plant of 50,000 tons/year.
- The sugar processing plant and thermal power plant have been put into operation.



92.13%

### OIL PALM

- HAGL has experimented to plant oil palm trees since 2012 with 4,000 ha, and up to now 17,300 ha has been planted. The planting area of oil palm is expected to reach 30,000 ha in 2015, mainly in Koun Mum District, Rattanakiri Province, Cambodia.





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

## SECTOR LOCATION

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



92.13%

## CORN

- In late 2013, HAGL successfully experimented to plant corn trees. Up to now, the Group has planted corns on a large area of 5,000 ha in Laos and Cambodia with an average capacity of 10 tons/ha/crop.



45%

## CATTLE RAISING

- In 2014, HAGL decided to invest in developing the advanced model of raising beef and dairy cattles under international standards. In our strategic orientation, we will invest in cattle raising projects with the total investment capital of about VND 6,300 billion. The total number of cattles is expected to reach 236,000 heads.
- At present, the total number of cattles of the Group is over 43,500 heads.



85.75%

## REAL ESTATE

- Key revenue and profit driver from the Group's establishment until 2012.
- In addition to some projects located in Ho Chi Minh City, HAGL has focused on the construction of a multi-purpose complex in Yangon, Myanmar.
- Hoang Anh Gia Lai Myanmar Center: Phase 1 is going to be completed and put into operation in June 2015, including 1 commercial center, 2 blocks of Grade A office buildings for lease and 1 international standard 5-star hotel.



# AGRIBUSINESS

HAGL HAS PERFORMED THE STRATEGY OF DIVERSIFYING PLANTATION INCLUDING RUBBER, SUGARCANE, OIL PALM, CORN AND CATTLE RAISING ACCOMPANIED WITH THE PROTECTION OF THE CLEAN AND CLEAR ENVIRONMENT, MAINTAINING THE ECOLOGICAL BALANCE IN THE PROJECT AREAS.



*Workers are transporting latex to the plant*



Rubber trees have high economic value. Rubber latex is used in the manufacturing industry while rubber wood acts as feedstock for furniture business. This sector can generate high and stable earnings and cash flows in the yielding period.

## PRODUCTS AND SERVICES

# RUBBER



The advantages of HAGL are to own a low-cost land bank and to have a skillful and experienced workforce specializing in agriculture and forestry. These are critical factors to succeed in the rubber business.

HAGL consistently pursues the principles and disciplines in planting and nursing trees to ensure high productivity. HAGL always focuses on technique as well as technology: analyzing land and using suitable seeds, setting up and standardizing the nursing process, applying Israeli drip irrigation system

in irrigation and fertilization. With the efforts in planting and nursing rubber trees, HAGL's total planted rubber area is now 42,500 ha, spreading to Laos, Cambodia and Vietnam

At present, HAGL is running a latex processing plant in Laos with the capacity of 25,000 tons/year. To satisfy the processing demand when the rubber plantation areas in Vietnam and Cambodia begin the tapping period, HAGL will build up a latex processing plant in Gia Lai Province, Vietnam and another plant in Rattanakiri, Cambodia.

PLANTED AREA

**42,500 ha**





PLANTED AREA

**8,000 ha**



*Sugarcane processing plant*



*Sugar packing line*

Sugarcane is the sector in which HAGL has many competitive advantages. Thanks to the large cultivated and contiguous area of 8,000 ha, HAGL has applied machinery and equipment in planting, nursing, and harvesting sugarcane.

## PRODUCTS AND SERVICES

# SUGARCANE



The Israeli drip irrigation system is set up at each row of sugarcane, continuously providing moisture to help HAGL plant sugarcane even in the dry season, and the sugarcane can grow fast in these months due to the high photosynthesis efficiency. The preparation of land and the plantation of sugarcane are absolutely done by machines. The fertilization is also automatically done by the dissolution in water and the irrigation to each row of sugarcane with the irrigation system. In harvest, the machinery and equipment also help in saving much time and

cost. Thanks to scientific and modern cultivation technology, the productivity of sugarcane is high and the cost per ton of sugarcane is much lower as compared to the industry benchmark. This is an important factor leading to the success of the sugarcane industry.

Since January 2013, HAGL has put into operation a sugar processing plant with a capacity of 7,000 tons of sugarcane per day and a thermo power plant with a capacity of 30MW using bagasse as the feedstock for this plant.





PLANTED AREA

**17,300 ha***Oil palm trees*

The development phase of an oil palm tree is only a half of that of a rubber tree. After only 30 months from the planting date, oil palm trees begin to give fruits and are put into exploitation. The capital expenditure per hectare of oil palm is only equal to 60 – 70% in comparison with that of rubber tree.

Each hectare of oil palm is expected to reach the productivity of 30 tons of fruits and the oil content of 24%. With the average selling prices ranging from USD 750 – USD 950/ton of oil, one hectare of oil palm can bring more economic effectiveness in comparison with one hectare of rubber trees



Oil palm trees and products made from oil palm have been widely known throughout the world for a long time. Indonesia and Malaysia are 2 countries having the largest planting areas of oil palm nowadays. However, in Vietnam, Laos or Cambodia, the plantation and exploitation of oil palm are quite new.

## PRODUCTS AND SERVICES

# OIL PALM



HAGL has experimented to plant oil palm trees since 2012 on the area of 4,000 ha, and up to now 17,300 ha has been planted. To enhance the investment effectiveness, HAGL decided to apply the Israeli drip irrigation system in the whole oil palm planting area. It is the Israeli drip irrigation system that the irrigation and fertilization through pipe system can be flexibly adjusted, helping HAGL's oil palm trees grow better and faster. At present, the growth of HAGL's oil palm is considered higher than that of Malaysia, Indonesia and Thailand by the experts.

HAGL is now building an oil palm processing plant with the capacity of 45 tons of fruits/hour, which is expected to be put into operation in July 2015. This plant can process 270,000 tons of fruits/year, serving an area of 9,000 ha. In the future, once more oil palm area is exploited, HAGL will plan to upgrade this plant or build suitable additional processing plants.

For the purposes of shortening the investment period and generating cash flow quickly, oil palm is a new potential investment strategy of HAGL.





*Corn processing plant to produce livestock feed*





Corn is a short-term crop with high economic value. Since its planting and harvesting period is only 100 days, its capital turnover is quick, bringing much profit to our Group.

## PRODUCTS AND SERVICES

# CORNS



PLANTED AREA  
**5,000 ha**

Corn is also an important material in processing livestock feed and biotechnology. Many countries are now using corn to process ethanol – a clean energy for the future. According to the Ministry of Agriculture and Rural Development, every year, Vietnam needs over 2 million tons of corn to use in processing livestock and poultry feed as well as aquatic products. Particularly in 2014, Vietnam has imported over 4.6 million tons of corn, valued at USD 1.2 billion, increasing by 2.11 times and nearly 1.8 times in respect of quantity and value respectively in comparison with those in the same period of 2013.

Due to the biological characteristic of corn, i.e. due to its shallow root, it could only be planted in rainy season. Thanks to applying the Israeli drip irrigation system, HAGL can now solve the irrigation problem and plant corn even in the dry season. Once a corn tree is planted in the dry season, due to the high photosynthesis efficiency, its growth can rise 30%, leading to a remarkable increase of productivity. In addition, the comprehensive mechanization from corn seeding to harvesting can reduce the expenses on labourers and the price of corn, increasing the competition of the market.

In 2014, HAGL has planted corn trees on a large scale of 5,000 ha in Laos and Cambodia. In the last crop, the average productivity reached approximately 10 tons/ha/crop.

Estimated total number:  
**236,000** cow heads

*In which:* 120,000 dairy cows  
116,000 beef cows

At present, the Group has imported over 43,500 cows to raise in the farms in Vietnam, Laos and Cambodia



TOTAL  
INVESTMENT  
CAPITAL

**6,300** BILLION  
VND



Reduce wastes into  
the environment

Sub-products from cultivation  
sector are foods of cattles.



Based on the advantage of large land bank, the abundant available food sources from immense grasslands, corn trees, oil palm trees and sugarcane, etc. as well as the experience in applying modern technology to agribusiness, HAGL has decided to invest in developing the advanced model of raising beef cows and dairy cows with high productivity.

## PRODUCTS AND SERVICES

# CATTLE RAISING

### PURPOSE:

In the future, all Vietnamese children can drink fresh milk. People can eat high quality beef.



### CATTLE ORIGINATED FROM

## Australia

In details, cattles originated in Australia, after being carefully selected and examined by experts, are imported into Vietnam and raised in the farms in Gia Lai and Daklak (Vietnam), Attapeu (Laos) and Rattanakiri (Cambodia). Mr. Doan Nguyen Duc – Chairman of HAGL Group asserted: “With the naturally originated food and the clean water in the farms built under international standards, HAGL commits to make high quality products with competitive prices, satisfying the demand of customers. Thanks to the cheap input from available advantage of food, the output prices will be very competitive in comparison with those in the market,

and the risks are almost unremarkable”. In our strategy orientation, HAGL will invest in cattle raising projects with the total capital of about VND 6,300 billion, including 2 phases (VND 2,517 billion for phase 1 and VND 3,783 billion for phase 2). The estimated total number of beef cows and dairy cows is 236,000 heads (120,000 dairy cows and 116,000 beef cows). The area initially used is around 4,000 ha, including 3,400 ha for planting grass and 600 ha for building breeding facilities. At present, the total number of cattles imported by the Group is over 43,500 and is expecting to increase as in the business plan.

To carry out the project, HAGL has signed the co-operation contracts with 2 strategic partners which are Nutifood Nutrition Food Joint Stock Company (to build a milk processing plant with a capacity of over 500 million litres/year to consume all the amount of milk provided by HAGL) and Vietnam Meat Industries Limited Company (VISSAN) – the company supplying clean beef from HAGL’s farm to the market.

# REAL ESTATES

HAGL GROUP HAS RESTRUCTURED ITS REAL ESTATE SECTOR BY SPINNING SUBSIDIARIES OWNING APARTMENT PROJECTS IN VIETNAM FROM THE GROUP, ONLY KEEPING HOANG ANH GIA LAI MYANMAR CENTER AND SOME POTENTIAL PROJECTS TO INCREASE THE ATTRACTIVENESS TO THE INVESTORS.







## PRODUCTS AND SERVICES

# REAL ESTATE



*Key project:*

**Hoang Anh Gia Lai  
Myanmar Center**

In order to deal with the general difficulties of the real estate market in Vietnam, HAGL has restructured its real estate sector by spinning off subsidiaries owning apartment projects in Vietnam from the Group, only retaining Hoang Anh Gia Lai Myanmar Center and some potential projects to increase the attractiveness to the investors.

HAGL boosts up the investment in Hoang Anh Gia Lai Myanmar Center because this project is located in the most favourable place in Yangon, next to Inya Lake with beautiful natural landscape, pure climate, airy space. In addition, the economic prospect in Myanmar is expected to grow quickly and the real estate market is expected to bring high profit.



Implementing the Resolution of the Board of Directors, all officers, engineers and workers of HAGL have been putting great efforts with 3 shifts/day in order to speed up the construction progress due to the serious lack of supply of offices, high-grade hotels, apartments for lease and the office rental there. Hoang Anh Gia Lai enjoys competitive advantages of a low-cost land bank acquired a long time ago, around USD 740/m<sup>2</sup> for 70 years, good management experience in construction costs, and vertical integration model with subsidiaries in construction, furniture and granite production with reasonable costs. These will also be competitive advantages once this project completes and comes into operation.

## ORIENTATION OF THE GROUP'S ACTIVITIES

**Resource recycling, public private partnership, intensive investment, building a set of values and mutual growth, etc...** are the orientations throughout the course of foundation and development of Hoang Anh Gia Lai Group. Such orientations have been undergoing more and more enhancement and consolidation for the target of sustainable development in order to set long-lasting values for the shareholders and other subjects in the society.



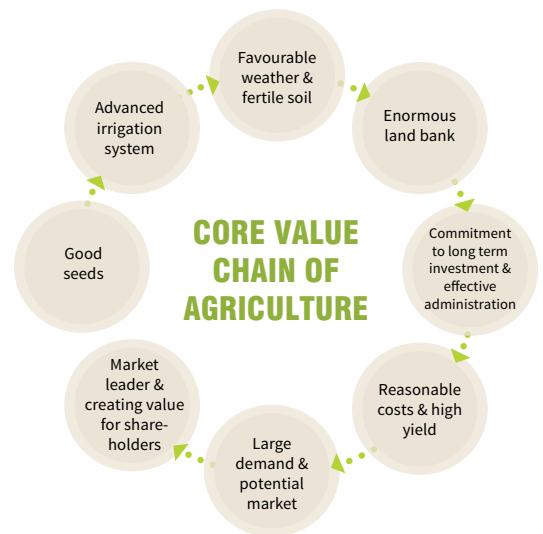




## Agricultural investment, resource recycling

Being deeply aware of the limit of natural resources, HAGL has optimally invested in and exploited recyclable resources. In the portfolio strategy, HAGL is determined that rubber, palm oil, sugarcane, corn, livestock not only economically effective but also highly supportive to the host localities in conversion of deprived woodlands into populous and fertile farms, making contribution to the improvement of local people's material and spiritual lives.

HAGL has always been proactive in protecting soil and water resources by application of techno-scientific achievements to agribusiness such as Israeli drip irrigation, soil nutrient analysis software, microbial fertilizer production line, etc. These advances have made significant contributions to the saving of water, minimizing soil corrosion and emaciation, saving manufacturing costs and creating high economic efficiency.



## Public Private Partnership, community development

HAGL employed the model of Public Private Partnership (PPP) very early – when starting agribusiness and expanded its operation to the neighboring countries such as Laos and Cambodia.

HAGL has offered interest-free loans to Laos Government for infra-structure construction supporting the 25<sup>th</sup> SEA Games as well as other public works like airport, roads and bridges, hospitals, schools, houses, administrative offices, etc. for many local communities. This model has been viewed as a typical example by other foreign investors when starting their business in Laos.

PPP model also found success in Cambodia in aiding Football Federation of Cambodia to set up Bati National Training Center in Takeo Province, build schools, health care facilities, and wells for deprived people, etc. in many other provinces of this Kingdom. Besides, the success of PPP model has cultivated the traditional political and economic relations between Vietnam and the neighbouring countries as well as other ASEAN countries.



## ORIENTATION OF THE GROUP'S ACTIVITIES



### Intensive investing, making use of the value chain to create sustainable competitive advantage

To create a unique competitive advantage scale internationally, together with massive investing scale, HAGL have always researched and acquired the advanced technological solutions to apply to its production processes, especially in industrial tree planting.

HAGL is a forerunner of rubber, sugarcane and corn cultivation in barren Dipterocarp forests in Laos and Cambodia. In order to raise the yield, the Group employed an advanced and unique mode of production by improving the soil fertility by making new investments on a big scale including human resources and machinery, technology, processes and seeds. That was regarded as a daring decision because most of the project area was arid and infertile all year round. With sheer determination and indomitable will "investing to the finish", the Group not only utilized Israeli leading-edge technology in agribusiness, drip irrigation, in cultivation to maximize outputs but also founded a Rubber Research Institute for soil analysis in order to make particular fertilizers compatible with respective soils which were both good for plants and trees and ensured low costs. In 2014, the Group decided to upgrade this institute to the Institute of High Technology Research and Application in Agribusiness, properly appreciating and inviting leading

experts from the countries with highly-developed agriculture like Thailand (sugarcane, corn) Malaysia (palm oil), Israel, Australia (livestock), etc. along with a powerful workforce of over 1,000 Vietnamese agricultural engineers involved in researching and developing high-technology applications in growing, caring, developing plants and trees in the project areas, providing opportunities for Vietnamese engineers to take up further study and widen their knowledge of this field.

It can be said that the industrial complex of sugarcane in Attapeu (Laos) is a typical example of HAGL's intensive investment and value chain connection. This complex yields refined sugar as the main product and the wastes are utilized to make by-products such as fertilizers, thermal power. Apart from this, other by-products from corn and oil palm are nutritious foods for the cattle that the Group started farming this year. In certain respects, HAGL also applied the process of chain value management to the real estate business by connecting the links of material resources which were already the Group's advantage including wood, granite, mechanism, in collaboration with the design and construction workforces, etc. producing highly competitive products in the market.

### Attachment for mutual growth

HAGL thoroughly understands that today's success derived from confidence, sympathy and good-willed cooperation of the shareholders, investors, partners, customers, executives, staff, governing agencies, press and media, etc. Therefore, the business philosophy "attachment for mutual growth" has always been a guiding star adopted by the Group on its business orientation. Thus, HAGL was able to mobilize a huge source of capital from established financial institutions both domestically and abroad; the need for capital used in business operations was addressed by the banks; strategic shareholders, local communities and authorities always stood side by side with the Group. To achieve today's successes, the Group typically create favourable conditions and provide a vibrant, creative and humane environment for the employees to make the most of their talents. HAGL also takes a pride in its professional managerial personnel and staff with absolute loyalty and dogged determination for the "colours" of the Group.

A POTENT AGRICULTURAL  
ENGINEER TEAM OF OVER



**1,000**  
PEOPLE



Israeli drip irrigation system helps increase capacity and minimize water consumption

## Short, medium and long-term strategies for development

The year 2014 witnessed encouraging movements in the economy of Vietnam; however, the real estate sector was still dragging in its slow recovery. Consequently, HAGL leaders remained the strategic restructuring of the Group which started in 2013 for the purpose of scaling down and narrowing unprofitable sectors, making pivotal investments in highly-profitable, linking them into a value chain and minimizing risks to help HAGL lower its outstanding loan balance and improve its financial indexes. According to the restructuring plan, two major sectors having been directed since 2013 were agribusiness and real estate. Apart from successfully grown trees and plants like rubber, palm oil, sugarcane and corn, the Group made full use of agricultural by-products, and the enormous land bank is advantageous for the Group to develop cattle farming carried out on a large scale from 2014. The major project in the real estate business remains HAGL Myanmar Centre located on an auspicious site in Yangon.

TOTAL CAPITAL  
INVESTED IN HAGL  
MYANMAR CENTER

USD  
**440**  
MILLION




**AGRIBUSINESS:** In the trend toward integration, Vietnam has joined and will join more Free Trade Agreements (FTA), which means customs duties will be lowered and trade barriers lifted. With the advantages in agriculture such as mild climate, extensive land, abundant workforce, etc. Vietnamese agricultural products enjoy favourable conditions to increase export. Such conditions plus a substantial land bank (expanding to neighbouring countries through PPP model) enabled the utilization of machinery and technology, thus increasing productivity and reducing production costs, further enhancing the confidence that HAGL will succeed for definite when giving top priority to agribusiness among the Group's other business operations.

The agribusiness will obtain high profit margin with the yield at an expectant rate. Revenue from this business is likely to create substantial cash flow and stable growth preventing HAGL from suffering negative effects from the traditional business sectors of long cycle and being vulnerable in adverse economic circumstances. Realizing this crucial point, since 2007, HAGL has ever

resolutely focused its investment on rubber trees, then moved forward to planting such medium-term trees and plants as sugarcane, palm oil. With the target "short-term earnings for long-term investment", HAGL added corn and cattle farming to the short-term investment portfolio. The corn has short capital turnover, reaping the harvest after 3 months, so HAGL can grow a minimum of 2 crops a year, producing an output of up to 10 tons/ha/crop. In 2014, HAGL planted and harvested around 5,000 ha of corn in Laos and Cambodia. And the second half of 2014 witnessed HAGL's official investment in high-tech cattle farming by importing over 43,500 Australian cows to be raised in Vietnam and Laos. In this business, foods account for 80% of the costs, so the expansion of palm oil, sugarcane, corn production will enable HAGL to make use of palm bagasse, molasses, corncobs and the land by the rivers abounding in grass, etc. used as foods for the cattle. As a result, this investment in livestock helps HAGL diversify risks, minimize adverse impacts caused by movements in the market, materially assisting the Group's other long-term business sectors.

**REAL ESTATE:** Despite encouraging movements in the property market recently, this hard time is not over yet. For this reason, HAGL decided to narrow down this business operation domestically. In contrast with Vietnamese market, Yangon – Myanmar, a new potential market with demand for property far exceeding supply is seriously falling short of high quality products especially luxury hotels, offices and apartments after this country's declaration of the open-door policy and approval of the Foreign Investment Law offering progressive, liberal terms. That was the reason why HAGL was determined to resolutely make investment in HAGL Myanmar Center. 2014 saw the construction work rush through the schedule. HAGL Myanmar Center is estimated to complete as planned, promising the scene of tower in modern magnificent space.



 Attapeu International Airport, sponsored & built by HAGL Group



# LAYING FOUNDATION

Continual innovation and consolidation are our direction of setting targets for development as a foundation for overcoming mutual complications in the market, working out a “watershed” solution to establish a solid stand in the market and inspire confidence of the investors and social communities.





## INFORMATION ABOUT THE BOARD OF DIRECTORS



**Mr. Nguyen Van Su**  
BOD member

- Year of birth: 1958
- Qualifications: Bachelor of Economics
- Working experience at HAGL: since 1994
- Current position: BOD member cum General Director
- Date of first appointment: 17/9/2006
- Professional responsibility at HAGL: General Management
- Other managerial titles:
  - + BOD member – HAGL Mining JSC
  - + BOD member - HAGL Rubber Joint Stock Company
  - + BOD member - HAGL Hydro Power JSC
  - + Chairman – Hoang Anh Daklak JSC
  - + Chairman - HAGL Mining JSC
  - + Chairman – HAGL Hospital JSC



**Mr. Doan Nguyen Thu**  
BOD member

- Year of birth: 1977
- Qualifications: Bachelor of Economics – Ho Chi Minh City University of Economics, Master of Business Administration
- Working experience at HAGL: since 1999
- Current position: BOD member cum Deputy General Director
- Date of first appointment: 17/9/2006
- Professional responsibility: furniture
- Other managerial titles:
  - + BOD Chairman - HAGL Furniture JSC
  - + BOD member - HAGL Hydro Power JSC



**Mr. Nguyen Van Minh**  
BOD member

- Year of birth: 1959
- Qualifications: Agro engineer
- Working experience at HAGL: since 1992
- Current position: BOD member cum Deputy General Director
- Date of first appointment: 17/9/2006
- Professional responsibility: agribusiness in Laos
- Other managerial titles:
  - + BOD member - HAGL Rubber Joint Stock Company
  - + Chairman – HAGL Sugarcane JSC
  - + Chairman – Hoang Anh - Quang Minh Rubber JSC
  - + Director – Hoang Anh Rattanakiri Company Ltd

### Mr. Doan Nguyen Duc

Chairman of the BOD –  
The Founder

- Year of birth: 1963
- Qualification: Graduate (12/12)
- Working experience at HAGL: since 1992
- Current position: Chairman of the BOD
- Date of first assignment: 17/9/2006
- Professional responsibility at HAGL: Overall management
- Other managerial titles
  - + Chairman – HAGL Rubber Joint Stock Company
  - + Chairman – Hoang Anh Construction and Housing Development JSC
  - + Chairman – HAGL Hydro Power JSC



### Mr. Phan Thanh Thu

BOD member

- Year of birth: 1963
- Qualification: Hue Music Arts
- Working experience at HAGL: since 1992
- Current position: BOD Member, Director of Hoang Anh Attapeu Agriculture Development Co., Ltd.
- Date of first assignment: 18/4/2014
- Professional responsibility at HAGL: agribusiness in Laos
- Positions at other organizations: None



### Ms. Vo Thi Huyen Lan

BOD member

- Year of birth: 1971
- Qualifications: Bachelor of Economics – Economics College of HCM city; HEC Paris MBA; Master in Finance, L'Université Paris-Dauphine
- Current position: Independent BOD member
- Date of first assignment: 18/4/2014
- Professional responsibility at HAGL: none
- Positions at other organizations
  - + 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



### Mr. Pornchai Lueang-a-papong

BOD member

- Year of birth: 1953
- Qualifications: Doctor of agriculture
- Current position: independent BOD member
- Date of first assignment: 18/4/2014
- Professional responsibility at HAGL: agribusiness
- Positions at other organizations
  - + Associate professor – Doctor, Faculty of Agriculture, Chiang Mai University, Thailand
  - + Director of the center of Biological Energy Research, Chiang Mai University, Thailand



## THE BOARD OF MANAGEMENT



**Mr. Vo Truong Son**  
General Director

- Year of birth: 1973
- Qualifications: Master of Finance, Bachelor of Law, Member of The Chartered Financial Analyst, Member of the Association of Chartered Certified Accountants (ACCA)
- Working experience at HAGL: since 2008
- Current position: General Director
- Date of first assignment: 31/3/2015
- Professional responsibility: Overall management
- Other managerial titles:
  - + BOD member - Hoang Anh Construction and Housing Development JSC
  - + BOD member – HAGL Mining JSC



**Mr. Doan Nguyen Thu**  
Deputy General Director (\*)

+ For more information, see page 36



**Mr. Nguyen Van Minh**  
Deputy General Director (\*)

+ For more information, see page 36



**Mr. Nguyen Xuan Thang**  
Deputy General Director

- Year of birth: 1977
- Qualification: university – corporate finance
- Working experience at HAGL: since 2007
- Current position: Deputy General Director
- Date of first assignment: 30/9/2014
- Professional responsibility at HAGL : investing plans and projects
- Positions at other organizations: None



**Ms. Ho Thi Kim Chi**  
Deputy General Director

- Year of birth: 1976
- Qualification: university – business administration
- Working experience at HAGL: since 1998
- Current position: Deputy General Director
- Date of first assignment: 30/9/2014
- Professional responsibility at HAGL : finance and accounting
- Positions at other organizations: None

## THE BOARD OF SUPERVISION



**Mr. Lam Hoang Hai**  
Head of the Board of Supervision

- Year of birth: 1980
- Qualification: Bachelor of economics – Ho Chi Minh City University of Economics
- Current position: Head of the Board of Supervision – Manager of Internal Audit Department

**Working experience:**

- 2000 – 2008: Auditing and Consulting Company Ltd.
- 2008 – now: HAGL JSC



**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 Private 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
- 2008 – 2013: Hoang Nguyen Construction and Housing Development JSC
- 2013 – now: Hoang Anh Gia Lai Myanmar Co., Ltd



## ORGANIZATION AND PERSONNEL



Annual number of employees

7,089  
EMPLOYEES

2007

7,291  
EMPLOYEES

2008

8,745  
EMPLOYEES

2009

9,638  
EMPLOYEES

2010



**Hoang Anh Gia Lai Group operates under the parent-and-subsidary model with the following organizational structure:**

- **The parent company with 3 Corporations:** Hoang Anh Gia Lai Rubber JSC, Hoang Anh Gia Lai Hydropower JSC, Hoang Anh Construction and Housing Development JSC.
- **28 subsidiaries**, over which Hoang Anh Gia Lai JSC holds over 50% majority of shares and/or has controlling interest in these companies.





## Number of employees and human resource policy

### WORKING POLICY

- + Employees of the Group work 5.5 to 6 days per week and 8 hours per day. The working time can be adjusted based on deliverables, but it should be remained within the standard working hours in accordance with the Group's policies. Overtime may be required from time to time to meet the deadline.
- + Employees are entitled to 1 to 1.5 days off per week. Employees who have worked for 12 months are entitled to 12, 14 or 16 days of annual leave per year depending on working requirements. If an employee has worked less than 12 months, the annual leave entitlement will be pro-rated according to the number of working months. The Group will increase the annual leave entitlement based on the number of years of service, e.g. 1 additional day of annual leave for every 5 years of service. Besides, employees are entitled to national holidays annually in line with the laws of Vietnam and of other countries where the Group is having its operations. If any of such holidays coincides another holiday, employees will be allowed the next day off to make up for it.



### RECRUITMENT AND TRAINING POLICIES

- + The recruitment of new employees is in accordance with the Group's policies in order to ensure that new employees possess adequate qualifications, skills, experience for their positions and good work ethics and long-term commitment. In the long run, the Group prefers employing local personnel due to high commitment and qualification. The Group has a preferential policy for local employees with good qualifications and working ethics, who have worked in big cities and would like to work with the Group in Pleiku City and other project areas.
- + The Group ensures that all employees receive adequate supports and training to gain skills that enable them to optimize their performance. The training of skills and other necessary techniques is conducted both internally and externally, in accordance with the Group's training plans prepared at the beginning of each year.
- + In order to implement effective training programs, the Group and its employees sign agreements to reinforce their commitments to duties and benefits of each party during the training period, and the number of working years required after the training.
- + Labor safety is one of the most important policies of the Group. Hoang Anh Gia Lai focuses on working safety training before commencing employment, and provides adequate labor safety equipment such as shirts, hats, shoes, glasses, depending on their working environment.
- + The Group issues policies on labor safety and environmental sanitation, and conducts work safety inspections on a regular basis at construction sites. The Group has established the Labor Safety Committee to implement the Labor Safety System.




# Cultivating **the value**

Values are not created by or from themselves, but rather the fruits of an intensive investment and regular cultivation. We particularly appreciate the fruits achieved, making every effort to uphold and promote them so that we would provide the highest values for the shareholders, partners, customers and communities.







 Cambodian workers nurturing oil palm nursery.





### 13 APRIL 2014

#### Secretary General Nguyen Phu Trong visited HAGL projects in Attapeu – Laos

On 13 April 2014, Secretary General of The Central Committee of the Communist Party of Vietnam and the high-ranking delegation of Vietnam and Laos paid a visit to Attapeu airport project constructed by HAGL, enquiring after and encouraging Vietnamese enterprises that are making investments in Laos. Secretary General Nguyen Phu Trong highly appreciated Vietnamese enterprises for their investment in Laos despite the economic and financial complications and challenges in the country as well as in the world; the investment initially produced significant socio-economic results, caring for the living of Lao people, making contribution to the social welfare, cementing the friendly relation between the two countries.



### 24 APRIL 2014

#### HAGL officially admitted to the Vietnam Business Council for Sustainable Development (VBCSD)

In July 2014, HAGL was recognized as an official member of the Vietnam Business Council for Sustainable Development. HAGL's activities not only aim at implementing its business functions, but also focus on assuming the social responsibilities and obligations toward the communities in project areas. Joining VBCSD, HAGL wished to improve its corporate role in the orientation of sustainable development strategy devised by the government for economic development, starvation eradication, poverty alleviation and environmental protection both in Vietnam and the countries where the Group had been making investments.



### 30 AUGUST 2014

#### A HAGL leader honoured with 2014 Vietnam Prominent Young Entrepreneur

In the evening of 30 August, in Ha Noi there took place the Award Ceremony to confer awards to 100 individuals selected as Vietnam Prominent Young entrepreneurs. Mr. Vo Trung Son – Deputy General Director of Hoang Anh Gia Lai JSC and General Director of Hoang Anh Housing Development JSC (HAGL Land) was honoured on this occasion joining the 2014 rank of 100 Vietnam outstanding young entrepreneurs. The award is held annually by Vietnam Young Entrepreneurs Association recognizing and honouring individuals' as well as enterprises' contribution to the development of the country and joint effort to help deprived people, contributing to the social welfare.

## OUTSTANDING EVENTS 2014



### 15 APRIL 2014

#### A visit to HAGL projects in Cambodia conducted by investors

In April 2014, HAGL Group arranged a field trip to HAGL's corn and palm oil projects in Rattanakiri, the Kingdom of Cambodia for domestic and international investors from investment funds, banks, and stock companies, etc. accompanied by a number of press agencies. After the site visit, much to the investors' surprise, over a short span of time since embarking HAGL turned the barren dipterocarp forests into immense green fields.



### 21 SEPTEMBER 2014

#### State President Truong Tan Sang commending the model of Medical University - HAGL Hospital

As part of his working tour of Gia Lai and Kon Tum, on 21 September, State President Truong Tan Sang together with the delegation and Gia Lai province leaders paid a visit to the Medical University - HAGL Hospital. At the meeting the President highly commended Medical University - HAGL Hospital as a typical model of public private partnership in the socialization of the health care service.

Chairman Doan Nguyen Duc pledged HAGL, in collaboration with HCMC University of Medicine and Pharmacy, will set up a quality hospital providing thorough and conscientious care, meeting the Western Highland people's demand for medical examination and treatment as well as the peoples from the two neighboring countries, Laos and Cambodia. Previously, on 19 August 2014 the hospital received a visit by Nguyen Thi Kim Tien, Minister of Health.



## 18 APRIL 2014

### 2014 Annual General Meeting of Shareholders

On 18 April, at the Re-Unification Palace – Ho Chi Minh City, Hoang Anh Gia Lai Group successfully held the 2014 General Meeting of Shareholders. The Meeting was thoroughly approved by the shareholders, passing many of the items in the 2013 report as well as the plan for 2014.

At the Meeting, Chairman Doan Nguyen Duc confirmed that agribusiness was HAGL's flagship in the immediate future, a business sector that generated substantial profit for HAGL in 2014 and the coming years. Besides, HAGL disclosed the plan for beef and dairy cattle farming to maximize the use of the Group's agricultural by products. As for the real estate, the Group was focusing on accelerating the construction of Hoang Anh Myanmar centre, putting into operation the first two office buildings in 2<sup>nd</sup> quarter of 2015 and the 5-star hotel of 400 rooms in 4<sup>th</sup> quarter of 2015.



## 09 JUNE 2014

### Signing ceremony of HAGL – VISSAN – NutiFood business cooperation

Hoang Anh Gia Lai Group put its signature to the agreement with two partners, namely Nutrition Food Joint Stock Company and Vissan One Member Company Ltd., (VISSAN) on the Project of farming dairy and beef cattle, and establishing a processing factory. The project of farming dairy and beef cattle invested by HAGL with a capital of VND 6,300 billion was realized in 2 phases: Phase 1 starting in 2014 and 2015, and phase 2 accomplishing in 2017. VISSAN would undertake the distribution of safe beef from HAGL farms to the market, while NutiFood would build a dairy factory with a capacity of 500 million liters of fresh milk per supplied by the Group. This collaboration would form a consortium of three major companies, paving the way for the development of Vietnamese agribusiness.



## 02 DECEMBER 2014

### HAGL ranked 44/1000 largest corporate income taxpayers of Vietnam

On 2 December 2014, in Ha Noi Vietnamnet and Taxation magazine - General Department of Taxation together with Vietnam Report Joint Stock Company (Vietnam Report) held a ceremony to publicize 2014 V1000. Hoang Anh Gia Lai Group was ranked the 44<sup>th</sup> of 1000 largest corporate income taxpayers of Vietnam based on the results of regularly and continually collecting, investigating, and verifying the independent data of the organizers. This announcement aimed to honour the enterprises with the largest contribution into the State budget in 2013 based on the item of Corporate income tax.



## 27 DECEMBER 2014

### HAGL Arsenal JMG U19 Players Joining the UNFPA Campaign for Elimination of Violence against Women and Girls

The Vietnam national under-19 football team with core players from the Hoang Anh Gia Lai-JMG Football Academy participated in the International Day for the Elimination of Violence against Women mobilized by the United Nations Population Fund from 18 Nov – 16 Dec over 12 provinces and cities in Vietnam. UNFPA spent two days of 10 and 11 November with over 12 HAGL Arsenal JMG players who used to be selected for the National U19 team to support the campaign. It was UNFPA's hope that the popular images of Vietnam U19 players would make a considerable contribution to the dissemination and elimination of violence against women and girls.



## 2014

### CEO Nguyen Van Su honored as one of the ten most creative business leaders in 2014

In 2014 Nhip Cau Dau Tu (Investment Bridge) Magazine hosted the Ceremony of Honoring 50 Business Leaders: Mark of Respect 2014. With the strict grading and selection criteria, included in the board of examiners were acknowledged experts, Mr. Nguyen Van Su, General Director of Hoang Anh Gia Lai group was honored one of the ten most creative business leaders. Prior to the honoring evening, the business people were involved in an exchange about the challenges facing and opportunities opening up to Vietnamese enterprises on accession to ASEAN Economic Community, and found out about the advantages available and potential for the agribusiness of Vietnam.



## REPORT OF OPERATIONS IN 2014



### REVENUE BY SECTOR

ITEMS	2014 ACHIEVEMENT	2013 ACHIEVEMENT	% AGAINST 2013	2014 TARGET	% ACHIEVEMENT
	(VND Billion)	(VND Billion)	%	(VND Billion)	%
Sugarcane	1,042	838	124	1,132	92
Construction	765	533	144	1,050	73
Production, merchandise	309	330	94	100	309
Real estate	238	247	96	200	119
Rubber	227	241	94	341	67
Services	224	229	98	250	90
Corn	205	–	–	300	68
Mining	44	231	19	–	–
Hydropower	–	122	–	–	–
<b>TOTAL</b>	<b>3,054</b>	<b>2,771</b>	<b>110</b>	<b>3,373</b>	<b>91</b>

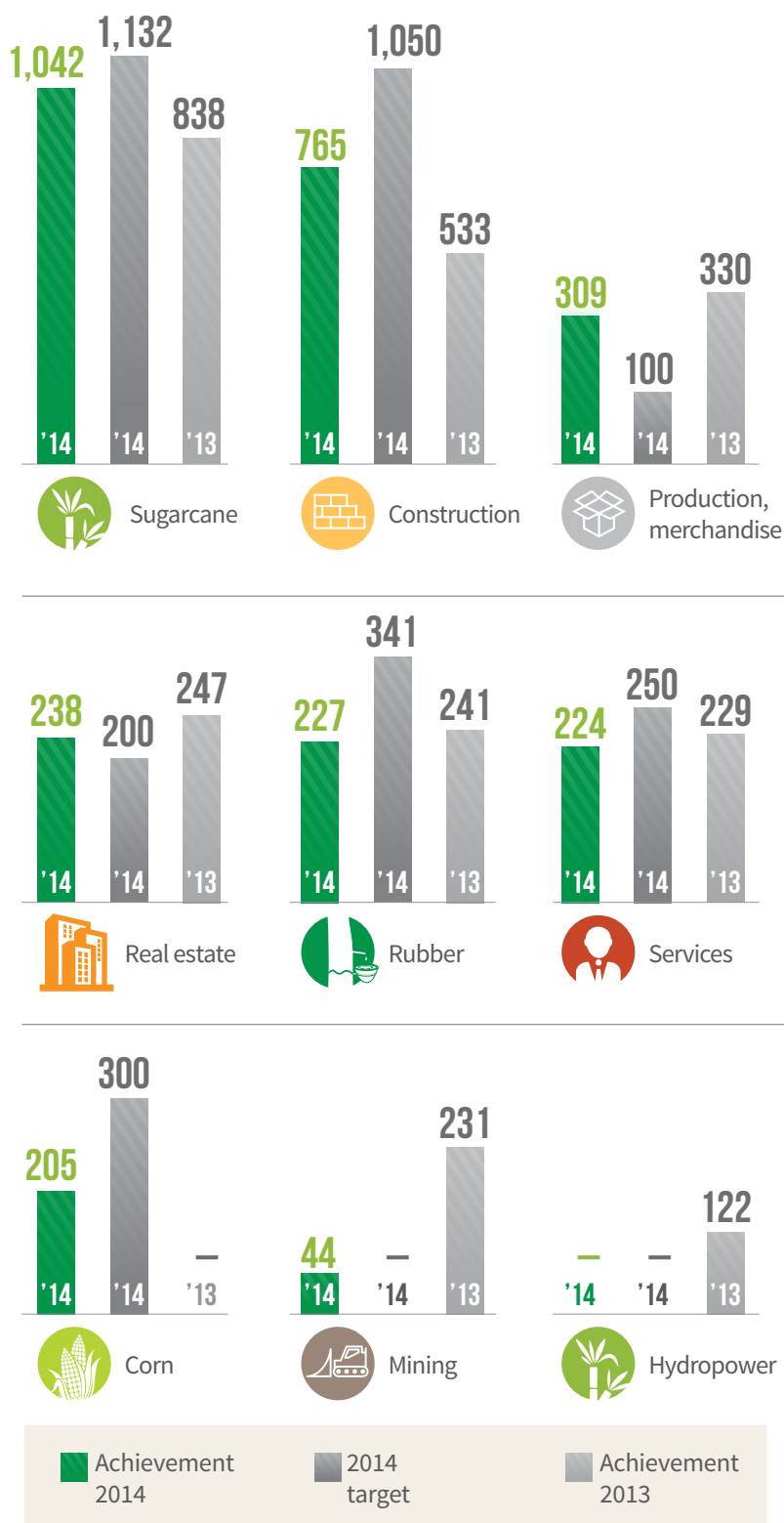
IN 2014, HAGL'S TOTAL REVENUE REACHED VND 3,054 BILLION, INCREASING BY 10% AGAINST THAT OF 2013.

In which:

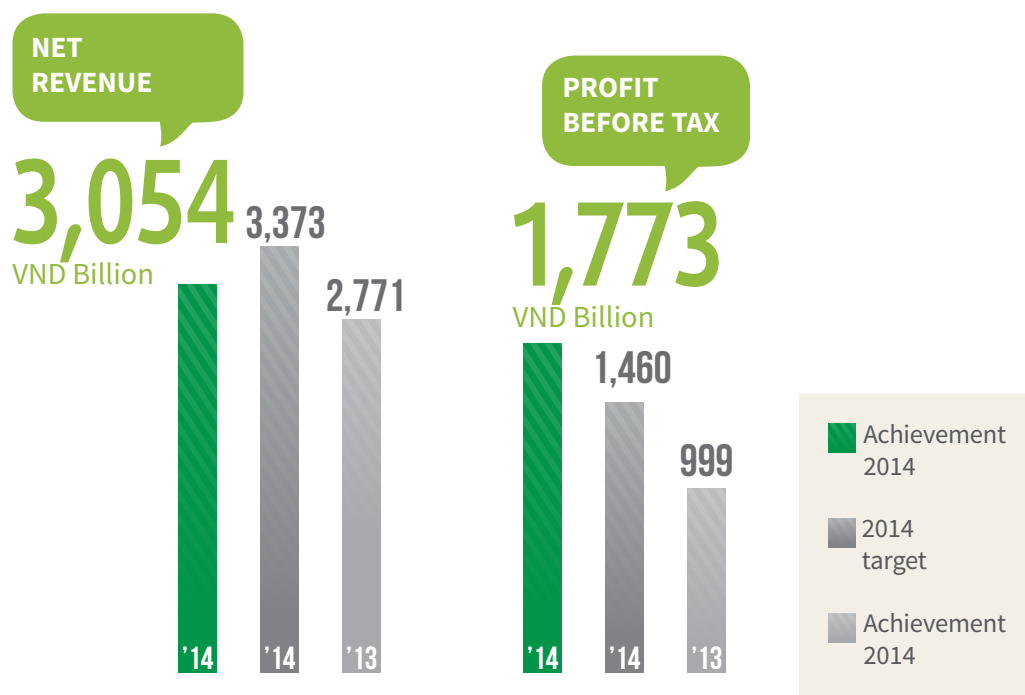
- **Revenue from sugarcane** reached VND 1,042 billion, increased by 24% in comparison with that of 2013, met 92% of the target. The reason of not fully completing the target is that the output of 2014-2015 crop in the 4th quarter of 2014 has not been dispatched for sale. HAGL is now proceeding the formalities to dispatch the sugar of 2014-2015 crop into Vietnamese market for sale.
- **Revenue from construction** reached VND 765 billion, increased by 44% in comparison with that of 2013, met 73% of the target. The reason of not fully completing the target is that the acceptance formalities of a part of the construction works of Nongkhang Airport, Huaphan Province, Laos have not been finished as of 31 December 2014.
- **Revenue from sale of products and merchandises** reached VND 309 billion, decreased by 6% in comparison with that of 2013. The reduction is not significant.
- **Revenue from real estate** reached VND 238 billion, exceeding 19% of the target, mainly from the revenue from sale of Bau Thac Gian apartment project.
- **Revenue from rubber** reached VND 227 billion, equivalent to 67% of the target, mainly due to the sharp reduction of selling price of rubber latex in comparison with that in the target.
- **Revenue from services** reached VND 224 billion, equivalent to 90% of the target, mainly from the medical services of HAGL Medicine and Pharmacy University Hospital and trading hotels.
- **Revenue from corn** reached VND 205 billion, equivalent to 68% of the target. The main reason is that a part of the output has been stored to serve the breeding sector.
- **Revenues from mining and hydropower** are not much as the result of the withdrawal of capital in hydropower projects in Vietnam and the narrowing of operation scale of hydropower sector..

## REVENUE BY SECTOR

Unit: VND Billion



## REPORT OF OPERATIONS IN 2014



## ORGANIZATION AND PERSONNEL

**1. List of the members of the Board of Directors, the Board of Management and the Board of Supervision of the year 2014 and as of the date of this report include**

No.	FULL NAMES	TITLES
<b>Board of Directors</b>		
1	Mr. Doan Nguyen Duc	BOD Chairman
2	Mr. Nguyen Van Su	BOD Member
3	Mr. Doan Nguyen Thu	BOD Member
4	Mr. Nguyen Van Minh	BOD Member
5	Ms. Vo Thi Huyen Lan	BOB Member
6	Mr. Pornchai Lueang-a-papong	BOD Member
7	Mr. Phan Thanh Thu	BOD Member
<b>Board of Management</b>		
1	Mr. Nguyen Van Su	General Director (Resigned on 31 March 2015)
2	Mr. Vo Truong Son	General Director (Appointed on 31 March 2015)
3	Mr. Doan Nguyen Thu	Deputy General Director
4	Mr. Nguyen Van Minh	Deputy General Director
5	Mr. Nguyen Xuan Thang	Deputy General Director
6	Ms. Ho Thi Kim Chi	Deputy General Director
<b>Board of Supervision</b>		
1	Mr. Lam Hoang Hai	Head of BOS
2	Ms. Nguyen Thi Huyen	BOS Member





Mr. Doan Nguyen Duc,  
BOD Chairman of HAGL  
introducing Hoang Anh  
Gia Lai Myanmar Centre

## 2. Changes in the Board of Directors, the Board of Management and the Board of Supervision

### a. Board of Directors

- + Mr. Vu Huu Dien - BOD member resigned on 28 March 2014.
- + Mr. Phan Thanh Thu assigned as BOD member on 18 April 2014.

### b. The Board of Management

- + Mr. Nguyen Van Su - General Director resigned on 31 March 2015.
- + Mr. Vo Truong Son assigned as General Director on 31 March 2015.
- + Mr. Le Van Ro - Deputy General Director resigned on 30 September 2014.
- + Mr. Nguyen Xuan Thang assigned as Deputy General Director on 01 October 2014.
- + Ms. Ho Thi Kim Chi assigned as Deputy General Director on 01 October 2014.

### c. The Board of Supervision

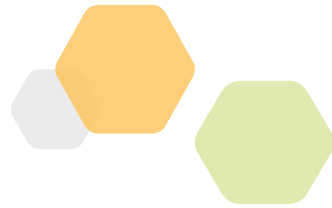
- + Mr. Nguyen Xuan Thang - Head of BOS resigned on 30 September 2014.
- + Mr. Lam Hoang Hai assigned as Head of BOS on 01 October 2014.
- + Ms. Nguyen Thi Huyen assigned as BOS member on 18 April 2014.

## 3. Employees

- + The total number of the Group's employees (by 31 December 2014) was 24,111.
- + Through 21 years of founding and development, HAGL's work force has upsized not only in number but quality as well by constantly broadening experience and developing professional expertise.



## REPORT OF OPERATIONS IN 2014



### INVESTMENT POSITION AND PROJECT IMPLEMENTATION



#### Hoang Anh Gia Lai Myanmar Center

This project is built on a parcel of 73,358 m<sup>2</sup>, including 1 commercial center, 4 blocks of office buildings for lease, a five-star hotel and 5 high-grade apartment blocks with the total construction area of over 650,000 m<sup>2</sup>. The current construction progresses of the commercial center, 2 office buildings for lease of Phase 1 and the five-star hotel are 99%, 95% and 85% respectively. It is expected that in early April and June 2015, the surfaces of commercial center and office buildings will be handed over to tenants respectively, and the hotel will be put into operation in September 2015.

As for Phase 2 including 2 office buildings for lease and 5 luxury apartment blocks, HAGL intends to start building the foundation in June 2015. The estimated construction periods are 2 years and 2.5 years for office buildings and apartment respectively.



#### Project of farming dairy and beef cattle

At present, HAGL has built 46 cowsheds in Gia Lai, 23 cowsheds in Laos and 18 cowsheds in Cambodia with a capacity of 800 cows per cowshed. HAGL has imported and raised over 42,000 beef cows and breeding cows in Vietnam, Laos, Cambodia and over 1,500 dairy cows in Gia Lai, Vietnam.

It is expected that in 2015, HAGL can dispatch 60,000 beef cows for sale, and the total number of beef cows and breeding cows can increase to over 100,000 as well as the number of dairy cows can rise over 13,000 at the end of 2015.

Having a large land bank to plant grass, corn and the by-products from sugarcane, oil palm production, HAGL can make high quality products at competitive costs. The beef and dairy cattle farming is expected to gain high income and more profit for the Group.

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

So far, HAGL has grown 17,300 ha of oil palm in Cambodia and Laos. HAGL is now preparing more land and seeds to additionally grow about 13,000 ha in 2015. The oil palm trees are growing vigorously and expected to be harvested for the first time in 2015.

HAGL is installing machinery and equipment for the oil palm processing plant of which the capacity is 270,000 tons of fresh fruits/year. This plant is expected to be put into operation in July 2015 so that the harvesting and processing of oil palm can be done as scheduled..

#### Nam Kong 2 Hydropower project

In 2014 HAGL continued the construction of Nam Kong 2 Hydropower plant with a capacity of 66MW. So far 80% of the workload has been done. The project is approaching the phase of equipment installation and completion and commercial operation are expected in December 2015.

#### Sugarcane and rubber sector

In 2014, HAGL's investments in sugarcane and rubber underwent no expansion. The sugar plant in Laos with a daily capacity of 7,000 tons of sugarcanes is in normal operation, effectively supporting the harvest and processing for 2013-2014 crops and part of 2014-2015 crops.

2,000 ha of rubber in Gia Lai experienced a conversion into cattle farming project, which explained the drop in rubber area from 44,500 ha to 42,500 ha. There will be no increase in the rubber area.

## FINANCIAL POSITION

### Prominent features in HAGL's 2013 business activities

After a long period of implementing the projects, some of HAGL's business sectors have generated revenue and yielded profit like sugarcane, rubber, corn, construction, and the other sectors will also start to produce revenue and profit in 2015 such as the property project in Myanmar, cattle farming, palm oil. It can be said that 2014 was a transitional year of the stage "coming into bloom and bearing fruits" as some of the projects have "born fruits" while some others have come into bloom. On that basis, HAGL's operations in 2014 can be generalized as follows:

- Total assets increased by 22%, from VND 29,813 billion by the end of 2013 to VND 36,369 billion by the end of 2014. The increased assets comprise of Myanmar project, cattle farms, palm oil plantations and the processing plant, Nam Kong 2 hydropower project in Laos. These highly-valued assets are potentially profitable.
- Revenue from cultivating products experienced no substantial change as compared to 2013 due to a dramatic fall in the prices of rubber in 2014 as analyzed in the section above. Palm oil harvest does not start until 2015. Sugarcane also suffered the slight decline in the world's price against 2013. Myanmar project will not be put into commercial operation until mid-2015. Construction activities mainly focused on the 2 airport projects in Laos, which remained stable, producing no sudden change at all.
- Revenue from financial activities mainly comprised of gain from transfer of share ownership, interest income from loans to other companies making a significant contribution to the business results in 2014.
- All expenses considerably fell as a result of the restructuring of the Group and the decline in the common level of interest rate in the market.
- There was an insignificant decrease in liquidity ratios as compared with those

of the previous year due to current portion of convertible and exchangeable bonds in 2015.

- The ratio of net revenue over total assets slightly dropped due to the investments in property projects in Myanmar, cattle farming and palm oil projects which do not generate revenue until 2015 as said above.
- All profitability ratios increased as compared with those of 2013 due to the increase in the financial income while selling, administrative, interest expenses fell.

### 1. Financial position and business results

Unit: VND billion

ITEM	2014	2013	% AGAINST 2013
Total value of assets	36,369	29,813	122%
Net revenue	3,054	2,771	110%
Profit from business operation	1,749	1,045	167%
Other profits	24	(46)	152%
Profit before tax	1,773	999	177%
Profit after tax	1,556	972	160%

### 2. Key financial items

ITEM	2014	2013
<b>Liquidity</b>		
Current ratio:		
Current assets/ Current liabilities	1.09	1.96
Quick ratio:		
(Current assets – Inventories) / Current liabilities	0.87	1.59
<b>Capital structure</b>		
Total loans and debts/ Total assets	0.50	0.48
Total loans and debts/ Owner's equity	1.28	1.11
<b>Operating Efficiency</b>		
Net revenue/Total assets	0.08	0.09
<b>Profitability</b>		
Profit after tax /Net revenue	50.94%	35.07%
Profit after tax/ Owner's equity	10.93%	7.56%
Profit after tax /Total assets	4.28%	3.26%
Profit before tax/Net revenue	58.06%	36.03%

### Performance of 2014 expense plan

Unit: VND billion

OPERATING EXPENSES	2014	2013	2012
Selling expenses	82	126	167
G&A expenses	240	275	245
Interest expenses	565	592	495



## REPORT OF OPERATIONS IN 2014

HOANG ANH GIA LAI MYANMAR CENTER IS INVESTED VIA A BUILD, OPERATE AND TRANSFER (BOT) AGREEMENT OVER A PERIOD OF 70 YEARS WITH A TOTAL INVESTMENT CAPITAL OF USD 440 MILLION, LOCATED AT THE GATEWAY OF GREATEST IMPORTANCE IN MYANMAR WELCOMING INTERNATIONAL VISITORS.

THE PROJECT IS BUILT ON A PARCEL OF 73,358 M<sup>2</sup> AMID THE NATURE OF MAGNIFICENT SURROUNDINGS, WITH FULLY-FLEDGED INFRASTRUCTURE, IN AN AUSPICIOUS LOCALITY OF YANGON, THE BIGGEST AND MOST DYNAMIC CITY OF MYANMAR.



Site area: **73,358 m<sup>2</sup>**  
 Market: **abroad**  
 Location: **Myanmar**



TOTAL  
INVESTMENT

**440**  
USD MILLION

## MAJOR PROJECT

# HOANG ANH GIA LAI MYANMAR CENTER

### THE PROJECT IS BUILT UP IN 2 PHASES:

**Phase 1:** from 2013 to June 2015, the project is approaching completion and putting into operation 2 first office blocks covering 85,701 m<sup>2</sup> of business floor, and a commercial floor of 38,365 m<sup>2</sup> in June 2015 and a 5-star hotel of 406 rooms in September 2015. For the time being, the average rent for the segment of luxury offices amounts to USD67/m<sup>2</sup>/month, hotel room up to USD250/room/night, and serviced apartment USD2,300 – 12,500/month.

**Phase 2:** from June 2015 to 2<sup>nd</sup> quarter of 2015, two grade A office buildings with a business floor of 94,189 m<sup>2</sup>, and 5 blocks of apartment of 27-30 storeys comprising of over 1,000 apartments.

The project “**Hoang Anh Gia Lai Myanmar Center**” will serve as a Vietnam economic and cultural center in Myanmar, the significant highlight of Vietnam – Myanmar friendly and long-standing cooperative relation. Besides, the project will satisfy the demand for hotel, houses and office, which has been undergoing a fever day by day in Yangon city.





## REPORT OF OPERATIONS IN 2014





TOTAL INVESTMENT  
CAPITAL**6,300**  
VND BIL.

## MAJOR PROJECT

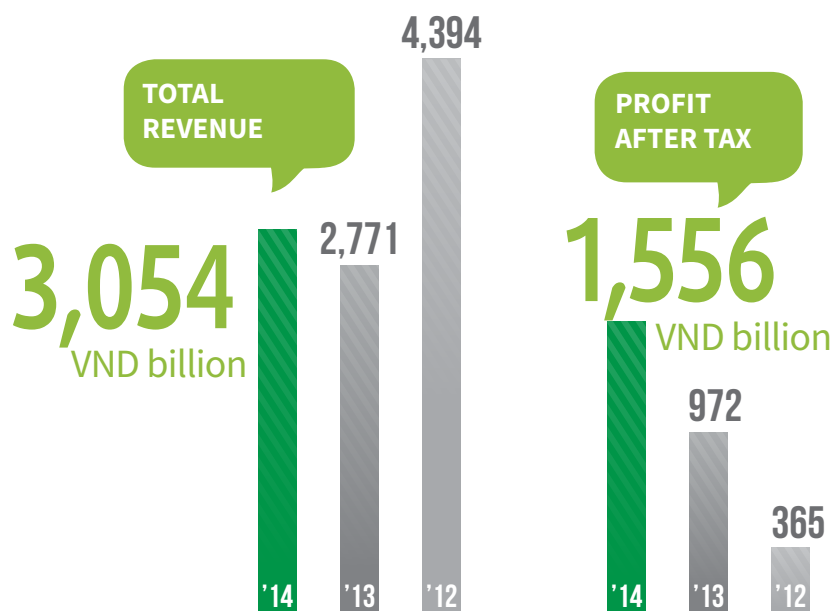
**CATTLE FARMING  
PROJECT**

One of HAGL's major projects is cattle farming. Viewed from practice, the livestock raising in Vietnam is traditionally featured with petty farming, high cost, plague uncontrolled, etc.

Realizing the prospect and potentiality of the livestock farming sector in meeting the demand for material sources in the country, HAGL has invested in breeding facilities for cattle farming by international standards, imported breeds from Australia and Thailand, applying modern farming technology, cutting down on costs, raising competitive advantage.

Besides, HAGL also collaborated with Nutifood and Vissan to ensure stable and long term consumption. The project of farming cattle invested by HAGL with a capital of VND 6,300 billion is realized in 2 phases. An investment capital of VND 2,517 billion is allocated to phase 1 while a capital of VND 3,783 billion to the latter phase. The total herd of beef and dairy cattle is estimated to be 236,000 heads comprising of 120,000 dairy heads and 116,000 beef heads. An initial area of 4,000 ha will be used, of which 3,400 ha for grass land and 600 ha for farming infrastructures.

## REPORT OF THE BOARD OF MANAGEMENT



### GENERAL ASSESSMENT OF THE BUSINESS ACTIVITIES IN 2014

IN GENERAL, IN 2014, THERE REMAINED HINDRANCES TO THE MICRO ECONOMY, AND VIETNAM WERE STILL EXPERIENCING ECONOMIC DOWNTURN. IN THIS CIRCUMSTANCE, WITH REMARKABLE EFFORT HAGL MANAGED TO SURMOUNT SUCH DIFFICULTIES AND ACHIEVED ENCOURAGING OUTCOME. A DETAILED ANALYSIS OF ADVANTAGES, CHALLENGES, BUSINESS POSITION AND TARGETS IS PRESENTED AS FOLLOWS:

#### 1. Advantages

- HAGL possesses an enormous bank of adjoining land which enables the strategy of developing high-technology agribusiness, mechanizing all the steps including soil preparing, planting, caring, harvesting, transporting, processing, etc. thus producing high yields and competitive prices.
- HAGL's dynamic, highly-experienced executives and employees are willing to acquire new knowledge. Therefore, in 2014, HAGL was able to quickly and impressively start its dairy and beef cattle farming. The diversity of agribusiness helps HAGL more effectively deal with the complicated situation of the

economy, laying a solid foundation for more sustainable development in the future.

- The thriving real estate market in Myanmar is experiencing a higher and higher demand exceeding the supply. The Myanmar Project, a significant factor retains HAGL's success in the real estate business. Though the year 2014 did not witness any revenue or profit, the project maintains its shareholders and investors' confidence in the Group's capabilities in the real estate business.
- A steep decline in the common interest rate, stable value of the Vietnamese dong, inflation under control, etc. all alleviate and stabilize

the costs and finance-related risks as well as capital sources, reassuring HAGL of embarking on its investment projects.

- The shareholders' companionship and deep attachment have solidified HAGL's sustainable developmental trend.
- Another factor that cannot go unmentioned is the close interest and substantial assistance from the leaders of Parties and Government agencies of Vietnam, Laos, Cambodia and Myanmar. Thanks to them, the procedures for assessing and approving investments, capital transfer were performed with ease and less time consuming. Anyway, that has encouraged HAGL's every confidence in making investments



HAGL assisting farmers in Ha Nam province in raising dairy cattles

in projects under complicated and challenging economic circumstances.

## 2. Difficulties

- The year 2014 witnessed a drop in the price of rubber, significantly decreasing the profit ratio of this business sector. Therefore, HAGL took the initiative to relax the workload, tapping only big trees just for the purpose of training and retention of the workforce.
- The harsh protectionist policies on Vietnamese sugar products constitute obstacles to the import of sugar products from Laos into Vietnam. As a result, HAGL still cannot break into this thriving market where the prices are higher than the world's average prices.
- The stock market has not experienced changes significant enough to reach sustainable development. As a consequence of temporary, stopgap trades, issuance of new stocks for mobilizing long-term capital proves unlikely to succeed.
- In the monetary market, most of the savings go for short-term deposits, this

discouraging the banks from providing long-term funding for projects.

- HAGL's managerial and organizational structure is still approaching perfection to match the Group's restructuring process and business redirection.

## 3. Achievements in business operation and administration

The most prominent achievement in 2014 was the flair for expansion of business scope into dairy and beef cattle farming. For HAGL in particular and Vietnam in general, the diversification into livestock farming would help reduce risks and dependence on fluctuating prices of farming products. Featured with a short capital turnover, cattle farming enables HAGL to turn over its capital, making prompt cash flow and profit to offset the deficits in the turnover targets and profit in the rubber business. All the processes of corn and grass growing, food processing, feeding, caring, milking are mechanized, yielding

products meeting the standard of stable quality and affordable prices

The Group's restructuring activities began to take positive effects in 2014. Business sectors underwent a restructure toward an effective streamlined organization. Thanks to it, there was a considerable decline in the costs and expenses, leading to an improvement in the Group's competitiveness and ability to deal with adverse development in the market.

In 2014, HAGL was also shift the management to younger staff to make preparation for replacement of elderly leaders approaching retirement. This planned shift combined the young's freshness and dynamism with the elderly's experience and sophistication, which made a major breakthrough in every aspect.



## REPORT OF THE BOARD OF MANAGEMENT

### Revenue

The total net revenue for 2014 reached VND 3,054 billion, accounting for 90.5% as compared against the plan, increasing by 10.2% against 2013. The revenue structure by sector is as follows:

BUSINESS SECTOR	2014		2013		2012	
	Revenue	Proportion	Revenue	Proportion	Revenue	Proportion
	(VND thousand)	%	(VND thousand)	%	(VND thousand)	%
Sugar products	1,042,101,594	34.1	837,961,442	30.2	–	–
Construction	765,159,377	25.1	533,463,622	19.3	477,197,405	10.9
Production, merchandise	309,290,199	10.1	329,840,007	11.9	349,683,286	8.0
Real estate	238,041,606	7.8	247,491,194	8.9	2,829,431,254	64.4
Rubber	226,690,873	7.4	240,864,613	8.7	46,400,000	1.1
Services	224,149,308	7.3	228,908,201	8.3	193,257,451	4.4
Corn	204,513,672	6.7	–	–	–	–
Mining	44,384,327	1.5	231,187,463	8.3	359,512,711	8.1
Hydropower	–	–	121,502,789	4.4	138,995,540	3.1
<b>Total revenue</b>	<b>3,054,330,956</b>		<b>2,771,219,331</b>		<b>4,394,477,647</b>	

In 2014, in spite of adversities in the market, HAGL achieved encouraging business results, namely, the revenue in 2014 reached VND 3,054 billion, accounting for an increase of 10.2% as compared with 2013 and the profit after tax reached VND 1,556 billion, accounting for an increase of 60.1% as compared with 2013. A specific analysis of the items in the report business results is as follows:

**Sugar business products** remain the leading contributor to the revenue growth. The revenue from sugar products achieved VND 1,042 billion accounting for 34.1% as proportion. The gross profit of VND 557 billion and the rate of gross profit reached 53.4%. The revenue from sugar products rose by 24.3% with an increase of 37.8% in consumption as compared against 2013. However, the gross margin slumped from 64.1% in 2013 to 53.4% in 2014 due to decreased average selling price. Specifically, the average selling price in 2014 was VND 12.3 million/ton, a decline of around 10.2% as compared to 2013.

**The revenue from construction business** reached VND 765 billion, accounting for 25.1% of the total revenue. The gross profit reached VND 299 billion and the gross profit margin gained

39.1%. The revenue from this business increased 43.5% mainly because of the construction and record of 22.4% of Attapeu airport (accumulating to 81.1% of the total volume) together with the construction and record of 19.8% of the volume of Nongkhang airport in Huaphan province, Laos.

**The revenue from production and merchandise business** reached VND 309 billion, accounting for 10.1% of the total revenue. The gross profit reached VND 60 billion and the gross profit margin gained 19.5%.

**The revenue from real estate business** reached VND 238 billion, accounting for 7.8% of the total revenue. The gross profit reached VND 47 billion and the gross profit margin gained 19.6%. As compared against 2014, the revenue from real estate business enjoyed an upturn of 19% resulting from the revenue from Bau Thac Gian project.

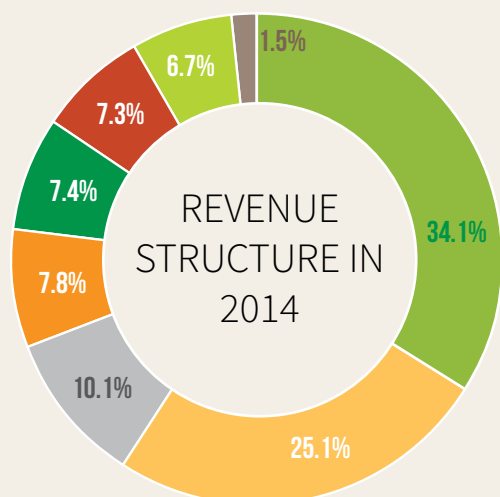
**The revenue from rubber business** gained VND 227 billion accounting for 7.4% of the total revenue. The gross profit reached VND 107 billion and gross profit margin reached 47.3%. Despite an upturn of 67.5% as compared with 2013, there was a downturn of 68.6% in the

gross profit margin in 2013 to 47.3% due to decreased average selling price. Specifically, the average selling price in 2014 was VND 34.3 million/ton, a decline of 43.9% against 2013.

**The revenue from services** reached VND 224 billion, accounting for 7.3% of the total revenue. The gross profit reached VND 43 billion and the gross profit margin gained 19.2%. The revenue from services is mainly attributed to Medical University - Hoang Anh Gia Lai Hospital.

**The revenue from corn business** gained VND 205 billion accounting for 6.7% of the total revenue. The gross profit reached VND 128 billion and the gross profit margin gained 62.6%. This business just generated revenue in 2014 but proved remarkably fruitful resulting from the strategy “short-term earnings for long-term investment”. In the long term, this sector will be supportive of the growth and development of the livestock farming.

**The revenue from hydraulic power and mining business** experienced a sharp fall in 2014 as result of HAGL's withdrawal of capital from the hydraulic power projects in Vietnam and the Group is gradually scaling down the mining business.



Sugarcane



Rubber



Construction



Mining


Production and  
merchandise

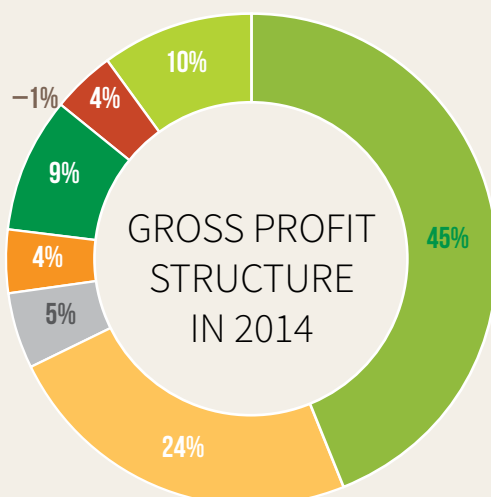

Services



Real Estate



Corn



## Expenses

ITEM	2014	2013	2012
Selling expense	82,212,779	125,639,028	166,818,625
G&A expense	239,958,115	274,660,179	244,769,554
Interest expense	565,216,215	591,863,715	494,957,341

The selling expenses have decreased by 34.6% to VND 82 billion mainly due to a drop in that of the mining business because its operation has been scaled down.

The G&A expenses plummeted by 12.6% to VND 240 billion mainly because of the Group's completion of its restructuring and streamlining the management mechanism for more effective performance. Such a change has made considerable savings in the G&A expenses offsetting the adjustment to the remuneration of the employees for their good work performance providing a motive for their loyalty and devotion.

The interest expenses fell by 4.5% to VND 565 billion as a result of the decline in loan interest.

## Income from financial activities

ITEM	2014	2013	2012
Gain from transfer of share ownership	755,235,461	644,393,403	216,439,735
Interest income from loans to other Companies	653,100,465	164,174,317	98,246,798
Interest income from bank deposits	47,097,991	109,908,851	169,951,450
Others	22,385,194	84,626,118	17,412,065
<b>Total income from financial activities</b>	<b>1,477,819,111</b>	<b>1,003,102,689</b>	<b>502,050,048</b>

Income from financial activities in 2014 reached VND 1,478 billion, accounting for an upturn of VND 475 billion against that of 2013. Key changes are as follows:

- Income from transfer of share ownership in 2014 was VND 755 billion, accounting for an increase of 17.2% as compared to 2013. That was because of Hoang Anh Construction and Housing Development Joint Stock Company's private placement of shares worth VND 1,100 billion and the surplus of VND 746 billion was recorded as financial income in the consolidated financial statements.
- Interest income from loans to other companies was VND 653 billion, increasing by 297.8% as compared to 2013 due to a rise in loan balances to other companies.
- Interest income from bank deposits reached VND 47 billion, accounting for a decline of 57.1% as compared to 2013. The reason was that the deposit balances and the deposit interest rates in 2014 dropped as compared to 2013.

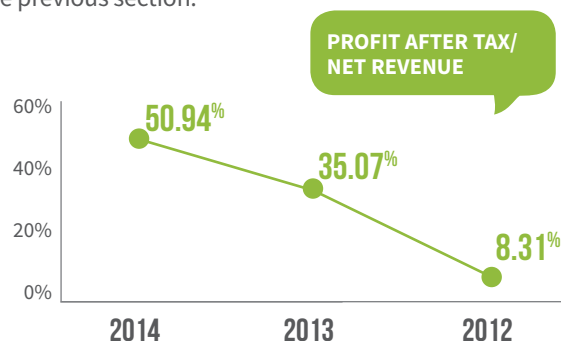
# REPORT OF THE BOARD OF MANAGEMENT

## FINANCIAL POSITION

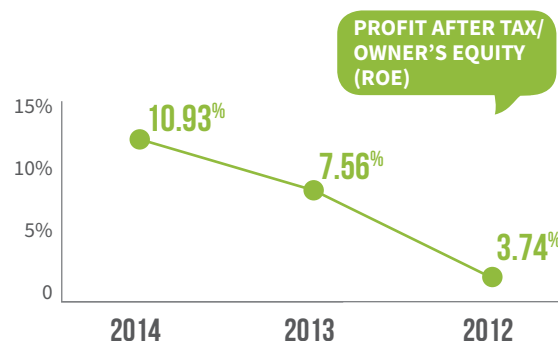
### Profitability

ITEM	2014	2013	2012
<b>Profitability</b>			
Profit after tax / Net revenue	50.94%	35.07%	8.31%
Profit after tax / Owner's equity	10.93%	7.56%	3.74%
Profit after tax / Total assets	4.28%	3.26%	1.17%
<b>Operating efficiency</b>			
Net revenue/Total assets	0.08	0.09	0.14

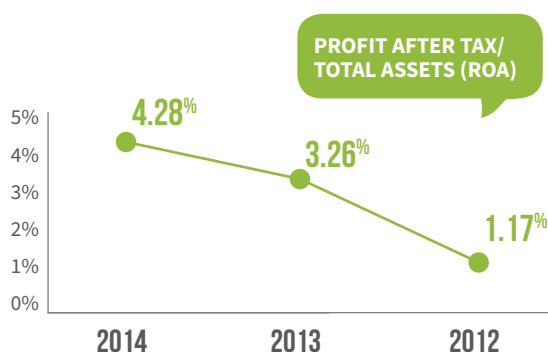
In 2014, the ratio of profit after tax over net revenue reached 50.94%, showing a dramatic increase as compared to that of 2013. It was basically due to declined expenses against those of 2013 while the income from financial activities experienced a sharp growth as compared with that of 2013 as analyzed in the previous section.



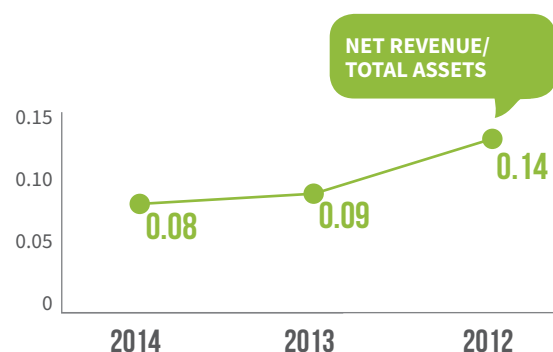
The ratio of profit over owner's equity reached 10.93%, accounting for an increase against 2013 due to a growth in the profit after tax as analysed in the previous section.



The ratio of profit after tax over the total assets reached 4.28%, accounting for an increase against 2013 due to a growth in the profit after tax as analyzed in the previous section.



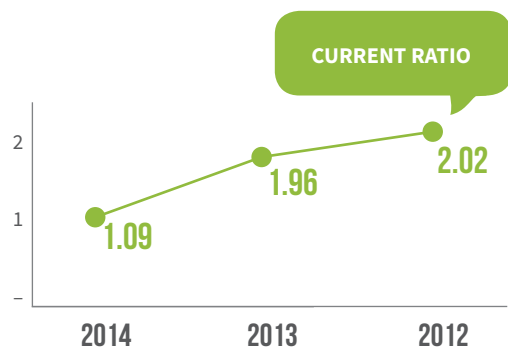
HAGL's net revenue over total assets slightly declined as compared with that of 2013 mainly because the growth rate of revenue was lower than that of total assets. In 2014, Myanmar project underwent schedule acceleration but it is not until mid-2015 that the project can generate revenue.





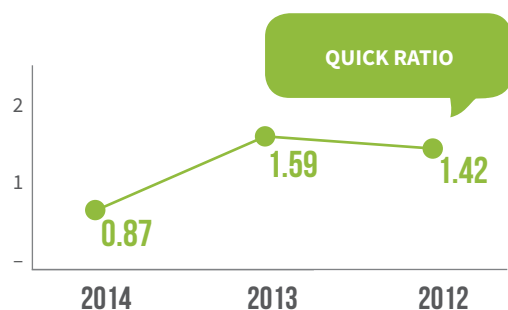
## Liquidity

ITEM	2014	2013	2012
<b>Liquidity</b>			
Current ratio:			
Current assets / Current liabilities	1.09	1.96	2.02
Quick ratio:			
(Current assets – Inventories) / Current liabilities	0.87	1.59	1.42
<b>Capital structure</b>			
Total loans and debts / Total assets	0.50	0.48	0.52
Total loans and debts / Owner's equity	1.28	1.11	1.65



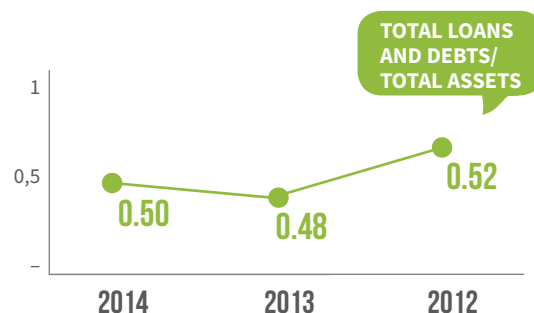
There was a drop in current ratio accounting for 1.09 times as compared against those of 2013 mainly because:

- Short-term loans increased by VND 4,298 billion, accounting for 86.67%, to VND 9,257 billion mainly because the convertible bonds and exchangeable bonds are due to be converted and changed into shares in 2015.
- Current assets increased by VND 372 billion, accounting for 3.82% against 2013, up to VND 10,113 billion. The growth rate was lower than that of short-term loans.



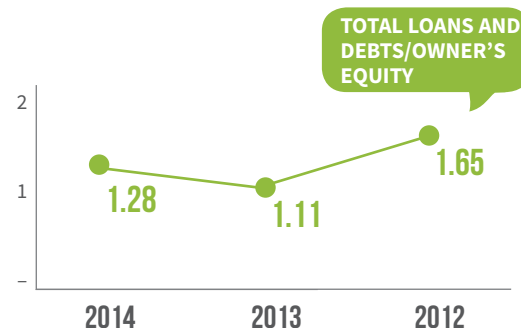
The quick ratio reached 0.87 time, reflecting a drop against 2013. That was mainly because:

- The increase of short-term loans for the reason above.
- Current assets less Inventories increased VND 125 billion, accounting for 1.58% against 2013, to VND 8,028 billion. The growth rate was lower than that of short-term loans.



The ratio of total loans and debts over total assets increased from 0.48 time by the end of 2013 to 0.50 time by the end of 2014. The major cause lies in the issuance of new bonds and disbursed the loans for investments in the Group's projects specifically as follows:

- Current liabilities increased by VND 3,710 billion, accounting for 118.57%, to VND 6,839 billion, and long-term loans increased by VND 208 billion, accounting for 1.87%, to VND 11,337 billion. In total, the entire outstanding loans increased by 3,918 billion, accounting for 27.48%, to VND 18,176 billion.
- Total assets increased by VND 6,556 billion, accounting for 21.99%, to VND 36,369 billion



The ratio of total loans and debts over owners' equity increased from 1.11 times by the end of 2013 to 1.28 times by the end of 2014 basically because:

- The increases of total current liabilities and long-term loans as mentioned above.
- Owner's equity increased by VND 1,385 billion, accounting for 10.78%, to VND 14,238 billion mainly due to the business results achieved in 2014

The ratio of total loans and debts over total assets and owners' equity increased as compared against those of 2013; however, included in the loan structure was the exchangeable bonds of VND 1,130 billion, convertible bonds of VND 1,100 billion, and bonds with warrants of rubber corporation's shares of VND 2,000 billion readily convertible into owner's equity in 2015. Besides, the loans and debts increased because of the Group's issuance of new long-term bonds in the year compatible to the ability of providing cash flows for the projects.

# REPORT OF THE BOARD OF DIRECTORS

## ASSESSMENT OF THE BOARD OF DIRECTORS ON THE GROUP'S ACTIVITIES

Based on the actual situation of the economy and the progress of HAGL's activities in 2014, the Board of Directors would like to present some assessments as follows:

▪ **Result of business operations:**

Profit after tax reached VND 1,556 billion, accounting for an increase of 60% as compared to that of 2013; though not significant as against the Group's assets and equity, it was quite encouraging in the context of economy downturn. In the gross profit structure, the sugarcane business remained contributing a high proportion of 45.4%, second to which was the construction for 24.4% while rubber 8.7%, corn 10.4% and the real estate business only 3.8%. That fully accorded with HAGL's new strategy to reduce dependence on Vietnam property market and intensify the solidity relying on the agribusiness of which HAGL has overwhelming competitive advantages. The profit-growing trend in agribusiness will continue in the coming years.

- **Financial position:** Total assets by the end of 2014 increased to VND 36,369 billion (an increase of VND 6,556 billion as compared with that at the end of 2013). The increased assets consist of investments in highly-valued assets which are potentially profitable such as the property project in Myanmar, cattle farms and oil palm farms, Nam Kong 2 hydropower project. These assets will come into business operation in 2015. The owner's equity by the end of 2014 was VND 14,238 billion, accounting for an increase of VND 1,385 billion against that at the end of 2013 mainly generated from the profits in 2014. Investing and implementing projects used both self-supported capital and

loans. Therefore, loans increased by VND 3,918 billion, up to VND 18,176 billion at the end of 2014

- **Investment management:** HAGL continued to implement the investment project effectively. Within a span of 8 months, HAL erected 87 cow sheds, accommodating 800 heads each with a total of 42,000 beef cows and 1,500 dairy cows. Construction of the Complex project in Myanmar quickly got started, with 3 working shifts/day and the first phase may get completed and come into operation in June 2015. The oil palm nurture and installation of equipment for the processing plant were satisfactorily done, and harvesting and processing are expected in July 2015. Construction of Nam Kong 2 hydropower plant was well performed, expected to be put into operation by the end of 2015.

- **Human resources:** Human resources play a vital role in HAGL's success. HAGL has put in a wonderful performance in recruiting, training staff, caring about their livelihood and working conditions, especially those working in the new project areas in Laos, Cambodia and Myanmar. Preferential policies appropriately adopted have stimulated and motivated the people to travel to new far-off project locations.

- **Adoption of technology and machinery in agribusiness:** HAGL has made an excellent performance in research on, acquisition, and adoption of advanced technology in planting, caring, and harvesting, which have proved a key

factor in raising productivity, reducing product costs. HAGL recruits or employs consultants from countries with experience in agriculture like Israeli experts on the drip irrigation system, Thai specialists on sugarcane, and Malaysian professionals on oil palm. A workforce of Vietnamese experts and engineers are assigned to work with foreign experts for learning and acquiring technology transfer. This approach has enabled Vietnamese experts and engineers, within a short time span, to master the leading-edge technology and technique in cultivation and develop their manipulative skills.

- **Market research and sales:** HAGL has actively set up a network of sales outlets for beef cattle farming business: forming relations with abattoirs, auditing, assessing their facilities and equipment to assist them with improvements to reach Australian ESCAS standard, preparing consumption of beef in the market countrywide. As for the Myanmar property project, the sales department have actively collaborate with brokers, agents in executing marketing strategy, approaching customers, signing contracts, etc. all for bringing the phase 1 of the project into business operation in June 2015. The sales department of the Group always take initiative in monitoring movements in the market to make proper response, proactively approach related authorities to obtain import quota for sugar into Vietnam, energetically develop relations with potential partners, customers for consumption of the Group's increasing merchandise.





## DEVELOPMENT ORIENTATION FOR 2015

Based on the new strategies aimed at directing focus toward development of the agribusiness and Myanmar project, the Board of Directors work out the plan for 2015 as follows:

- **Financing activities:** HAGL effectively mobilized capital for its investments in cattle farming and the property project in Myanmar. By that way, the speedy implementation of such projects was absolutely possible. Besides, HAGL effectively controlled its liquidity, i.e. all the loans including principal and interest were duly paid.
  - **Risk management:** HAGL's assessment of risks involved in each business sector was effectively conducted and appropriate risk-minimizing measures or adequate risk insurance were employed. This year saw no severe incident adversely affecting the Group's operation and financial position.
- ### Assessment of the results and competence of the Board of Management
- It is the assessment by the Board of Directors that the Board of Management has made remarkable efforts and fulfilled the duties assigned. In the context of economic recession, the Group's large-scaled operation in multiple business sectors, widespread investment locations, high rate of investments, the Board of Management has managed and directed every operation achieving satisfactory results as analyzed above. The board members are highly-experienced in and knowledgeable about the fields of business they are in charge of, with a sense of responsibility and collaboration. They constantly advance their professions, taking training courses, updating knowledge and management skills. The Board of Directors remarks that the members of the Board of Management are fully qualified for fulfilling their responsibilities as assigned by the General Meeting of Shareholders and the Board of Directors.
  - **Dairy and beef cattle farming:** In 2015, HAGL sets a sales target of 60,000 beef cattle. By the end of 2015, the number of beef cattle in the farms will come up to over 100,000 heads and 13,000 dairy cows. To reach these targets, building sheds, growing grass and corn, setting up facilities for irrigation and drainage and transport require urgent performance.
  - **Rubber:** No more expansion of area for new cultivation, instead, remaining focus on caring for the cultivated 42,500 ha; further recruitment and providing training to tapping workers to exploit the area of mature rubber trees expected to increase in 2015; performing proper maintenance and efficient operation of the latex processing plant.
  - **Oil palm:** Further cultivating 13,000 ha to reach the target for 30,000 ha in 2015; installing equipment and completing the palm oil processing plant in Cambodia for palm oil harvest and processing in July 2015.
  - **Sugarcane:** In 2015 planting and nurturing 6,000 ha of sugarcanes, converting 2,000 ha of which into grassland for cattle food; properly maintaining and efficiently operating the sugar processing plant and thermal power plant; starting transport of sugar into Vietnam for sale; preserving and developing trade relations with the merchants in Laos.
  - **Corn:** In 2015, starting to plan 3,000 ha of corn in Laos and Cambodia. The corn produce mainly serve as cattle food.
  - **Hoang Anh Gia Lai Myanmar Center:** Boosting the completion work to put into operation 2 first office blocks covering 85,701 m<sup>2</sup> of business floor, and a commercial center of 38,365 m<sup>2</sup> in June 2015 and a 5-star hotel of 406 rooms in September 2015; starting construction of phase 2 in order to complete another 2 office blocks of 94,189 m<sup>2</sup> business floor in mid-2017 and 5 apartment blocks of 1,030 apartments by the end of 2017.
  - **Financing activities:** Continuing to take a proactive approach in raising capital to implement investment plan as already set out, restructuring existing debts by replacing short-term debts by longer-term debts, which is appropriate for investing time and cash flows plan for the projects.
  - **Target for business operation results for 2015:** The Board of Directors strives to reach a profit before tax of VND 2,100 billion.



# SHAREHOLDER STRUCTURE

## Share ownership of the members of the Board of Directors

No.	NAMES	1 <sup>ST</sup> JANUARY 2014		31 <sup>ST</sup> DECEMBER 2014		CHANGES		CAUSES FOR CHANGES
		NUMBER	OWNERSHIP	NUMBER	OWNERSHIP	NUMBER	OWNERSHIP	
1.	Doan Nguyen Duc - Chairman	311,605,030	43.39%	342,765,533	43.39%	31,160,503	0.00%	Increased due to 10% of dividend in form of stock
2.	Nguyen Van Su - Member	3,046,812	0.42%	3,351,492	0.42%	304,680	0.00%	Increased due to 10% of dividend in form of stock
3.	Doan Nguyen Thu - Member	5,870,416	0.82%	6,457,456	0.82%	587,040	0.00%	Increased due to 10% of dividend in form of stock
4.	Nguyen Van Minh - Member	3,063,689	0.43%	3,370,057	0.43%	306,368	0.00%	Increased due to 10% of dividend in form of stock
5.	Phan Thanh Thu - Member	26,751	0.004%	29,426	0.00%	2,675	0.00%	Increased due to 10% of dividend in form of stock
6.	Vo Thi Huyen Lan - Member	-	0.00%	-	0.00%	-	0.00%	
7.	Pornchai Lueang-a-papong - Member	-	0.00%	-	0.00%	-	0.00%	

## Share ownership of the members of the Board of Management

No.	NAMES	1 <sup>ST</sup> JANUARY 2014		31 <sup>ST</sup> DECEMBER 2014		CHANGES		CAUSES FOR CHANGES
		NUMBER	OWNERSHIP	NUMBER	OWNERSHIP	NUMBER	OWNERSHIP	
1	Vo Truong Son - General Director	548,777	0.076%	603,654	0.076%	54,877	0.00%	Increased due to 10% of dividend in form of stock
2	Nguyen Xuan Thang- Deputy General Director	18,726	0.003%	20,598	0.003%	1,872	0.00%	Increased due to 10% of dividend in form of stock
3	Ho Thi Kim Chi - Deputy General Director	131,964	0.018%	145,159	0.018%	13,195	0.00%	Increased due to 10% of dividend in form of stock

## Share ownership of the members of the Board of Supervision

No.	NAMES	1 <sup>ST</sup> JANUARY 2014		31 <sup>ST</sup> DECEMBER 2014		CHANGES		CAUSES FOR CHANGES
		NUMBER	OWNERSHIP	NUMBER	OWNERSHIP	NUMBER	OWNERSHIP	
1	Lam Hoang Hai - Head	-	0.00%	-	0.00%	-	0.00%	
2	Nguyen Thi Huyen - Member	57,400	0.01%	63,140	0.01%	5,740	0.00%	Increased due to 10% of dividend in form of stock



Total number of outstanding shares:

**789,967,947**  
SHARES

As of 1 January 2014

**718,154,693**

As of 31 December 2014

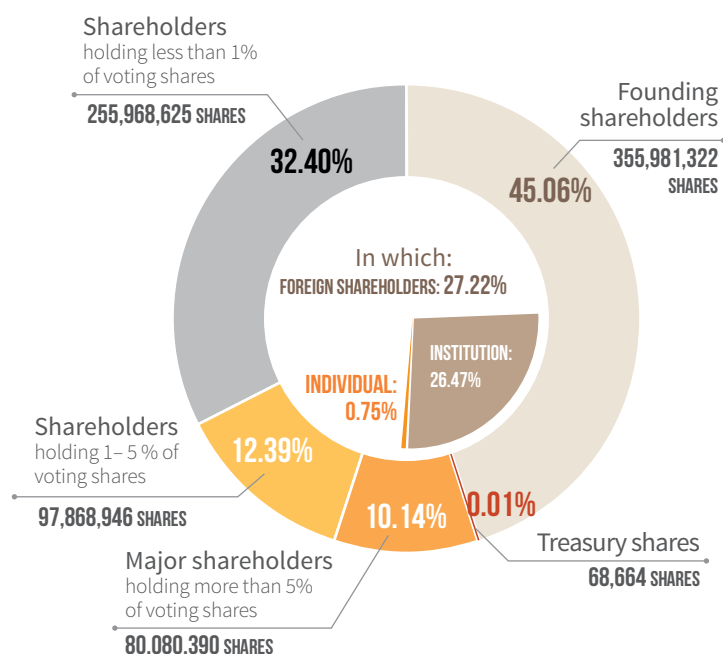
**789,899,283**
**TOTAL NUMBER OF OUTSTANDING SHARES**
**NUMBER OF TREASURY STOCKS FROM BONUS SHARES WITHDRAWN**
**FROM RETIRED EMPLOYEES**
**68,664**

### Major shareholders

No.	INSTITUTION/ INDIVIDUAL	ID CARD/ PASSPORT/ BUSINESS LICENSE NO.	ADDRESS	NUMBER OF SHARES	OWNERSHIP
Major shareholders (holding more than 5% of shares)					
1	Doan Nguyen Duc	230046495	147 Tran Phu, Pleiku, Gia Lai	342,765,533	43.39%
2	CREDIT SUISSE (HONG KONG) LIMITED	CS1947	45th and 46th Floors, Two Exchange Square, Connaught Place, Central, Hongkong	80,080,390	10.14%

### Shareholder structure by the list

ITEM	NUMBER OF SHARES	PERCENTAGE (%)
<b>Total share capital:</b>	789,967,947	100%
- Founding shareholders	355,981,322	45.06%
- Treasury shares	68,664	0.01%
- Major shareholders (holding more than 5% of voting shares)	80,080,390	10.14%
- Shareholders holding 1– 5 % of voting shares	97,868,946	12.39%
- Shareholders holding less than 1% of voting shares	255,968,625	32.40%
In which:		
* Foreign shareholders:	214,996,879	27.22%
- Institution:	209,102,692	26.47%
- Individual:	5,894,187	0.75%

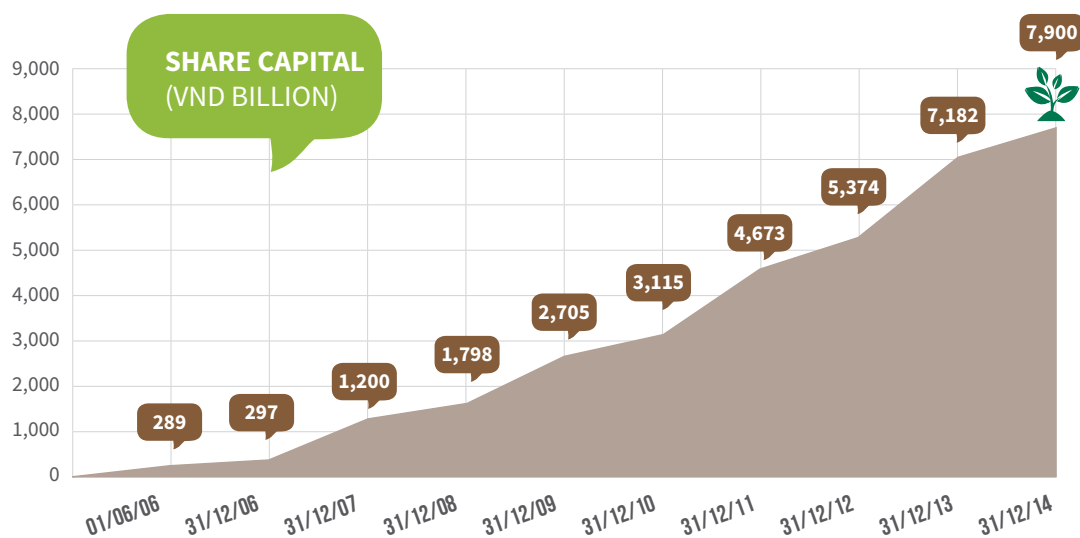


## SHAREHOLDER STRUCTURE

### Changes in owner's equity

1	Owner's equity as at 31 December 2013	VND thousand	7,181,546,930
2	Issue of ordinary shares to existing shareholders	VND thousand	718,132,540
3	Owner's equity as at 31 December 2014	VND thousand	7,899,679,470
4	Total shares upon IPO	Shares	28,900,000

On 13 August 2014, the Company announced the information about the issuance of stocks for dividend payment as per the Resolution of the 2014 Annual General Meeting of Shareholders dated 18 April 2014. Accordingly, the Company issued new stocks at par value of VND 10,000/stock to the existing shareholders at the ratio of 10:1 (each holder of every 10 stocks will be offered 1 stock), accounting for 71,813,254 additionally issued stocks. The dividend payment would be sourced from undistributed profit after tax as at 31 December 2013 and the dividend record date was announced to be on 29 August 2014. On this basis, the Company recorded an amount of VND 718,132,540 thousand added to the share capital and the corresponding undistributed profit reduced. On 19 September 2014, the Company received the 24th Amended Business Registration Certificate issued by the Department of Planning and Investment of Gia Lai province, approving the Company's increased charter capital to VND 7,899,679,470 thousand.



### Total number of shares

Number of shares allowed to be issued	789,967,947
Shares issued and fully paid	789,967,947
Ordinary shares	789,967,947
Outstanding shares	789,899,283
Ordinary shares	789,899,283
Treasury shares	68,664
Ordinary shares	68,664



## Outstanding bonds

Bonds	Par value (VND)	Number of outstanding bonds	Total book value (VND Thousand)
Bonds with warrants of rubber corporation's shares	100,000,000	20,000	2,000,000,000
Exchangeable bonds (Temasek)	1,000,000	1,130,000	1,130,000,000
Convertible bonds (Temasek)	1,000,000	1,100,000	1,100,000,000
2012 Corporate bonds- BIDV	1,000,000,000	850	850,000,000
2012 Corporate bonds - ACB (Tranche 1)	100,000	4,500,000	450,000,000
2012 Corporate bonds - ACB (Tranche 2)	100,000	4,500,000	450,000,000
2012 Corporate bonds - ACB (Tranche 3)	100,000	8,000,000	800,000,000
2013 Corporate bonds - OCB	100,000	1,460,730	146,073,000
2013 Corporate bonds - BIDV	1,000,000,000	950	950,000,000
2014 Corporate bonds - ACB (Tranche 4)	100,000	1,400,000	140,791,368
2014 Corporate bonds - BIDV	1,000,000,000	1,000	1,000,000,000
2014 Corporate bonds - HDBank	1,000,000,000	650	650,000,000
2014 Corporate bonds - VPBank	1,000,000,000	1,000	1,000,000,000
<b>Total</b>			<b>10,666,864,368</b>

The details of these outstanding bonds are disclosed in Note 19 and 26 of the Notes to the Audited Consolidated Financial Statements.

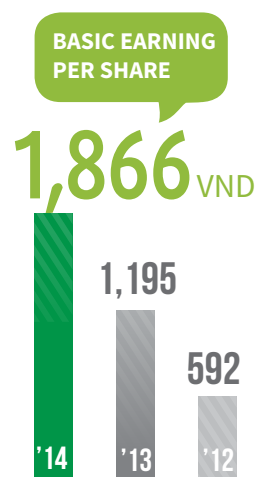
## Earnings per share

Item	2014	2013	2012
Basic earnings per share (VND/share)	1,866	1,195	592
Diluted earnings per share (VND/share)	1,811	1,173	592

## Dividend and profit distribution

Profit after tax of 2013 was distributed as follows:

- Financial reserve fund: 5%
- Welfare fund: 3%
- Remunerations of the BOD, Board of Supervision, and Secretarial Board: 0,5%
- Dividend in form of share: 1 additional share for every 10 shares owned)
- Remaining balance: included in the item "retained earnings"









# Reaping achievements

At each development stage, we always do research and outline the “turning points” for the purpose of gaining achievements, helping the Group overcome its immediate difficulties, and furthermore, creating values for the “blooming and fruiting” day following the planned route.

 A worker nursed Australian cattle at a farm in Gia Lai Province.



# CORPORATE GOVERNANCE

## ACTIVITIES OF THE BOARD OF DIRECTORS



Mr. Somsavat Lengsavad – Deputy Prime Minister of Laos - visited HAGL Attapeu as the first visitor of the year

### 1. Meetings of the Board of Directors

In 2014, the Board of Directors held 11 meetings:

- + **The 1<sup>st</sup> meeting:** On 28 March 2014, the Company held a meeting of the Board of Directors for “Approval for the situation of business operations and investments as well as the financial position of 2013; Agreement on the issues to be presented to the 2014 Annual General Meeting of Shareholders for approval”
- + **The 2<sup>nd</sup> meeting:** On 03 April 2014, the Company held a meeting of the Board of Directors for “Agreement on the submission of the plans of issuing bonus shares to employees and issuing call options to the leaders of the Company to the 2014 Annual General Meeting of Shareholders for approval”
- + **The 3<sup>rd</sup> meeting:** On 14 April 2014, the Company held a meeting of the Board of Directors for “Agreement on the submission of the election for additional members and the nomination of new members to the Board of Directors to the 2014 Annual General Meeting of Shareholders for approval”
- + **The 4<sup>th</sup> meeting:** On 25 May 2014, the Company held a meeting of the Board of Directors for “Implementation of the plans of issuing call options on HAG shares and issuing additional shares to convert call options into HAG shares”
- + **The 5<sup>th</sup> meeting:** On 10 July 2014, the Company held a meeting of the Board of Directors for “Approval on the selection of Ernst & Young Vietnam Limited as the provider for the service of auditing the financial statements for the fiscal year ended 2014”
- + **The 6<sup>th</sup> meeting:** On 30 July 2014, the Company held a meeting of the Board of Directors for “Implementation of the scheme of dividend payment in form of stocks in accordance with the Resolution of the 2014 Annual General Meeting of Shareholders on 18 April 2014”
- + **The 7<sup>th</sup> meeting:** On 06 August 2014, the Company held a meeting of the Board of Directors for “Approval on the sources for dividend payment in form of stocks to existing shareholders”
- + **The 8<sup>th</sup> meeting:** On 07 September 2014, the Company held a meeting of the Board of Directors for “Approval on the listing and depository registration documents on additional shares issued for dividend payment to existing shareholders”
- + **The 9<sup>th</sup> meeting:** On 20 September 2014, the Company held a meeting of the Board of Directors for “Approval on the results of business, production and investment in the first 6 months and expectations for the last 6 months of 2014”
- + **The 10<sup>th</sup> meeting:** On 30 September 2014, the Company held a meeting of the Board of Directors for “Change in the key personnel of the Company”
- + **The 11<sup>th</sup> meeting:** On 15 October 2014, the Company held a meeting of the Board of Directors for “Approval on the financial statements for the 3rd quarter of 2014 of the Company”

## 2. Supervision activities of the Board of Directors to the Board of Management

In 2014, the Board of Directors gave instructions and exercised supervision on the following activities of the Board of Management:

- The Board of Directors actively directed the Board of Management and related departments to complete the issuance of 1,000 bonds with a total value of VND 1,000 billion on 28 March 2014.
- The Board of Directors actively directed the Board of Management and related departments to successfully hold the 2014 Annual General Meeting of Shareholders on 18 April 2014.
- Environmental and social work were entirely kept on by Hoang Anh Gia Lai Group for the projects in progress in Vietnam, Laos and Cambodia. In 2014, the Board of Directors directed the Board of Management and related departments to implement environmental and social work as follows:
  - + The company established twinning relationship with over 30 villages of 5 districts, namely Saysetha, Xanamsay, San Xay, Samakhixay and Phouvong in Attapeu Province, Laos. The twinning ceremony took place in the presence of senior officers of the local authorities, the village heads and the households. This establishment of twinning relationship aimed at (i) Maintaining and upholding the solidarity, reciprocity in work and social lives; (ii) Facilitating the villagers' employment on the plantation. Currently, there are 4,000 employees working for Hoang Anh Attapeu in the total number of 11,681 working-age people of 5 districts in Attapeu province; (iii) Providing assistance in health care, education especially to households in difficulty. Other assistance will also be lent to renovation, infrastructure building and village planning.
  - + On 25 March 2014, Hoang Anh Andong Meas Co., Ltd. signed a contract with Luong Consultancy and Management Co., Ltd. to provide a program of training and giving advice on setting up the quality management system under ISO 9001:2008 standard applied in planting, nursing and harvesting oil palm fruits. Hoang Anh Andong Meas Co., Ltd. now has 04 oil palm plantations in Rattanakiri Province, Cambodia. The program is intended to last for 12 months. With this initial model performance, HAGL Group and Hoang Anh Andong Meas Co., Ltd. will draw experiences from the reality to widely apply to other subsidiaries of HAGL Group in absorbing international standards in management in compliance with the national laws and the international laws in the manner of protecting environment, bringing social benefits and economic efficiency for sustainable development purposes.
  - + Following "the program for community development", from 22 to 25 May 2014, HAGL Group conducted the 5th free course of eye surgery on Cambodian folks from the communities in Rattanakiri province, Kingdom of Cambodia. 12 visually impaired people and their relations were picked up by the company agents at their far-off villages and taken to HAGL Medicine and Pharmacy

University Hospital ("HAGL MPU Hospital") in Gia Lai for eye surgery. All the surgeries were successful resulting in their full recovery to normal vision when released from hospital. HAGL MPU Hospital strictly followed the professional procedures, observing the sterilization principles. The patients were given detailed guidance for acting on doctors' advice and provided with post-operation care as well as subsequent prevention. Besides, HAGL also gave them small gifts as souvenirs. The patients and their relations were overjoyed and truly touched by the company's warm reception, kind treatment, and board and lodging. As a preliminary summing up of the 5 courses of eye surgery conducted in 2013-2014, of the 112 cases of visual impairment due to cataract, HAGL has restored normal vision to 92 folks from the faraway deprived districts in the neighboring country.

- + From 31 May 2014 to 01 June 2014, HAGL Group together with HAGL MPU Hospital, one of its subsidiaries, including 7 specialties (internality, surgery, obstetrics, pediatrics, ophthalmology, ENT, dermatology and venereology), 50 medical staff and youth union members provided periodical free medical exams, treatments and drugs to another 5 of the 18 communities in Rattanakiri, Cambodia. The group diagnosed and provided medication to over 1,000 patients and selected 40 cases of eye impairment for treatment at HAGL MPU Hospital. Also on this occasion, HAGL donated a package of 50kgs of rice, 2 crates of instant noodle to each of the starving households, old people living alone. The medical exams, medication provision and donation came to over VND 500 million in total.
- + On 7 June 2014, HAGL, in collaboration with the authorities of Rattanakiri province had a meeting with and asked after the communities in Andong Meas district, Rattanakiri province, Cambodia. As part of this program, HAGL made donation of 50kgs of rice and 2 crates of instant noodle to every deprived household in the 18 communities, of which the total amount came up to VND 500 billion.
- In the afternoon of 27 December, in Ho Chi Minh City, HAGL staff members, the sponsor NutiFood and HAGL football club players made a visit and donated 150 gifts to the children-patients at the Ho Chi Minh City Oncology Hospital as part of the program "Thuy's dream" initiated by Tuoi Tre Newspaper to support cancer kid patients. With such practical deeds, HAGL wished to bring smiles and joys to the kid patients undergoing treatment at the HCMC Oncology Hospital, inspiring them to fight the pain of their fatal diseases.
- In the afternoon of 9 June 2014, in Ho Chi Minh City, HAGL put its signature to the agreement with two partners, namely Nutrition Food Joint Stock Company and Vissan One Member Company Ltd., a member company of Saigon Trading Group on joint investment in the project of farming dairy and beef cattles and establishing processing factories. The signing ceremony was witnessed by over 300 guests including customers, investors, bankers and representatives, etc. and press media.

## CORPORATE GOVERNANCE

### ACTIVITIES OF THE BOARD OF DIRECTORS

- Completing the issuance of 71,813,254 shares for dividend payment to existing shareholders in accordance with the Resolution of the 2014 Annual General Meeting of Shareholders on 18 April 2014. The effective date of listing was 26 September 2014.
- On 28 November 2014, the Company completed the issuance of 1,000 corporate bonds, of which the face value was VND 1,000,000,000/bond and the term was within 3 years.
- On 31 December 2014, the Company completed the issuance of 1,000 corporate bonds, of which the face value was VND 1,000,000,000/bond and the term was within 5 years.
- The Board of Directors directed the Board of Management and related departments to carry out other tasks and gained some achievements in 2014 as follows:
  - + HAGL ranked 44/1000 among largest corporate income taxpayers of Vietnam: In the morning of 2 December 2014, at National Convention Center - Ha Noi City, Vietnamnet online newspaper and Taxation magazine - General Department of Taxation together with Vietnam Report Joint Stock Company (Vietnam Report) held a ceremony to publicize the V1000 ranking in the year 2014.
  - + HAGL's 2014 annual report was voted in Top 30 of the best annual reports of the year 2014: In the evening of 26 July 2014, in Ho Chi Minh City, a ceremony to give awards to the best annual reports of the year 2014 was co-organized by the Stock Investment Newspaper, Ho Chi Minh City Stock Exchange and Dragon Capital Investment Fund. This was the 6th time from the year 2009 so far, HAGL's annual report was elected one of the best annual reports of the year.
  - + HAGL was recognized as an official member of Vietnam Business Council for Sustainable Development (VBCSD): In July 2014, HAGL was recognized as an official member of the VBCSD established by Vietnam Chamber of Commerce and Industry (VCCI) under the sustainable development orientation of the Government. This is a business-led organization including enterprises, economic groups and industrial associations for the sustainable development benefits of businesses and the co-operation commitment for sustainable development in Vietnam. Joining in VBCSD, HAGL wishes to promote the fulfilment of social responsibilities of enterprises, to update the latest information and knowledge on sustainable development and related socio-economic issues, and to promote the role of enterprises in implementing the strategic orientation for sustainable development of the Government in order to speed up economic growth, poverty reduction and hunger elimination and environment protection in Vietnam and in the countries where HAGL has made investments.
- + State President Truong Tan Sang commended the model of HAGL MPU Hospital: As part of his working tour of Gia Lai and Kon Tum, in the afternoon of 21 September, State President Truong Tan Sang together with the delegation and Gia Lai province leaders paid a visit to HAGL MPU Hospital. For over the past 3 years of operation, the hospital provided diagnosis and treatment to 436,500 cases, of which 1,656 came from Laos and Cambodia, 10,265 cases from ethnic minorities; 17,200 cases of inpatient treatment, including 485 cases of Lao and Cambodian people, 702 cases of inpatient treatment for people from ethnic minorities ; 5,150 cases of surgery. Founded in Pleiku, HAGL MPU Hospital, to some extent, alleviated the overload at some special hospitals in Ho Chi Minh City and saved the people in Western Highland provinces costs on travelling, accommodation, meals and working days up to VND 339.6 billion. Orientation for the future: Giving a pledge of advanced technique transfer and quality staff training by HCMC University of Medicine and Pharmacy, HAGL Group was striving to upgrade HAGL MPU Hospital to a state-of-the-art specialized Medical Centre in Western Highlands, capable of performing both domestic and international medical techniques. In parallel with staff training, the hospital would be invested in constructing one additional 10-storey building expected to be completed in 2016, increasing the capacity to 500 beds and gradually purchasing cutting-edge equipment, etc. The establishment of the Technology Transfer Center of HCMC University of Medicine and Pharmacy beside the hospital was viewed as the first modern model of University-Hospital on Western Highlands. Setting themselves a goal to establish a non-profit hospital serving social work as a token of gratitude to the ethnic people in Gia Lai. HAGL, in collaboration with HCMC University of Medicine and Pharmacy, pledged to introduce a quality hospital providing thorough and conscientious care, meeting the Western Highland people's demand for medical examination and treatment as well as the peoples from the two neighboring countries, Laos and Cambodia.
- The Board of Directors directed the Board of Management and related departments to support Ernst & Young Vietnam Limited to carry out the auditing work on the financial statements quickly, effectively and legally.



**Vietnam Business Council  
For Sustainable Development**





### 3. Other activities

Courses of updating management knowledge and programs held by the State Securities Commission (SSC) and Ho Chi Minh Stock Exchange (HOSE):

- + On 26 July 2014, the Company appointed Mr. Vo Truong Son to participate in the 14th anniversary ceremony of the Stock Exchange held by HOSE.
- + On 09 December 2014, the Company appointed Mr. Lam Hoang Hai to participate in the periodic training on

Sustainable Development Report for listed enterprises held by the SSC, the International Finance Corporation and the Association of Chartered Certified Accountants in Ho Chi Minh City, aiming at summarizing good points and limitations of the Sustainable Development Report presented in listed enterprises' annual report as well as sharing experience of local and overseas enterprises on procedures and methods of establishing the Sustainable Development Report.

### TRANSACTIONS OF INTERNAL SHAREHOLDERS AND RELATED INDIVIDUALS

NO.	ORGANIZATION/ TRANSACTOR	RELATIONSHIP WITH INTERNAL SHAREHOLDER/ MAJOR SHAREHOLDER	BEGINNING BALANCE OF SHARES		ENDING BALANCE OF SHARES		REASON FOR INCREASE/ DECREASE (PURCHASE, SALE, TRANSFER, BONUS, ETC.)
			Number of shares	Rate (%)	Number of shares	Rate (%)	
1	Vietnam Property Fund Limited	Organization related to Mr. Vu Huu Dien, member of the Company's BOD	4,196,226	0.58	0	0	Sale
2	Mr. Nguyen Van Dung	Individual related to Mr. Nguyen Van Su, member of the BOD cum General Director	181,627	0.03	18,727	0.003	Sale
3	Ms. Nguyen Thi Kim	Individual related to Mr. Nguyen Van Su, member of the BOD cum General Director	5,117	0.0006	0	0	Sale



## CORPORATE GOVERNANCE

### REPORT OF THE BOARD OF SUPERVISION

The Board of Supervision (BOS) is voted by the General Meeting of Shareholders to perform supervision activities in accordance with legal regulations and Charters of Hoang Anh Gia Lai Joint Stock Company (HAGL). The BOS members during the year include:

Full name	Position	
Mr. Lam Hoang Hai	Head of the BOS	Appointed from 1 October 2014
Mr. Nguyen Xuan Thang	Head of the BOS	Resigned from 30 September 2014
Ms. Nguyen Thi Huyen	Member	Appointed from 18 April 2014

#### 1. ACTIVITIES OF THE BOARD OF SUPERVISION

In 2014, together with the close cooperation of the Board of Directors (BOD) and the Board of Management (BOM), the BOS kept on performing the checking and the supervision as well as suggesting some necessary changes to contribute to the improvement of the Company's operational efficiency. The BOS carried out the following tasks:

- + Checking the compliance with legal regulations and Charters, the implementation of Resolution of the General Meeting of Shareholders and the Resolutions of the BOD;
- + Checking, supervising the implementation of investment projects;
- + Monitoring, assessing the implementation of business plan in comparison with assigned plan;
- + Participating in meetings of the BOD;
- + Checking quarterly, half-yearly and annual financial statements;
- + Discussing the results of auditing financial statements with the externally independent auditor.

#### 2. REPORT OF THE BOS PERFORMANCE

##### ***Supervising the implementation of Resolution of the 2014 General Meeting of Shareholders***

In 2014, HAGL fully developed the plans approved by the General Meeting of Shareholders at the annual General Shareholders' Meeting on 18 April 2014, including:

- + Dividends paid in form of shares from the retained earnings as at 31 December 2013: HAGL paid dividends in form of shares at the rate of 10:1.
- + Business results of the year 2014: The profit after tax reached 107% as compared with the plan.
- + Profit distribution in 2014: The appropriations for financial reserved fund and bonus and welfare fund were fully made.
- + Remunerations paid to the BOD, the BOS and the Board of Secretaries: were implemented in line with the approved amounts by the General Meeting of Shareholders.

##### ***Supervising the financial position in 2014***

Periodically, the BOS held meetings and discussed the scope of audit, the result of audit and other issues with the external independent auditor of HAGL – Ernst & Young Vietnam Limited. Quarterly, the BOS reviewed and analyzed information and figures in the financial statements of HAGL.

Based on reports and figures presented by the BOM at meetings of BOD, the auditor's report on the review of half-yearly financial statements and the auditor's report for the year 2014, the BOS assessed that the 2014 financial statements truly and fairly reflected the operation results and the financial position of HAGL, in conformity with the prevailing Vietnamese accounting standards and system as well as relevant legal regulations.

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

In 2014, the BOS participated in BOD's quarterly meetings and meetings at BOD's request, timely caught up with the actual business situation of HAGL and gave comments to the BOD and the BOM regarding the performance of approved goals by the General Shareholders' Meeting.

The BOD, the BOM, the BOS and shareholders always kept a close cooperation in business management to ensure the compliance with legal regulations, charters and the highest efficiency.

#### 3. SUGGESTION OF THE BOARD OF SUPERVISION

- + Complete the internal control procedures to improve the management efficiency.
- + Establish a Legal Department to check, supervise HAGL's investment activities in Laos, Cambodia and Myanmar to ensure the compliance with the laws and regulations of the host countries.
- + Improve the efficiency of using assets.
- + Speed up the recovery of amounts receivable.

## REMUNERATIONS AND BENEFITS OF THE MEMBERS OF THE BOD, THE BOM, THE SECRETARY OF THE BOD AND THE BOS

NO.	FULL NAME	POSITION	SALARY, REMUNERATION AND BONUS OF EXECUTIVE MEMBERS IN 2014	REMUNERATION OF NON-EXECUTIVE MEMBERS IN 2014	NOTE
<b>I The Board of Directors</b>					
1	Doan Nguyen Duc	Chairman of the BOD	5,580,034,327		
2	Nguyen Van Su	Member of the BOD	4,185,025,747		Resigned on 31 March 2015
3	Doan Nguyen Thu	Member of the BOD – Deputy General Director	2,790,017,164		
4	Nguyen Van Minh	Member of the BOD – Deputy General Director	2,790,017,164		
5	Phan Thanh Thu	Member of the BOD – Director of Hoang Anh Attapeu	2,332,593,178		Appointed on 18 April 2014
6	Vo Thi Huyen Lan	Non-executive member of the BOD		252,000,000	
7	Vu Huu Dien	Non-executive member of the BOD		126,000,000	Resigned on 28 March 2014
8	Pornchai Lueang-a-papong	Non-executive member of the BOD		252,000,000	
<b>II The Board of Management</b>					
1	Vo Truong Son	General Director	2,790,017,164		Appointed on 31 March 2015
2	Le Van Ro	Deputy General Director	2,026,380,015		Resigned on 30 March 2014
3	Ho Thi Kim Chi	Deputy General Director	1,397,155,724		Appointed on 30 September 2014
4	Nguyen Xuan Thang	Deputy General Director	978,900,000		Appointed on 30 September 2014
<b>III Secretary of the BOD</b>					
1	Vo Thi My Hanh	Secretary of the BOD	1,124,155,724		
<b>TOTAL</b>			<b>25,994,296,207</b>	<b>630,000,000</b>	
<b>IV Remuneration of the BOS</b>					
1	Lam Hoang Hai	Head of the BOS – Head of Internal Audit Department	698,800,000		
2	Nguyen Thi Huyen	Member of the BOS – Vice Director of Hoang Anh Myanmar	1,680,250,000		Appointed on 18 April 2014
<b>TOTAL</b>			<b>2,379,050,000</b>		



## CORPORATE GOVERNANCE

### RISK MANAGEMENT

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

#### FINANCIAL RISKS

##### + Nature:

With a diversified portfolio in cultivation, livestock, real estate and hydropower businesses, the Group is always in need of significant capital resources for project investment and development. In a certain period, the mismatch between cash inflows and outflows will cause risks to the Group's day-to-day operations. The investment and the procurement of materials and machinery can be stopped in case of lack of capital. If the Group fails to pay salary or loans when they fall due, the Group's reputation and operations will be affected.

##### + Risk management measures:

The Group always manages cash flows closely and builds an appropriate capital structure to satisfy long-term and short-term investments. For long-term projects, the Group has prepared necessary capital sources through long-term loans from banks, bond issuance, and share capital. Furthermore, thanks to the short-term business cycles of such sectors as sugarcane, corn, cattle and construction, the Group can generate adequate cash flows to cover its short-term liquidity needs. Also, long-term investment projects commence to generate revenue and profit, satisfying the payment for interests and principals on loans funding the projects.

#### EXCHANGE RATE RISKS

##### + Nature:

In recent years, the exchange rates between Vietnam Dong and foreign currencies (especially US Dollar) have not changed much, under the State Bank's control, and caused little effects on the Group's operations involving payments in foreign currency to overseas partners, especially for the import of equipment and machinery, raw materials, construction materials, etc. However, the Group always places an importance on the exchange rate risk management and gives out appropriate risk management measures to avoid negative effects upon the future large fluctuations on exchange rates.

##### + Risk management measures:

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

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

#### INTEREST RATE RISKS

##### + Nature:

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

##### + Risk management measures:

The Group has proactively set up a capital structure appropriate for each economic cycle and operation. Thanks to long-term relationships with major commercial banks, the Group can arrange credit facilities at reasonable costs.

Beside loans and straight bonds, the Group also raises capital from share issuance and convertible bonds at low coupon, from both domestic and international investors. The costs of these funds are generally low, predetermined and mostly unaffected by interest rate movements.



## MARKET RISKS

### + Nature:

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

### + Risk management measures:

By applying the low cost strategy consistently in all sectors, the Group could always control investment expenses and costs at the lowest rate. Therefore, the profit margin of output products is high enough to maintain a minimum rate of profit for the Group in case of sharp decrease in prices in the global market. Besides, the multi-sector strategy helps the Group cover the loss in one sector by the profit of another sector when there is a reduction in price of a product but others' are not affected. In the long term, the Group will also do research and apply risk protection instruments such as forward contracts, long-term trading contracts signed with major partners at a fixed price, etc.

## PROJECT IMPLEMENTATION RISKS

### + Nature:

The Group has had some business sectors, of which the project implementation phase is long, i.e. 3-5 year projects in real estate, 5 year projects in rubber and 3 year projects in oil palm. The implementation work includes legal procedures for land, environment, site clearance, compensation, reclamation,

cultivation, construction, nursing and etc. Problems arising during any phase can significantly affect the overall implementation progress, slow down the capital turnover, and negatively affect 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, law and under-law regulations are still under continuous improvement, so possible legal and policy changes will have certain impact on the management and operation activities of the Group.

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

### + Risk management measures:

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

When necessary, the Group can seek

for independent legal advices from both domestic and international professional law consulting firms on the complex transactions.

## OTHER UN-SYSTEMATIC RISKS

### + Nature:

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

### + Risk management measures:

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



## CORPORATE GOVERNANCE

### INVESTOR RELATION

The Leaders of Hoang Anh Gia Lai Joint Stock Company always attach much importance to the sharing, transparency, disclosure and updating of information regularly and continuously to its shareholders and investors, whereby they can have a comprehensive view and enough information on the Group to be able to make the best and timely decisions.

Currently, the relations with investors of HAGL are being developed through two official channels as follows:

- + Providing information on business operation and financial position through annual report, financial statements, press releases, and website of the Company 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 of shareholders and investors through direct meetings, site visits, investor conferences, teleconferences and road shows in order to help the shareholders and investors have a comprehensive view of the Group.



**The Group regularly arranges site visits to the projects of the Group in Vietnam, Laos, Cambodia and Myanmar for investors.** During each visit to projects, the Leaders directly introduce projects to, make a warm and open talk with, actively listen and answer all questions from the investors in connection with the Group's investment and development situations.

Mr. Nguyen Van Su  
– Member of the  
BOD discussed with  
investors at the  
project site







Vice President Nguyen Thi Doan and the working team paid a visit to the project of Hoang Anh Gia Lai in Yangon, Myanmar.

**Transparency and publicity are always shown throughout the Group's operation motto.** The way Hoang Anh Gia Lai makes investments and progress is not only presented clearly in the releases but “witnessed and heard” by investors’ own eyes and ears through many site visits to projects held regularly by the Group. The investors can witness by their eyes the Group’s actual operations and strong developments via vast forests of rubber trees far beyond their sight or lush green fields of sugarcane and oil palm; cornfields spreading thousands of hectares; majestically rising complex of Hoang Anh Gia Lai Center at a prime position in Yangon, Myanmar.

What Hoang Anh Gia Lai Group has been doing is the best evidence as well as message to the investors:

“Hoang Anh Gia Lai Group always keeps a close relation with investors and maintains transparency in all of its business operations to enhance the relationships between the Group and its investors, creating a united and sustainable unit”.




A group of children, mostly of Southeast Asian descent, are smiling and posing for a photo. They are wearing light-colored, short-sleeved button-down shirts, likely school uniforms. They are standing in front of a yellow school building with white-framed windows and doors. The image is split vertically: the left side has a green gradient overlay where the text is located, and the right side shows the children and building more clearly.

# SUSTAINABLE DEVELOPMENT

We always keep in mind the focal role of sustainable development in every business operation of the Group. This conception is ensured by continuous attempts to preserve natural resources, behave responsibly to the environment and contribute to the living quality improvement of local communities who live in the project areas invested by the Group by practical action programs: economic development, community investment, environment protection and mutual development.





 Innocent and happy smiles of children at the new school in Attapeu built by HAGL.



## JOURNEY TOWARDS SUSTAINABLE DEVELOPMENT

Being one of the leading private Groups in Vietnam, throughout 21 years of establishment and development, HAGL is more and more aware of the role of a business in the sustainable development picture of society and environment. Therefore, in recent years, HAGL always sets an economic development goal together with implementation of its obligations towards community, environment and society in its business strategy.

In such sustainable development orientation, HAGL applies 6P element to strive to persuade its goals.



 **10** USD  
MILLION  
BUDGET FOR COMMUNITY  
DEVELOPMENT PROGRAM IN  
CAMBODIA FROM 2013-2016

 **35** USD  
MILLION  
SOCIAL WELFARE  
PROGRAM IN LAOS

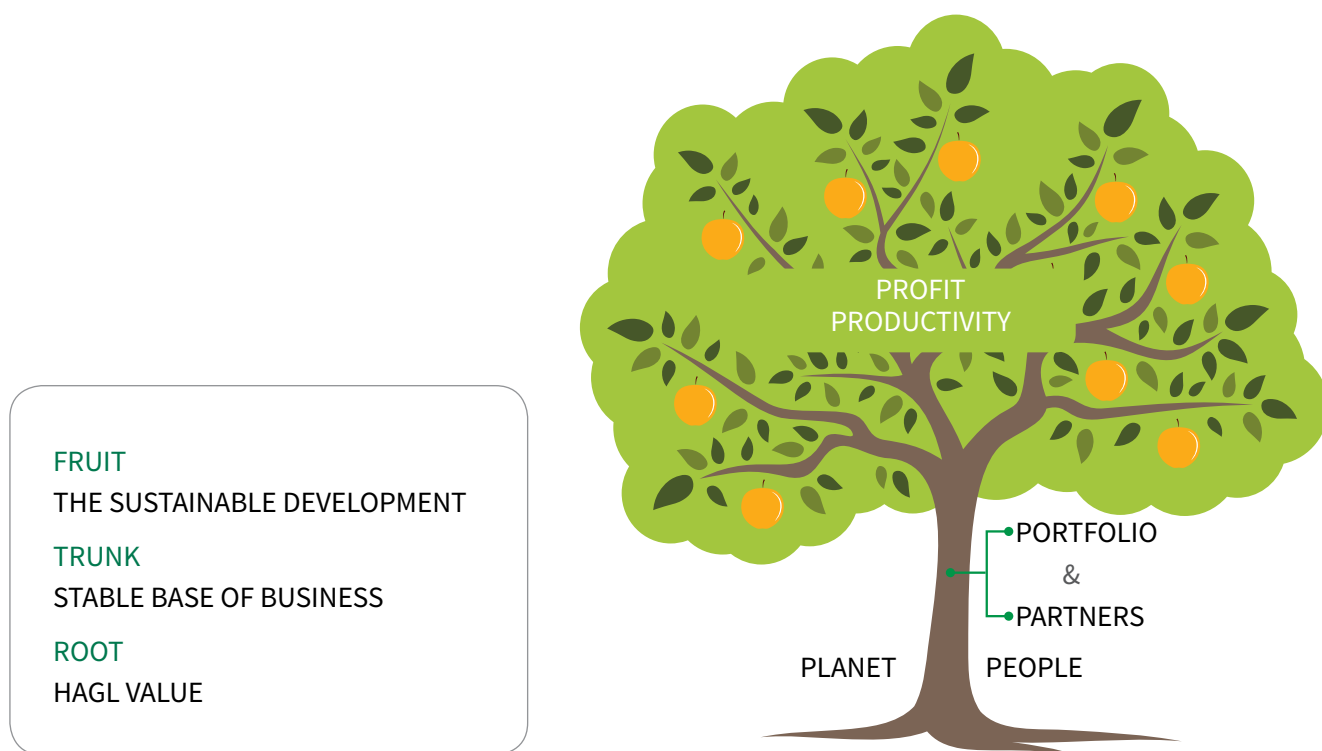
 **3%**  
APPROPRIATION FOR WELFARE  
FUND FROM PROFIT TO TAKE CARE  
OF LABORERS

 **24,111**  
THE NUMBER OF EMPLOYEES  
WORKING AT HAGL

 **673** VND  
BILLION  
AMOUNT PAID TO THE STATE  
BUDGET IN 2013

 **50-70%**  
AMOUNT OF WATER SAVED THANKS TO  
THE ISRAELI DRIP IRRIGATION SYSTEM

 **436,500**  
THE NUMBER OF CASES GIVEN DIAGNOSIS  
AND TREATMENT TO AT HAGL MPU HOSPITAL



## DEVELOPMENT ORIENTATION

Belonging to stage 3 (from 2013 and onwards) of the development route aiming to sustainable development, in 2014, HAGL kept on completing the Group's restructuring progress and improving the sustainable operation orientation under the 6P goal:

### PEOPLE

With the philosophy of **"Mutual development"**, HAGL understands that all of the Group's successes come from the confidence, sharing and cooperation for mutual benefits among shareholders, investors, partners, customers, employees, local communities, authorities, media, etc. Thus, HAGL always strives to create mutual benefits for all organizations and individuals accompanying HAGL's development route.

### PARTNERS

As to **"Increase confidence & transparency"**, HAGL applies Public Private Partnership model when expanding its business scale towards neighboring countries. During the course of investment, the Group implemented national cultural funding programs such as SEA Games, festivals, infrastructure construction for neighboring countries including roads and bridges, hospitals, schools, electricity lines, wells, airports, etc. Such model has been gaining success, taking a part in improving the political and economic relation between Vietnam and its neighboring countries as well as ASEAN developing countries.

### PLANET

HAGL orients the business development attached to **"Renewal of resources"** by making huge investments in high-tech agribusiness at poor forests in neighboring countries as granted by local governments to help make the bald hills green and regenerate the green environment. HAGL successfully applies the Israeli drip irrigation system which helps to save a large amount of water and fertilizer as well as minimize negative impacts on soil and water resources.

### PRODUCTIVITY

Following smart investment, HAGL intrepidly invests in high-tech research on applications to agribusiness as well as perfects the administrative method to **"Create goodwill & enhance productivity"**. HAGL is the pioneer to apply the Israeli drip irrigation technology, mechanize all steps in growing and producing procedures and apply the vertical integration model to optimize every product in all sectors. Supported by highly skilled and experienced staff along with modern technology and science, HAGL reaped obvious successes in increasing productivity and product capacity, saving costs and creating great competitive advantage in the market.

### PORTFOLIO

In 2013, HAGL implemented the Group restructuring focusing on 2 sectors including agribusiness and real estate in the direction of **"Focus on core resources"** goal. These sectors bring high profitability and create high cash flow ensuring HAGL's stable growth in the coming years.

### PROFIT

After a successful year of restructuring, in 2014, the Group continued to perform the set plan in connection with the orientation of **"Creating sustainable values for shareholders and the Group"**. In 2014, HAGL started to gain achievements from its major sectors: agribusiness with first harvests and Myanmar Center real estate project under the completion. Accordingly, it clearly shows that the past-year development strategy promoted its advantages, helping HAGL establish a sustainable development step for the Group and sustainable values for its shareholders.

# PROGRESS TOWARDS SUSTAINABLE DEVELOPMENT IN 2014

## SUSTAINABLE ECONOMIC DEVELOPMENT

In general, all the operations of a business are always associated with and have direct or indirect influences on the issues of social welfare and national economy. In the course of investment expansion in Vietnam, Laos, Cambodia, Myanmar and Thailand; Hoang Anh Gia Lai always aims for effective business in association with local and national economic development.



Local people collected bagasse to be processed into cattle feed

### Creating values for shareholders and developing the national economy

Assigning priority to exploiting strengths and core resources so as to expand the investment cooperation, HAGL aims to generate profit, to bring value added to shareholders, and to contribute to local and central budget and development of the nation. In 2013, in accordance with the Group's development strategy, HAGL underwent a restructuring falling into two major sectors: agriculture and real estate for the purpose of concentrating capital and human resources on necessary fields, cutting down debt balance, rising profitability as well as establishing a stable and sustainable growth. After a year of implementation, HAGL made solid steps and entered a period of success.

### Creating the background for local economic development

HAGL's project areas gave more jobs to a great deal of local residents, helping improve their quality of life and create the background for local economic development. Also, HAGL actively conducted social welfare programs at project areas and local difficult villages including building infrastructures such as bridges, roads, airports, hospitals, schools, resettlement areas, community houses, wells, etc. to satisfy essential needs for life and facilitate economic growth in and around the project areas.

### Employing local people at the project areas

Employing local people means a lot of importance in HAGL's socio-economic development strategy. At the plantations, processing plants, real estate projects, etc. thousands of local employees have been recruited and trained by foreign and Vietnamese experts, helping them be able to get high and stable incomes. The employees have labor contracts and are arranged accommodation at the houses built by HAGL in the project areas.



## Developing economy through the effective management method and the application of science and technology

### ■ DOING RESEARCH AND LEARNING EXPLOITATION POTENTIALITY

For a successful cultivation of various trees on exhausted soil in severe and dry climates as in Laos and Cambodia, HAGL conducted research, analyzed the exploitation potential of soil and made plant trials. During this period, HAGL could accurately identify nutritional ingredients of soil, whereby the needs of water and nutrition could be measured for each kind of trees in each period. Also, the limitations were detected during the cultivation to be remedied. Therefore, HAGL could identify the method to boost plant capacity.



*After an experiment period, HAGL decided to nurse rubber seedlings for a longer period, dug deeper planting holes and applied the best technology to irrigation and nursery*

### ■ ORGANIZING EFFECTIVELY CLOSED NETWORK OF CROP - LIVESTOCK FARMING AND STANDARDIZING PROCEDURES FROM PLANTING, GROWING TO PRODUCING:

- + The closed network of crop - livestock farming enables HAGL to take full advantages of all products made in all of the Group's operating sectors, optimize the productivity while minimizing the wastes, reducing manufacturing costs and creating competitive advantages for output products. In particular, HAGL utilizes the by-products of cultivation such as molasses, grains, corn stalks, sugarcane, etc. to produce cattle feed. After being processed, the waste water from the rubber and sugar processing plants is reused to water the plants. Cattle manure undergoes microbial composting to produce fertilizer for plants.
- + Moreover, such by-products as bagasse, corn stalks, palm oil leaves and residues are utilized to generate electricity serving the Group's entire areas of agricultural and manufacturing projects. Currently, the thermal power plant of 10MW using corn and palm oil residues has been under construction and will be put into operation at the end of this year aiming to establish an active and stable production.

### ■ APPLYING INITIATIVES AND INTERNATIONAL ADMINISTRATIVE STANDARDS

To enhance the governance efficiency, HAGL implemented the application of external initiatives and standards into the Group to monitor all activities efficiently. The development of ISO 9001:2008 quality management system and SAP ERP system were taken as a good example. The application of such initiatives enables the Group to govern its operations scientifically and efficiently; allocate resources reasonably; control all production and business stages tightly; improve the performance and enhance the product quality.

## ECONOMIC SUSTAINABLE DEVELOPMENT

### ■ APPLYING MODERN TECHNOLOGY

One of the key elements to the Group's success at present is the ingenious application of modern scientific and technical advances to agribusiness, leading to liberation of manual work.

- + **Israeli irrigation system:** The successful application of Israeli drip irrigation system – a technology being applied to every agricultural segments – enables HAGL to solve the problem of accurately providing the amount of water and fertilizer to each tree without employing too many workers on the expansive material area of roughly 100,000 ha.
- + **Mechanization of all steps in the cultivation and production procedures:** In the direction of deciding agriculture as a key sector, HAGL is planting various kinds of trees on its expansive material area. Thus, for the best efficiency, HAGL made full application of modern machines and technology from tilling the soil, arranging pipes, seeding, fertilizing, etc. to harvesting and processing. Therefore, the Group reaped the great success in increasing productivity, saving turnaround time between crops, maximizing the gathering and minimizing the loss of products as well as liberating human labor.

### ENHANCING ECONOMIC EFFICIENCY

- + Providing an exact amount of water and fertilizer for each kind of trees in a day, helping optimize the amount of water and fertilizer.
- + Saving weeding cost, herbicides and reduce pests.
- + Plants and trees growing vigorously even in the dry season and free from shedding.



## ISRAELI DRIP IRRIGATION SYSTEM



## INVESTMENT IN COMMUNITY DEVELOPMENT

# IMPROVEMENT OF SOCIAL LIFE

Being aware of the Company's role as a part of the society, besides the profit target, HAGL always puts the community responsibility and contribution to social development in a focal point. In recent years, programs of social welfare and sponsorship have become HAGL's regular activities. In 2014, together with HAGL's subsidiaries and staff, the Company engaged in essential activities to support the communities in the spirit of reciprocation of kindness and assistance in Vietnam, Laos and Cambodia.

### 1 IN VIETNAM

HAGL's community program in Vietnam has mainly focused on developing infrastructures, providing health care services, developing education services, making donation to poverty alleviation funds in the locality and meeting many other material needs, etc.

In Gia Lai province, HAGL has been building many cultural works, upgrading Pleiku stadium to a modern entertainment and sport center addressing the residents' needs. HAGL also set a target to contribute to the educational course and the nurture of preschool children for the country by investing in building up Le Anh Xuan primary school in District 7, Ho Chi Minh City for a total amount of VND 10 billion in sponsorship.

HAGL has taken its part in **"Joining hands to build a better society"** by sponsoring such programs as: "Joining efforts to overcome bomb and mine aftermath" Fund, "Spring at Frontier" Program helping border soldiers stand firm to protect the country, Fund for the Poor, Study Promotion Fund, Flood Prevention Fund, provincial Blind Association as well as donating rice and gifts to the poor living at Gia Lai Province's villages and districts, etc. Moreover, the Group frequently cooperate with Hoang Anh Gia Lai Arsenal JMG Football Academy and HAGL club to hold charity programs in Ho Chi Minh City: making a visit, doing exchange and donating gifts to the disabled children at the Thi Nghe Patronage Center for Orphaned and Disabled Children, joining the program "Thuy's dream" initiated by Tuoi Tre Newspaper to support cancer kid patients at the Ho Chi Minh City Oncology Hospital and Children Hospital, etc.



From top to bottom:

- U19 HAGL – Arsenal – JMG team played with children at the Thi Nghe Patronage Center for Orphaned and Disabled Children in HCMC
- Doctors from HAGL MPU Hospital diagnosed and gave treatment to patients
- Le Anh Xuan Primary School in District 7
- Pleiku Stadium, Gia Lai





## INVESTMENT IN COMMUNITY DEVELOPMENT IMPROVEMENT OF SOCIAL LIFE



The State President Truong Tan Sang made a visit to HAGL Medical Pharmacy University Hospital

During the visit to HAGL Medical Pharmacy University Hospital, the State President Truong Tan Sang said:

“ The model of HAGL Medical Pharmacy University Hospital is a great initiative. This can be said to be a highly effective model of public private partnership in social work. It also combines HCMC University of Medicine and Pharmacy as intelligence and HAGL as a highly potential enterprise. Today, I feel touched when visiting a policeman belonging to the Cambodian National Police wholeheartedly treated and cared by the doctors and nurses here, thus demonstrating the neighboring friendship between the two peoples and the hospital's good performance in international relations. I sincerely hope that the hospital continue to make improvements and achieve perfection in order to set up a better healthcare system provided to the people. ”

Putting the target of **“All for community's health”** in a focal point, HAGL invested in building up HAGL MPU Hospital providing 200 beds for a total investment amount of over VND 200 billion. Being well-equipped with modern medical devices and medical staff of great experience and enthusiasm, only in the year 2014, HAGL MPU Hospital successfully performed 3,200 cases of surgery in which there were some complicated cases requiring high professional skills including cases of punctured heart and infected abdominal wound, etc. Apart from providing diagnoses and treatments within the hospital, HAGL Group together with the hospital regularly held humanitarian activities of providing diagnoses and treatments for people in far-off regions in Gia Lai Province. In 2014, the hospital launched a campaign named “Join efforts for community health” to provide

humanitarian examinations, treatments and community health care. This campaign gave diagnoses and drugs to 906 patients at a total expense of VND 120 million.

After a course of 3-year operation, HAGL MPU Hospital has gradually turned into a general hospital oriented to the application of modern medical methods with high technology actively helping to improve medical conditions for the province in particular and for Western Highland provinces as a whole, as well as Laos and Cambodia's provinces. Thanks to the advent of the hospital, people in Western Highland provinces could save hundreds of billion dong on travelling to, accommodation and meals in Ho Chi Minh City for treatment.

 **180,000**  
CASES

The number of cases having examinations and treatments at HAGL MPU Hospital in 2014

 **500** VND  
MILLION

The amount donated to “Joining efforts to overcome bomb and mine aftermath” Fund

 **OVER 500**  
VND MILLION

The amount of funding, gifts and donation to Fund for the poor, Blind Association, Study Promotion Fund, etc. in Gia Lai Province



### Contributions to the country's culture and sports

Since the commencement in October, 2007, Hoang Anh Gia Lai Arsenal JMG Football Academy has held 4 entrance examinations to seek for young talents nationwide. “Either becoming a professional player or a well-behaved person at least” is one of the training targets at Hoang Anh Gia Lai Arsenal JMG Football Academy. All young players not only practice soccer skills, receive education but learn English and French as well. After graduation from high school, the first course players were facilitated for studying at Ho Chi Minh City University of Physical Education and Sports.

In 2014, The Vietnam U19 football team, of which the main players were mostly HAGL Academy's players, gained some successes in regional and continental tournaments and received great concerns from millions of fans. In recognition of the Group's efforts in development of and devotion and contribution to Vietnam football, the Central Committee of the Ho Chi Minh Communist Youth Union presented them with the campaign

medal “For the Young Generations” - the noblest award from the Ho Chi Minh Communist Youth Union - to Mr. Doan Nguyen Duc, Chairman of HAGL Group and Vice Chairman of Vietnam Football Federation, and the manager of Vietnam U19 squad Graeche Guillaume.

Hoang Anh Gia Lai Arsenal JMG Football Academy has been training young talent generations not only in professional skills, ethics but spirit of dedication as a part in reviving fans' confidence in the young player generation and the future of Vietnam football. In November, 2014, the UNFPA officially invited U19 HAGL team to represent UNFPA in the campaign for ending violence against women and girls.





## INVESTMENT IN COMMUNITY DEVELOPMENT IMPROVEMENT OF SOCIAL LIFE

2

### IN CAMBODIA



Upon the investment strategy in Cambodia, HAGL always wishes to accompany with the community in the locality of the project for mutual development. The Group's Leaders have committed to develop the "Community development" program in Cambodia within the period from 2013 to 2016 with a total budget of USD 10 million.

**The activities of visiting, providing medical examinations and giving gifts to Cambodian communities regularly organized:**

Keeping on developing the "Community development" program as committed in 2014, HAGL and its member – HAGL Medical Pharmacy University Hospital held periodic programs of providing medical examinations, drugs and donating gifts to 18 communities in Rattanakiri province. During the visit, HAGL's Leaders listened to the local people's opinions and solved their problems, as well as gave gifts to the poor households in need of food and the single elderly in these communities. The total expense for each such visit was over VND 500 million. Apart from medical examination and drug provision, HAGL periodically held free ocular operation programs at far-off areas in this neighboring country. Doctors selected some cases of visual impairments due to cataract and other serious cases to be taken to Gia Lai for free treatments at HAGL MPU Hospital.



**The program of infrastructure investment for communities and employment:** As a part in the "Community development" program, up to now, this program has disbursed USD 3 million for executing works as agreed with the local people, including essential works such as roads, bridges, community houses, power system, wells, public toilets, houses within the project areas and other financial supports. HAGL also committed to fund the Cambodian Football Federation to build up the Bati National Football Academy in Takeo Province with the total amount of up to USD 4 million.

Besides, HAGL's investment projects in Cambodia have helped create numerous jobs for thousands of local people. It is estimated that the rubber and oil palm projects of HAGL will provide jobs for about 8,000 workers when these projects are stably harvested. According to the plan, within 3 coming years, HAGL will build about 3,000 houses for workers with the total value of USD 3,500 for each house.

*Mr. Chim So Khum, head of Srae Angkong commune, Koun Mum district, Rattanakiri province, said:*

“ Since HAGL started its investment here, they have offered considerable assistance to our local people. Treating us like family members, HAGL has promptly extended food to the people experiencing seasons of food shortage, as well as providing medical care for them. On behalf of the villagers, I would like to express our sincere thanks to HAGL leaders for their genuine concern for us. ”

 **1,000  
PEOPLE**

Receiving diagnoses and drugs in May, 2014

 **92/112  
PEOPLE**

Up to 2014, HAGL has restored normal vision to 92/112 folks who contracted visual impairment due to cataract, from the far-away deprived districts.



## IN LAOS

*The twinning ceremony between plantations and 30 villages of Attapeu province, Laos.*



*Attapeu airport funded and built by HAGL has been under completion.*

 **35**  
USD MILLION

The amount for social welfare work in Laos

 **2,000**  
HOUSES

Built by HAGL for workers in Hoang Anh Attapeu project area, Laos

 **20,000**  
LOCAL WORKERS

Who work within HAGL projects in Laos

In Laos, HAGL made investments in some poor provinces such as Se Kong, Attapeu and donated USD 35 million to social welfares in these provinces. Such work includes the construction of a 200-bed hospital, 2,000 houses for workers (each house is of 70 m<sup>2</sup>), hundreds of kilometers of gravel roads to the residential areas. HAGL also installed hundreds of kilometers of electricity lines for people in the project areas and built up a number of solid bridges facilitating people's travel. HAGL projects helped provide jobs up to 20,000 people in these two provinces and nearby areas.

Currently, HAGL is supporting Laos Government to develop two international airports in Attapeu and Hua Phan provinces, in which Attapeu airport is under the completion progress. Previously, HAGL financed Laos Government an amount of USD 19 million, including USD 4 million as a non-refundable grant and USD 15 million as a non-interest bearing loan which was gradually repaid to build the 25<sup>th</sup> SEA Games Athletes Village, and now this village has been changed to be used as dormitory for students of National University of Laos.

The program of investing in infrastructures and improving the people's lives in Laos was basically completed. The orientation of community development programs in Laos of HAGL for the coming time is to invest in health and education services, job provision, and to raise people's incomes.



## INVESTMENT IN COMMUNITY DEVELOPMENT IMPROVEMENT OF SOCIAL LIFE

### BUILDING UP A BETTER LIFE IN ATTAPEU, LAOS



Previously, Hatxan village located in Xaysettha district, Attapeu province, Laos had 1,553 people, in which over 50% of them suffered from food shortages throughout the year. They lived as hunter-gatherers that were totally self-sufficient, so they got low incomes and suffered a difficult life. The entire Xaysettha district, Phouvong did not have any roads or electricity.

Population of  
the village  
**1,553 PEOPLE**



in which over 50% of  
them suffered food  
shortages throughout  
the year

HAGL rubber plantation was built up, creating jobs for villagers. Electricity, roads, schools and stations were also invested to provide a better life for villagers.



Most of households were taken to the resettlement area where there was electricity, water, and roads built by HAGL for a stable life.

Attapeu people gained stable income, helping improve their life. Their average income reached the national average rate, up to 195% as compared with that in the past.

Villagers' health was taken care upon their visit to the modern hospital for medical examinations. Also, their children were received education at schools.

Villagers' life was significantly improved. Their old-fashioned production methods and living habits were gradually changed to industrial labor and modern commodity production. Especially, the future of their descendants was ensured.

**GDP Increases**

**30-40% /year**

ATTAPEU BECOMES A PROVINCE HAVING THE FASTEST GROWTH RATE NATIONWIDE. FROM THE POOREST PLACE IN LAOS, THIS PROVINCE'S GDP SHARPLY INCREASES BY 30-40% PER YEAR – AN INCREDIBLE RATE NEVER SEEN IN THE HISTORY OF THIS PROVINCE.





## ACTIVITIES FOR ENVIRONMENT PROTECTION



The sustainable environment development is becoming a general trend globally. Hoang Anh Gia Lai's business development strategies always accompany with environment protection and natural resources preservation. As to achieve this target, the Group strengthens the application of new and eco-friendly science and technology to the procedures of growing and producing, aiming at minimizing wastes causing greenhouse effects and promoting environmentalism. HAGL commits to consume energy economically and efficiently during the production, comply with the environmental law as well as apply management methods on resources such as soil and water efficiently towards the **"green development"** target in the future.



AMOUNT OF  
WATER SAVED FROM

**50%-70%**





## ACTIVITIES FOR ENVIRONMENT PROTECTION

### Minimize environmental effects by applying modern technical and scientific advances

Putting agribusiness as its key sector, HAGL implements the sustainable development strategy for a green environment by leading the application of advanced science and technology to growing and producing for the purpose of optimizing the business profit while ensuring the safety and preventing negative impacts on the environment:

- Choosing seed types matching the soil conditions of each area, searching the best solutions to minimize environmental impacts.
- Adjusting the time of growth and seeding to the changeable climate.
- Improving the systems of risk management and prediction due to changeable weather.
- Establishing a closed production process such as the Hoang Anh Attapeu industrial sugarcane group, HAGL fully mechanized from the seeding to finished products. During the production, the Group optimized by-products to make cattle feed and fertilizer to re-fertilize plants as well as to generate energy for all activities of the project areas. Moreover, HAGL re-used the waste water already processed to water plants, helping minimize negative impacts on the environment, protect water and soil resources in and around the project areas.

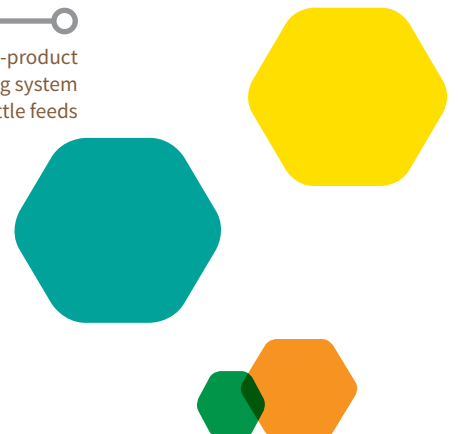


- The Israeli drip irrigation system is always the first choice in the irrigation works at HAGL's agricultural projects. HAGL's material areas with a total space of 100,000 ha are all installed with the water pipe network as capillaries to each foot of tree. This system is controlled by a computer and will automatically turn its valves on or off when the humidity of roots reaches a specific rate. As a result, the amount of water is saved up to 50% - 70% as compared with the traditional irrigation methods including flooding irrigation and sprinkler irrigation. Also, the excessive amount of fertilizer and pesticide that seeps in the soil is minimized, helping reduce the negative effects on soil and groundwater. In addition, such drip irrigation does not erode, impoverish or wash out the soil since the water is supplied constantly under every very small drop.

Application of advanced technology to the growing, harvesting and processing, etc. for the purpose of optimizing the business profit while ensuring the safety and preventing negative environmental impacts after production.



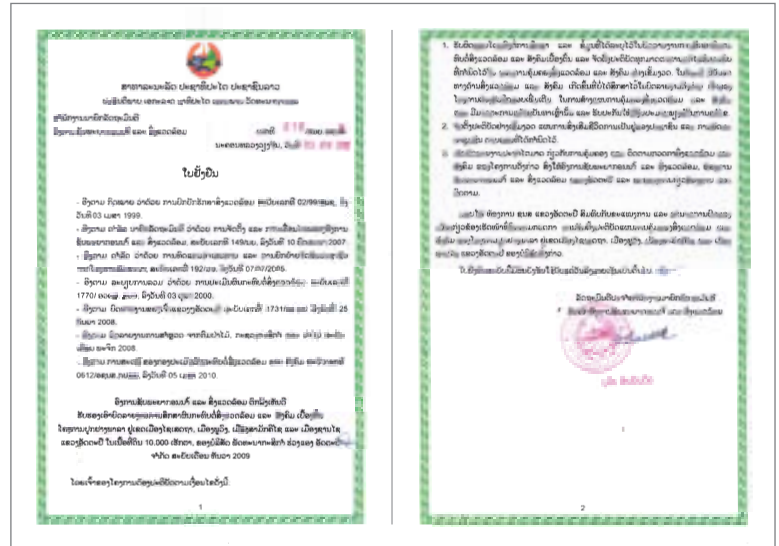
The by-product processing system into cattle feeds



## React to the environment through legal commitments

During its course of operation, HAGL always strives to implement all commitments of environment protection and resources management towards the sustainable development target: by complying with the law and applying external standards and initiatives on the environment protection.

- **Compliance with the local laws on environment protection:**
- + HAGL's subsidiaries have not participated in any timber logging and processing activities. The reclamation must be based on the permission of the local governments. During the process of reclamation, HAGL always requires its partners and subcontractors to comply with the project boundaries as granted by local governments, not to violate the buffer zone boundaries of the major rivers and streams in the project areas as well as wild animal and plant reservation areas as regulated.
- + Actively leaving certain areas for wildlife preservation, Hoang Anh Attapeu Agriculture Development Co., Ltd. has built up a natural conservation area of about 50 ha with a lot of rare animals such as deer, wild boars, and many kinds of birds, etc.
- + As in the set route from 2014 to 2020, HAGL will apply, step by step, the such international standards, i.e. certificates of ISO 9001, SA 8000, ISO 14001, OHSAS, PEFC, IOS 22000, RSPO, Global GAP, etc. to the procedures of growing and producing trees such as rubber, oil palm, sugarcane and corn. In 2014, HAGL successfully developed the ISO 9001:2008 quality management system on projects in Cambodia supported by the consultancy from Luong Consultancy and Management Co., Ltd. Though this system, the Group is able to control the production process from the input stage to the output stage clearly, closely and accurately. Therefore, all of HAGL's agricultural products to be launched into the market can ensure all the criteria in accordance with the environment and consumption regulations. This is one of many elements helping the Company establish its reputation and trademark in business world.
- + Aiming at becoming a “Green – Clean” company, HAGL always puts in its business philosophy the balance between economic growth and ecological environment protection, the minimization of pollution and the compliance with the laws. HAGL also draws some long-term proposals of welfare



**Environmental Certificate granted by the Department of Environment and Water Resources of Laos for HAGL project**

- environment to implement at the project areas run by the Company under the consultancy and supervision of international environmental organizations such as BirdLife, Bureau Veritas, etc., investment associations and local authorities. HAGL's environmental activities will be continuously assessed by related parties on both performance and results.
- Last year, HAGL joined “VIETNAM BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT” to cooperate with the relevant authorities to carry out action plans of coping with changeable environment and to orient the efficient development of business plans for economic, environmental and social purposes.

## Raising individual awareness towards environment protection



HAGL is aware that the successful performance of “For green environment” goal comes very firstly from raising the individual awareness of every HAGL's employee.

- Launching a saving movement by using two-sided paper to print documents or for other use, which appeals for each employee's awareness of environment protection and contribution to the sustainable development.
- Gradually developing the Sustainable Development Report on mobile version to minimize the printing and wasting paper resource.

## MUTUAL DEVELOPMENT

The philosophy of “**Mutual development**” can be considered as one of the significant elements forming the Group’s success in the progress towards the sustainable development.

Based on the confidence, the sharing and the cooperation for mutual benefits, the maintenance of long-term benefits between parties and transparency as well as the compliance with business ethics, HAGL invests in construction and develops the sustainable relationships with all the related parties.



The close relationship with the related parties and their interactive feedbacks during the Group’s development progress has helped HAGL clearly identify focal issues interested by parties to set a base for the Group’s sustainable development orientation.



### SHAREHOLDERS & INVESTORS

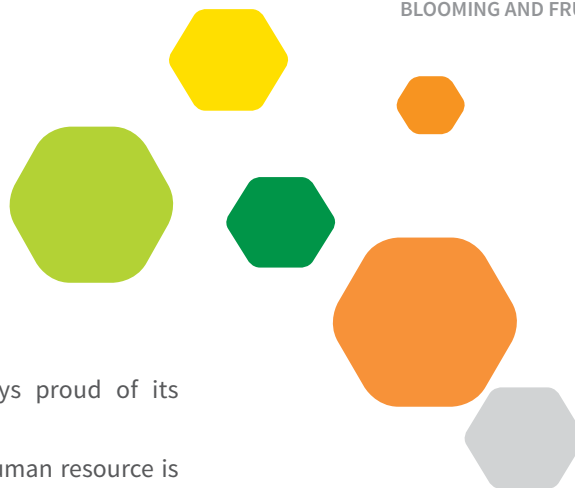
HAGL always associates with the investors and maintains transparency in all of its business operations to enhance the relationship between the Group and its investors, creating a united and sustainable unit.

The act of generating the value added profit (profit) and efficiently using the capital (productivity) is one of the important criteria included in the 6P orientation that HAGL is striving to achieve in the Group’s sustainable development progress.

Activities of HAGL’s investor relation are presented in the followings:

OBJECTIVES	ACTIVITIES	RESULTS
<b>MAINTAINING TRANSPARENCY OF INFORMATION</b>	Strengthening the provision of information on business operation and financial position through annual report, financial statements, press releases, and website of the Company at <a href="http://www.hagl.com.vn">www.hagl.com.vn</a> , as well as on the website of Ho Chi Minh Stock Exchange (HOSE) and other media channels.	All information provided to investors is disclosed and updated on a frequent and constant basis.
<b>SHARING INFORMATION TO INVESTORS</b>	The Leaders of the Group exchange information and receive comments of shareholders and investors through direct meetings, site visits, investor conferences, teleconferences and road shows, etc.  HAGL regularly holds site visits to investment projects of the Group in Vietnam, Laos, Cambodia and Myanmar so that the investors are “witnessed by their eyes and heard by the ears”	Investors can get access to the information fully and accurately.  Thus, investors can timely update information and have a comprehensive view of the Group to be able to make the best and timely decisions.
<b>ENSURING INVESTORS’ BENEFITS</b>	HAGL speeds up the investor relation work, and at the same time ensures the equal rights of investors on information, benefits, etc.	HAGL has established a long-term confidence in its shareholders. It is such confidence that helps HAGL overcome a great deal of difficulties during the crisis in the recent years.





## EMPLOYEES

Promoting the spirit of **“Unity is power”**, HAGL is always proud of its professional staff with their high loyalty and dedication.

During 21 years of operation, HAGL always determines that human resource is the most important contributory factor for the Group’s success. Office staff and employees are always received training courses to enhance their knowledge, professional skills and accessibility to advanced scientific and technical methods or applications in the world.

The following activities are regularly held to help office staff and employees keep on promoting their ability and initiative as well as create a professional and friendly working environment:

OBJECTIVES	ACTIVITIES	RESULTS
<b>TRAINING, IMPROVING PROFESSIONAL SKILLS AND QUALIFICATION FOR LABORERS</b>	Giving training courses on tapping rubber latex and raising cattles in Vietnam, Laos, Cambodia.	Successfully giving 5 training courses at the farms such as Tha Teng, Phouvong 2, Xaysettha 6-7, Xaysettha 2 and Hat San Village with the attendance of 168 laborers in Attapeu, Laos.
	Giving training courses in HAGL Medicine and Pharmacy University Hospital.	There are 49 employees qualified for joining training courses and 4 doctors being attending specialty course I.
	Setting up programs of training, guiding skills, updating information of HAGL on various information channels.	Training is carried out at working place or outside as in the Group’s training schedule made from the beginning of the year. This is also one of the agreements on the Group’s rights and obligations in learning process, working ability and working duration in the Group after the training.
<b>ENSURING LABORERS’ RIGHTS AND LABOR SAFETY</b>	<ul style="list-style-type: none"> <li>+ Applying proper working regime under the State’s standards.</li> <li>+ Focusing on training labor safety for laborers before working; fully and timely providing personal protective equipment such as clothes, helmets, footwear, eye protectors, etc. according to the nature of the job.</li> <li>+ Issuing regulations on labor safety and environment hygiene; regularly checking and assessing the labor safety situation at the workplace.</li> <li>+ In the 2014 General Meeting of Shareholders, HAGL officially passed the regulation on issuing bonus stocks to employees, which had been approved by the General Meeting of Shareholders with over 93% of the total votes.</li> <li>+ Setting up a fair policy of salary and bonus, based on the professional ability, working effectiveness, contribution to the Group in conformity with the value created of each position.</li> <li>+ Giving favourable working conditions to employees such as shuttles, tenements for employees at farms, workplaces.</li> </ul>	According to the objective opinion of many employees, the loyalty and dedication are the most exact criteria to assess HAGL’s employees. The satisfaction and solidarity of employees during the Group’s development course are the practical evidence highlighting the internal power of HAGL.

## MUTUAL DEVELOPMENT

### CUSTOMERS & PARTNERS

The year 2014 continues the re-structuring process formed from the year 2013. This is an important time when HAGL's business sectors confidently enter the **“blooming and fruiting”** period, officially harvesting the achievements in the Group's long-term development orientation.

With the mission “To maintain the constant creativity and strive to keep on producing high quality products” in order to create new values for customers, HAGL continues focusing on the agribusiness with vertically-integrated development model and expands to the potential cattle raising sector with the advantages of the Group.

The co-operation contracts signed with Nutifood Joint Stock Company and Vietnam Meat Industries Limited Company (VISSAN) are the important step in the Group's sustainable development, forming the belief in the project's success.

### COMMUNITY

Being aware of the fact that the growth of an enterprise must be accompanied by the development of community, HAGL always, together with the business operation, pays much attention to implement the supporting activities for the purpose of enhancing the living quality of community:

PURPOSES	ACTIVITIES	RESULTS
<b>DEVELOPING LOCAL ECONOMY</b>	<ul style="list-style-type: none"> <li>+ Local manpower is considered priority for recruitment. Giving jobs to local people.</li> <li>+ Programs of charity, health care, building schools, etc. help local people improve the quality of their lives for the comprehensive development.</li> </ul>	HAGL has invested in building infrastructures and developing economy in main areas such as the Highlands (Vietnam), Attapeu (Laos), Rattakiniri (Cambodia) & Yangon (Myanmar); HAGL was successful in supporting the development of communities in these areas.
<b>IMPROVING LIFE OF LOCAL PEOPLE</b>	Promoting training activities, holding vocational and professional training courses for local laborers.	Enhancing the professional qualification of local laborers, helping people increase income and have stable life.



## GOVERNMENT AND AUTHORITIES

In the direction of economic development of the localities and improvement of the local people's lifestyle, HAGL was continually honored by the governments of the host countries for its contribution to the building and development of the country.

OBJECTIVES	ACTIVITIES	RESULTS
<b>EFFECTIVE BUSINESS OPERATIONS CLOSELY INTEGRATED WITH SUSTAINABLE DEVELOPMENT</b>	Placing importance on investing in economic development of the localities; funding the infra-structure construction to create the base for economic development of the localities.	HAGL has invested in building the infra-structure and economic development in the western plateau (Vietnam), Attapeu (Laos), Rattakiniri (Cambodia) and Yangon (Myanmar); successful in assisting the development of the communities at these localities.

*H.E. Somsavad Lengasavad,  
Deputy Prime Minister of Laos:*

“It is my great pleasure to find that HAGL and other Vietnamese entities have fulfilled the agreements between the senior leaders of the two Parties and governments ...”

## PRESS MEDIA AGENCIES

Media agencies play a vital role in HAGL's business activities in terms of providing explicit information for the shareholders and related parties.

OBJECTIVES	ACTIVITIES	RESULTS
<b>EXPLICIT INFORMATION AND MEDIA, RAISING AWARENESS OF THE MATTERS RELATED</b>	<ul style="list-style-type: none"> <li>+ Providing press releases, updating news, financial statements, etc. for the press agencies through diverse channels: bulletin, printed newspaper, websites, events, etc.</li> <li>+ Keep siding with the press agencies in any related events, especially arranging site visits for journalists to publish explicit news to the shareholders and communities.</li> </ul>	<p>All the information related to HAGL is frequently updated and impartially reflected .</p> <p>HAGL has always coordinated with the press agencies in promoting efficient business integrated with sustainable development, raising the notion of Business growth closely connected to the communities' benefits.</p>

## THE SUPPLIERS

Deciding that a supplier is one of the key elements in the value chain, HAGL aims at building a network of reliable suppliers. HAGL's selected suppliers providing technology, drip irrigation system, equipment, seeds, breeds and publication print-works, etc. are prestigious suppliers who can fulfill the criteria for quality. Besides, HAGL also takes into consideration the partners' elements of social and environmental impacts as a significant criterion in mutual sustainable development in order to enhance the Group's business efficiency.





100000

10000

1000

100

10

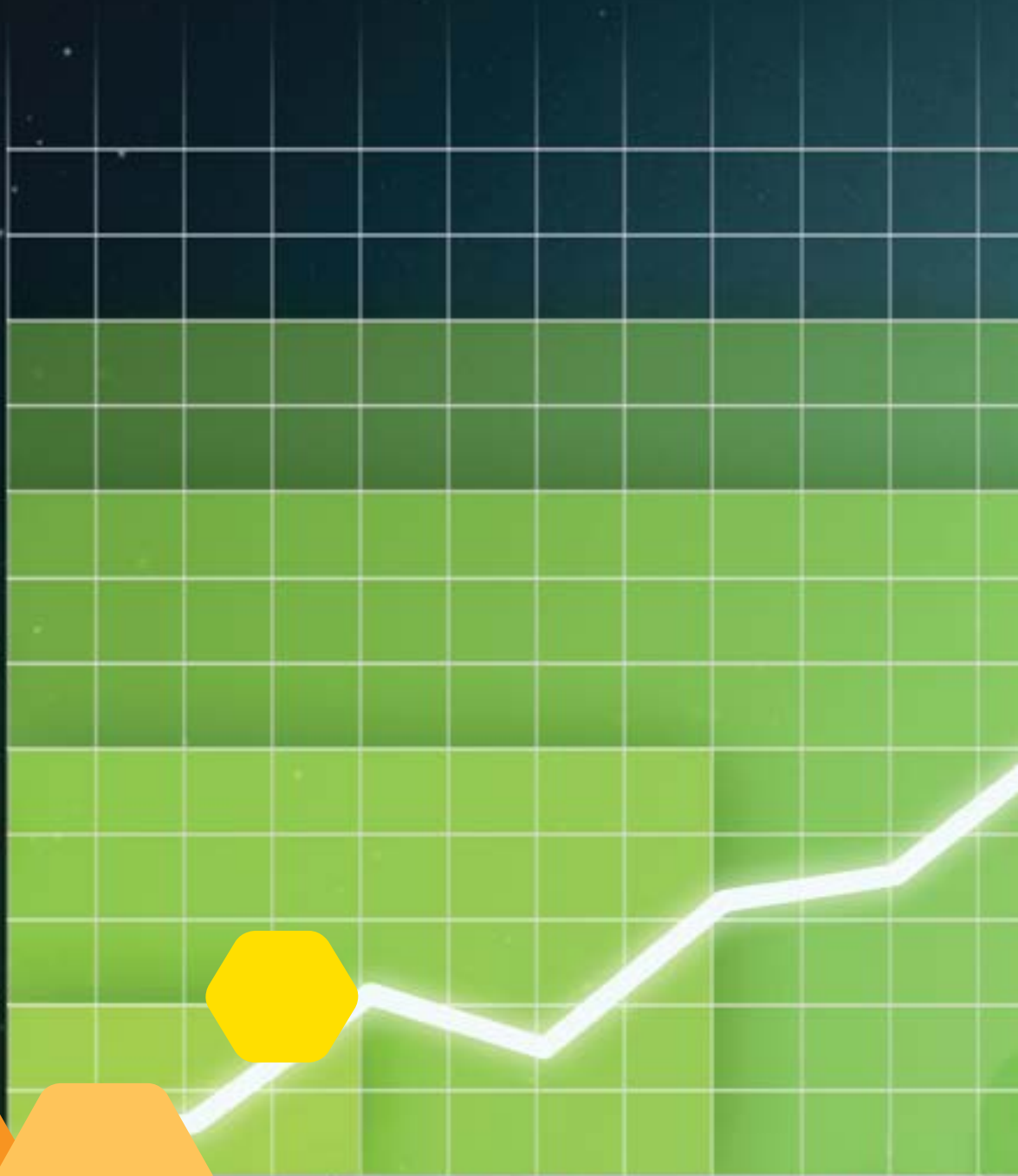
Jan

Feb

Mar

Apr

May



A hand holding a pen pointing to a line graph on a grid background. The graph shows a line that dips in July and rises in August. The background is dark blue with a grid pattern. The text 'Financial statements' is written in a large, bold, teal font.

# Financial statements

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# 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 No. 3903000083 issued by the Department of Planning and Investment of Gia Lai Province on 1 June 2006 and twenty four (24) subsequent Amended Business Registration Certificates.

The current principal activities of the Company and its subsidiaries (“the Group”) are breeding and trading dairy cows and cows for meat; developing and operating rubber, sugarcane, palm oil and other tree plantations; developing apartments, trade centres, office buildings for sale and lease; construction; developing and operating hydropower plants; mining; operating hotels and resorts; and sport and entertainment activities.

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

## BOARD OF DIRECTORS

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

Name	Position	
Mr. Doan Nguyen Duc	Chairman	
Mr. Nguyen Van Su	Member	
Mr. Doan Nguyen Thu	Member	
Mr. Nguyen Van Minh	Member	
Ms. Vo Thi Huyen Lan	Member	
Mr. Pornchai Lueang-a-papong	Member	
Mr. Vu Huu Dien	Member	resigned on 28 March 2014
Mr. Phan Thanh Thu	Member	appointed on 18 April 2014

## BOARD OF SUPERVISORS

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

Name	Position	
Mr. Lam Hoang Hai	Head	appointed on 1 October 2014
Mr. Nguyen Xuan Thang	Head	resigned on 30 September 2014
Ms. Nguyen Thi Huyen	Member	appointed on 18 April 2014

## MANAGEMENT

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

Name	Position	
Mr. Nguyen Van Su	General Director	
Mr. Vo Truong Son	Acting General Director	authorised on 8 November 2014
Mr. Doan Nguyen Thu	Deputy General Director	
Mr. Le Van Ro	Deputy General Director	resigned on 30 September 2014
Mr. Nguyen Van Minh	Deputy General Director	
Mr. Nguyen Xuan Thang	Deputy General Director	appointed on 1 October 2014
Ms. Ho Thi Kim Chi	Deputy General Director	appointed on 1 October 2014

## LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Nguyen Van Su.

Mr Vo Truong Son was authorized by Mr Nguyen Van Su to operate the Company in accordance with the authorisation letter No. 08/11/UQCN-HAGL.14 dated 8 November 2014.

## AUDITORS

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



## REPORT OF MANAGEMENT

Management of Hoang Anh Gia Lai Joint Stock Company (“the Company”) is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) for the year ended 31 December 2014.

### MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2014 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  
Acting General Director

28 March 2015

# INDEPENDENT AUDITORS' REPORT

Reference: 60752790/16998318/HN

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

We have audited the accompanying consolidated financial statements of Hoang Anh Gia Lai Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as prepared on 28 March 2015 and set out on pages 105 to 160, which comprise the consolidated balance sheet as at 31 December 2014, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

### **Management's responsibility**

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

### **Auditors' responsibility**

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

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

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

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2014, 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 statutory requirements relevant to preparation and presentation of consolidated financial statements.

Ernst & Young Vietnam Limited



Duong Le Anthony  
Deputy General Director  
Audit Practicing Registration Certificate

No. 2223-2013-004-1  
Ho Chi Minh City, Vietnam  
28 March 2015

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

B01-DN/HN

# CONSOLIDATED BALANCE SHEET

as at 31 December 2014

VND'000

Code	ASSETS	Notes	31 December 2014	31 December 2013
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>10,112,492,524</b>	<b>9,740,545,267</b>
<b>110</b>	<b>I. Cash</b>	<b>5</b>	<b>978,413,817</b>	<b>2,448,256,022</b>
111	1. Cash		978,413,817	2,448,256,022
<b>120</b>	<b>II. Short-term investment</b>		<b>81,783,240</b>	<b>150,378,106</b>
121	1. Short-term investment		81,783,240	150,378,106
<b>130</b>	<b>III. Current accounts receivable</b>		<b>6,670,181,680</b>	<b>5,093,080,495</b>
131	1. Trade receivables	6	1,593,633,310	1,147,188,803
132	2. Advances to suppliers	7	2,196,215,832	1,470,759,027
135	3. Other receivables	8	2,885,632,734	2,475,449,720
139	4. Provision for doubtful debts		(5,300,196)	(317,055)
<b>140</b>	<b>IV. Inventories</b>		<b>2,084,905,558</b>	<b>1,838,005,832</b>
141	1. Inventories	9	2,084,905,558	1,838,005,832
<b>150</b>	<b>V. Other current assets</b>		<b>297,208,229</b>	<b>210,824,812</b>
151	1. Short-term prepaid expenses		47,264,148	30,704,885
152	2. Value-added tax deductible		44,408,079	41,154,924
154	3. Tax and other receivables from the State		14,908,992	8,236,685
158	4. Other current assets	10	190,627,010	130,728,318
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>26,256,371,220</b>	<b>20,072,633,900</b>
<b>210</b>	<b>I. Long-term receivable</b>		<b>5,381,835,672</b>	<b>3,636,154,213</b>
218	1. Other long-term receivables	11	5,381,835,672	3,636,154,213
<b>220</b>	<b>II. Fixed assets</b>		<b>17,886,241,406</b>	<b>14,146,471,120</b>
221	1. Tangible fixed assets	12	5,145,616,089	3,623,079,264
222	Cost		5,805,775,693	4,074,652,762
223	Accumulated depreciation		(660,159,604)	(451,573,498)
227	2. Intangible fixed assets	13	158,330,299	90,772,161
228	Cost		176,921,034	94,484,888
229	Accumulated amortisation		(18,590,735)	(3,712,727)
230	3. Construction in progress	14	12,582,295,018	10,432,619,695
<b>240</b>	<b>III. Investment properties</b>		<b>14,251,121</b>	<b>14,751,160</b>
241	1. Cost		15,001,180	15,001,180
242	2. Accumulated depreciation		(750,059)	(250,020)
<b>250</b>	<b>IV. Long-term investments</b>		<b>1,538,442,661</b>	<b>814,896,380</b>
252	1. Investments in associates	16.2	463,677,182	203,448,669
258	2. Other long-term investments	17	1,074,765,479	611,447,711
<b>260</b>	<b>V. Other long-term assets</b>		<b>1,261,947,607</b>	<b>1,199,599,753</b>
261	1. Long-term prepaid expenses	18	1,104,198,517	1,048,001,738
262	2. Deferred tax assets	34.2	148,861,210	142,838,950
268	3. Other long-term assets		8,887,880	8,759,065
<b>269</b>	<b>VI. Goodwill</b>		<b>173,652,753</b>	<b>260,761,274</b>
<b>270</b>	<b>TOTAL ASSETS</b>		<b>36,368,863,744</b>	<b>29,813,179,167</b>



# CONSOLIDATED BALANCE SHEET

B01-DN/HN  
(continued)

as at 31 December 2014

VND'000

Code	RESOURCES	Note	31 December 2014	31 December 2013
<b>300</b>	<b>A. LIABILITIES</b>		<b>20,978,623,959</b>	<b>16,293,243,365</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>9,257,201,508</b>	<b>4,959,270,788</b>
311	1. Short-term loans and borrowings	19	6,839,582,567	3,129,670,372
312	2. Trade payables	20	652,932,314	653,723,575
313	3. Advances from customers	21	508,736,004	218,383,350
314	4. Statutory obligations	22	284,722,381	165,941,406
315	5. Payables to employees		44,733,270	50,557,660
316	6. Accrued expenses	23	303,364,457	283,617,469
319	7. Other payables	24	614,954,515	448,269,730
323	8. Bonus and welfare fund		8,176,000	9,107,226
<b>330</b>	<b>II. Non-current liabilities</b>		<b>11,721,422,451</b>	<b>11,333,972,577</b>
333	1. Other long-term liabilities	25	176,380,655	152,606,314
334	2. Long-term loans and debts	26	11,336,584,752	11,128,674,385
335	3. Deferred tax liabilities	34.2	208,457,044	52,691,878
<b>400</b>	<b>B. OWNERS' EQUITY</b>	<b>27</b>	<b>14,237,727,535</b>	<b>12,852,649,118</b>
<b>410</b>	<b>I. Equity</b>		<b>14,237,727,535</b>	<b>12,852,649,118</b>
411	1. Share capital		7,899,679,470	7,181,546,930
412	2. Share premium		3,539,078,784	3,544,438,784
414	3. Treasury shares		(686,640)	-
416	4. Foreign exchange differences		670,143	89,710,850
417	5. Investment and development fund		8,622,737	8,622,737
418	6. Financial reserve fund		241,133,546	230,027,423
420	7. Undistributed earnings		2,696,254,404	1,968,963,472
422	8. Consolidation reserve		(147,024,909)	(170,661,078)
<b>439</b>	<b>C. MINORITY INTERESTS</b>	<b>28</b>	<b>1,152,512,250</b>	<b>667,286,684</b>
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>36,368,863,744</b>	<b>29,813,179,167</b>

## OFF BALANCE SHEET ITEMS

ITEMS	31 December 2014	31 December 2013
Foreign currencies		
- United States dollar (US\$)	9,680,509	39,226,812
- Laos KIP (LAK)	1,062,267,512	5,772,184,055
- Cambodia Riels (KHR)	100,364,068	118,953,569
- Euro (EUR)	1,150	1,458
- Thai Baht (THB)	10,979,106	2,586,556
- Myanmar Kyat (MMK)	1,477,735,052	565,967,201



Nguyen Thi Do Quyen  
Preparer

28 March 2015



Ho Thi Kim Chi  
Chief Accountant



Vo Truong Son  
Acting General Director

B02-DN/HN

# CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2014

VND'000

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenues from sale of goods and rendering of services	30.1	3,055,570,143	2,772,946,668
02	2. Deductions	30.1	(1,239,187)	(1,727,337)
10	3. Net revenues from sale of goods and rendering of services	30.1	3,054,330,956	2,771,219,331
11	4. Costs of goods sold and services rendered	31	(1,827,338,066)	(1,575,093,397)
20	5. Gross profit from sale of goods and rendering of services		1,226,992,890	1,196,125,934
21	6. Finance income	30.2	1,477,819,111	1,003,102,689
22	7. Finance expenses	32	(633,831,539)	(754,104,635)
23	In which: Interest expenses		(565,216,215)	(591,863,715)
24	8. Selling expenses		(82,212,779)	(125,639,028)
25	9. General and administrative expenses		(239,958,115)	(274,660,179)
30	10. Operating profit		1,748,809,568	1,044,824,781
31	11. Other income	33	329,842,986	79,286,971
32	12. Other expenses	33	(305,418,076)	(125,608,111)
40	13. Other profit (loss)	33	24,424,910	(46,321,140)
50	14. Profit before tax		1,773,234,478	998,503,641
51	15. Current corporate income tax expense	34.1	(67,475,212)	(64,323,694)
52	16. Deferred income tax (expense) benefit	34.2	(149,742,906)	37,681,706
60	17. Net profit after tax		1,556,016,360	971,861,653
	Attributable to:			
61	17.1 Minority interests		81,759,915	125,789,457
62	17.2 Shareholders of the parent		1,474,256,445	846,072,196
70	18. Earnings per share			
	Basic (VND)	29	1,866	1,195
	Diluted (VND)	29	1,811	1,173



Nguyen Thi Do Quyen  
Preparer

28 March 2015



Ho Thi Kim Chi  
Chief Accountant



Vo Truong Son  
Acting General Director

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2014

B03-DN/HN

VND'000

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Profit before tax</b>		<b>1,773,234,478</b>	<b>998,503,641</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation		334,181,075	326,449,089
03	Provisions		4,983,141	(2,484,479)
04	Unrealised foreign exchange gains		(11,047,343)	(2,321,608)
05	Profits from investing activities		(1,546,509,831)	(951,063,355)
06	Interest expenses	32	565,216,215	591,863,715
<b>08</b>	<b>Operating profit before changes in working capital</b>		<b>1,120,057,735</b>	<b>960,947,003</b>
09	Increase in receivables		(1,528,393,473)	(216,028,438)
10	Increase in inventories		(229,052,284)	(816,730,490)
11	Increase (decrease) in payables		848,233,213	(835,358,508)
12	Increase in prepaid expenses		(36,486,525)	(109,973,491)
13	Interest paid		(545,854,900)	(738,861,795)
14	Corporate income tax paid	34.1	(89,958,416)	(286,002,969)
16	Other cash outflows from operating activities		(11,975,587)	(17,779,656)
<b>20</b>	<b>Net cash flows used in operating activities</b>		<b>(473,430,237)</b>	<b>(2,059,788,344)</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases and construction of fixed assets		(4,447,438,540)	(4,743,278,710)
22	Proceeds from disposals of fixed assets		319,789,280	18,769,294
23	Loans to other entities		(3,610,212,923)	(635,277,950)
24	Collections from borrowers		1,679,373,093	84,480,000
25	Payments for investments in other entities		(474,444,498)	(2,245,973,876)
26	Proceeds from sale of investments in other entities		264,517,855	4,142,429,061
27	Interest and dividends received		460,400,684	163,664,903
<b>30</b>	<b>Net cash flows used in investing activities</b>		<b>(5,808,015,049)</b>	<b>(3,215,187,278)</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Issuance of shares		-	1,052,599,770
31	Capital contribution from minority interests		1,100,000,000	178,200,000
33	Borrowings received		10,846,172,358	11,359,721,915
34	Borrowings repaid		(7,130,396,235)	(7,019,971,447)
36	Dividends paid to minority shareholders of subsidiaries		(4,173,042)	(365,737,765)
<b>40</b>	<b>Net cash flows from financing activities</b>		<b>4,811,603,081</b>	<b>5,204,812,473</b>
<b>50</b>	<b>Net decrease in cash</b>		<b>(1,469,842,205)</b>	<b>(70,163,149)</b>
<b>60</b>	<b>Cash at beginning of year</b>	<b>5</b>	<b>2,448,256,022</b>	<b>2,518,419,171</b>
<b>70</b>	<b>Cash at end of year</b>	<b>5</b>	<b>978,413,817</b>	<b>2,448,256,022</b>



Nguyen Thi Do Quyen  
Preparer

28 March 2015



Ho Thi Kim Chi  
Chief Accountant



Vo Truong Son  
Acting General Director



B09-DN/HN

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

## 1. CORPORATE INFORMATION

Hoang Anh Gia Lai Joint Stock Company ("the Company") is incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate No. 3903000083 issued by the Department of Planning and Investment of Gia Lai Province on 1 June 2006 and twenty four (24) subsequent Amended Business Registration Certificates.

The current principal activities of the Group are breeding and trading dairy cows and cows for meat; developing and operating rubber, sugarcane, palm oil and other tree plantations; developing apartments, trade centres, office buildings for sale and lease; construction; developing and operating hydropower plants; mining; operating hotels and resorts; and sport and entertainment activities.

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

## 2. BASIS OF PREPARATION

### 2.1 Accounting standards and system

The consolidated financial statements of the Group expressed in thousands of Vietnam dong ("VND'000"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

Accordingly, the accompanying consolidated balance sheet, consolidated income statement, consolidated cash flow statement and related notes, 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 Company'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 Company's accounting currency.

### 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 2014.

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.

Minority 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

B09-DN/HH  
(continued)

## 2. BASIS OF PREPARATION (continued)

### 2.5 Basis of consolidation (continued)

The subsidiaries are consolidated from the date on which the Group obtains control and cease to be consolidated from the date on which the Group ceases to control. Where there is a loss of control over the subsidiaries, the consolidated financial statements still include results for the year of the reporting year during which the Group has control.

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Cash

Cash comprises cash on hand, cash in banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

### 3.2 Receivables

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

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expenses 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	- Actual cost on a weighted average basis.
Finished goods and work-in-process	- Cost of direct materials and labour plus attributable overheads based on the normal level of activities.

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

Land held for development which is presented as part of "Other long-term investments" is carried at the lower of cost and net realisable value. Costs include all expenditures directly related to the acquisition, land compensation and site clearance. Net realisable value represents estimated current selling price less anticipated cost of disposal.

#### *Provision for obsolete inventories*

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

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

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(continued)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

### 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, their costs and accumulated depreciation are removed from the consolidated balance sheet and any gain or loss resulting from their disposal 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 fixed assets are sold or retired, their costs and accumulated amortisation are removed from the consolidated balance sheet and any gain or loss resulting from their disposal 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 fixed asset according to Circular No. 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 guiding the management, use and depreciation of fixed assets. The costs of land use rights comprise all directly attributable costs of bringing the land to the condition available for use.

##### Computer software

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

#### 3.6 Depreciation and amortisation

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

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

Land use right with indefinite useful life is not amortised.

Depreciation of rubber plantations is calculated in accordance with Official Letter No. 1937/BTC-TCVN issued on 9 February 2010 by Department of Business Finance - Ministry of Finance providing guidance on depreciation of rubber plantations and Decision No. 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:

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

B09-DN/HN  
(continued)

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

### 3.7 Investment properties

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

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

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

Buildings	50 years
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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, hydropower plants, mining and software implementation 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, sugarcane or palm oil plantations such as survey, land compensation, land clearance, rubber and palm oil seeds, fertilizer, transportation of rubber and palm oil seeds and other materials, workers' wages, building roads and fences, fire prevention and security guards, anti-botanic drugs and other related costs.

#### *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.

#### *Mining costs*

Mining costs include costs directly attributable to the minerals such as land compensation, land clearance to exploit the mine.

### 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.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised in the consolidated balance sheet at the inception of the lease at the fair value of the leased assets or, if lower, at the net present value of the minimum lease payments. The principal amount included in future lease payments under finance leases are recorded as a liability. The interest amounts included in lease payments are charged to the consolidated income statement over the lease term to achieve a constant rate on interest on the remaining balance of the finance lease liability.

Capitalised financial leased assets are depreciated using straight-line basis over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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

#### 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 capitalized as explained in the following paragraph.

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

#### 3.11 *Prepaid expenses*

Prepaid expenses are reported as short-term and long-term prepaid expenses on the consolidated balance sheet which mainly include costs of bond issuance, cost of tools and supplies, prepaid land rentals, sugarcane plantation and corn plantation. 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.

- ▶ Costs of bond issuance are amortised over the year of bonds (from 3 to 5 years);
- ▶ Prepaid land rentals are amortised over the lease year;
- ▶ Pre-operating expenses/start-up and preparation costs (including expenditures on training, advertising and promotional activities) and tools and supplies are amortised to the consolidated income statement over 3 to 5 years; and
- ▶ Sugarcane and corn plantation expenses include: stems, land preparation and planting costs. The stem costs are amortised over the lifetime of the trees. Land preparation and planting costs are amortised over the year, in which economic benefits are generated in connection to the costs incurred.

#### 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 years on a straight-line basis.

When the Company acquires the minority interests of a subsidiary, the difference between the cost of acquisition and the carrying amount of the minority interest is reflected as goodwill 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 year, 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

as at and for the year ended 31 December 2014

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(continued)

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

### 3.13 *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 and is amortised over a ten-year period. 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 year 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.

### 3.14 *Investments in securities and other investments*

Investments in securities and other investments are stated at their acquisition costs. Provision is made for any diminution in value of the investments 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 26 June 2013 issued by the Ministry of Finance.

Increases and decreases to the provision balance are recorded as finance expense in the consolidated income statement.

### 3.15 *Payables and accruals*

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

### 3.16 *Accrual for severance allowance*

The severance pay to employee is accrued at the end of each reporting year for all employees who have been being in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting year following the average monthly salary of the six-month period up to the reporting date. Any increase to the accrued amount will be taken to the consolidated income statement.

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

### 3.17 *Earnings per share*

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

Diluted earnings per share is calculated by dividing the net profit after tax attributable to ordinary shareholders of the Company (after adjusting for interest on the convertible bonds) 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.



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(continued)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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

#### 3.18 Foreign currency transactions

Transactions in currencies other than the Group's reporting currency of VND are recorded at the inter-bank exchange rates ruling at the date of the transaction. At the end of the year, monetary assets and liabilities denominated in foreign currencies are translated at buying exchange rate announced by the commercial bank where the Group maintains bank accounts at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the consolidated income statement, except to the extent that they are deferred as explained in the following paragraphs.

Realised and unrealised foreign exchange differences arising during the construction phase are recorded in the equity section of the consolidated balance sheet. Upon the completion of construction, all accumulated realised exchange differences arising during the construction year, and unrealised exchange differences arising upon translation of monetary items at the date of commencing operations, are transferred to prepaid expense in the consolidated balance sheet and amortised to finance income/expense over a period of 5 years.

The assets and liabilities of foreign entities are translated into VND at the rate of exchange ruling at the balance sheet date and their revenue, income and expense items are translated at the average exchange rate for the year. The exchange differences arising on the translation are taken directly to "Foreign exchange differences", a separate component of equity and charge to the consolidated income statement upon the disposal of the investment.

#### 3.19 Treasury shares

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

#### 3.20 Appropriation of net profit

Net profit after tax (excluding unrealised exchange gains as at the balance sheet date) is available for appropriation to shareholders upon proposal by the Board of Directors 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 as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting.

##### ► Financial reserve fund

This fund is set aside to protect the Group's normal operations from business risks or losses, or to prepare for unforeseen losses or damages and force majeure, such as fire, economic and financial turmoil of the country or elsewhere.

##### ► Investment and development fund

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

##### ► Bonus and welfare fund

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

#### 3.21 Revenue recognition

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

##### *Sale of goods*

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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(continued)

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

### 3.21 *Revenue recognition* (continued)

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

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

#### *Construction contracts*

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

#### *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.

#### *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.

#### *Sale of electricity*

Revenue is recognised based on the actual electricity sold and transferred to the grid at the pre-agreed tariff.

#### *Income from disposal of investments*

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

### 3.22 *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.

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(continued)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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

#### 3.22 Taxation (continued)

##### *Deferred tax*

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

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the 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 year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### 3.23 Financial instruments

##### *Initial recognition and presentation*

##### Financial assets

Financial assets within the scope of Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 ("Circular 210") providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments are classified, for disclosures in the notes to the consolidated financial statements, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at cost plus directly attributable transaction costs.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loan receivables and unquoted financial instruments.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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(continued)

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

### 3.23 Financial instruments (continued)

#### Financial liabilities

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the consolidated financial statements, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at cost net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans, borrowings and bonds.

#### Subsequent re-measurement

There is currently no guidance in Circular 210 in relation to subsequent re-measurement of financial instruments. Accordingly, the financial instruments are subsequently re-measured at cost.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## 4. BUSINESS COMBINATIONS AND DISPOSAL OF EQUITY INTEREST

### 4.1 Disposal of all interest in Power Construction Installation Limited

On 19 February 2014, the Company's subsidiary, Hoang Anh Gia Lai Hydropower Joint Stock Company ("HAHP"), disposed all of its equity interest in Power Construction Installation Limited to Mr Nguyen Quoc Tuan for a total amount of VND'000 20,000,000 and recognised a gain of VND'000 195,962 in the consolidated income statement.

### 4.2 Disposal of all interest in Gia Lai Mineral Joint Stock Company

On 1 May 2014, the Company's subsidiary, Hoang Anh Gia Lai Mineral Joint Stock Company, disposed all of its equity interest in Gia Lai Mineral Joint Stock Company of 99.99% to Ms Do Thi Xuan Huong for a total amount of VND'000 294,841,300 and recognised a gain of VND'000 876,233 in the consolidated income statement.

### 4.3 Additional acquisition of interest in Hoang Anh Dak Lak Joint Stock Company

During the year, the Company's subsidiary, Hoang Anh Gia Lai Rubber Joint Stock Company ("HAGR") acquired additional 0.017% equity interest in its subsidiary, Hoang Anh Dak Lak Joint Stock Company ("HADL") from the minority shareholders for a total consideration of VND'000 204,885, increasing its ownership in HADL from 91.58% to 91.60%.

Management assessed that the cost of acquisition represents the fair value of the rubber projects owned by HADL and its subsidiaries and the acquisition of additional interest in HADL is primarily to increase its controlling stake in the rubber projects. As a result, the excess amounting to VND'000 155,333 of the purchase consideration over the net assets of HADL and its subsidiaries on acquisition date has been recognised in the consolidated balance sheet as part of the value of rubber projects.

### 4.4 Additional acquisition and disposal of partial interest in HAHP

On 7 August 2014, the Company acquired additional 0.063% equity interest in its subsidiary, HAHP from the minority shareholders, increasing its ownership from 93.69% to 93.75% for a total consideration of VND'000 1,000,000.

Management assessed that the cost of acquisition represents the fair value of the hydropower projects owned by HAHP and its subsidiaries and the acquisition of additional interest in HAHP is primarily to increase its controlling stake in the hydropower projects. As a result, the deficit amounting to VND'000 131,301 of the purchase consideration over the net assets of HAHP and its subsidiaries on acquisition date has been recognised in the consolidated income statement.

On 1 November 2014, the Company disposed 0.94% of its equity interest in HAHP to the minority shareholders for a total consideration of VND'000 15,000,000, decreasing its ownership from 93.75% to 92.81%. Accordingly, a loss of VND'000 1,892,903 resulted from the disposal was recognised in the consolidated income statement.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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

#### 4.5 Additional acquisition of interest in Ban Me Rubber Joint Stock Company

During the year, the Company's subsidiary, HADL acquired additional 2,000 shares in its subsidiary, Ban Me Rubber Joint Stock Company ("HABM"), from the minority shareholders, increasing its ownership to 91.53% for a total consideration of VND'000 20,000, which is equal to the book value of the net assets of HABM proportionate to those number of shares.

Management assessed that the cost of acquisition represents the fair value of the rubber projects owned by HABM and the acquisition of additional interest in HABM is primarily to increase its controlling stake in the rubber projects.

#### 4.6 Additional acquisition and merge of Tan Dai Thang Dak Lak Joint Stock Company

On 15 August 2014 and 1 October 2014, the Company's subsidiary, HADL acquired additional 5,000 shares in its subsidiary, Tan Dai Thang Dak Lak Joint Stock Company ("TDT"), from the minority shareholders, increasing its ownership from 97.50% to 100% for a total consideration of VND'000 50,000, which is equal to the book value of the net assets of TDT proportionate to those number of shares.

Management assessed that the cost of acquisition represents the fair value of the rubber projects owned by TDT and the acquisition of additional interest in TDT is primarily to increase its controlling stake in the rubber projects.

On 31 October 2014, TDT was merged with HADL in accordance with contract No. 01/HDSN. Accordingly, all assets, liabilities, rights and benefits of TDT was transferred to HADL.

#### 4.7 Disposal of all interest in Hoang Anh Gia Lai Mineral Limited Company

On 30 August 2014, following the Group's restructuring exercise, the Company disposed all of its 99.78% interest in its subsidiary, Hoang Anh Gia Lai Mineral Limited Company ("KSHAGL") to HAHF for a total consideration of VND'000 1,241,736,052. The book value of net assets of KSHAGL as at 30 August 2014 was VND'000 965,855,634. The disposal reduced the ownership of the Company in KSHAGL from 99.78% to 93.14%. The reduction in ownership did not change the control status of the Company over KSHAGL and an amount of VND'000 64,088,095 proportionate to the reduction was recognised in the consolidation reserve.

On 21 November 2014, in accordance with the Resolution No.01/NQHDTV of Member's Council of KSHAGL, HAHF partially withdrew its capital contribution in KSHAGL for a total amount of VND'000 257,400,000, decreasing its ownership in KSHAGL from 93.14% to 92.53%. Accordingly, a loss of VND'000 676,099 resulted from the withdrawal was recognised in the consolidated income statement.

#### 4.8 Disposal of partial interest in HAGL Central Joint Stock Company

On 1 December 2014, HAGL Central Joint Stock Company ("HAGLMT") repurchased 395,000 shares of HAGLMT from the Company to convert to treasury shares for a total consideration of VND'000 3,950,000, decreasing the ownership of the Company in HAGLMT from 51.85% to 42.55%. Accordingly, the Company no longer has control over HAGLMT and recognised its capital contribution in HAGLMT as an investment in associate. The shortfall of the consideration received and the net assets of HAGLMT of VND'000 2,303,107 was recognised in the consolidated income statement.

#### 4.9 Liquidation of Hydropower Hoang Anh Gia Lai Dak Bla Joint Stock Company

On 25 September 2014, a Company's subsidiary, Hoang Anh Gia Lai Hydropower Dak Bla Joint Stock Company ("TDDB"), completed its legal process to liquidate the company. Accordingly, the Company reduced all of its 91.48% interest in TDDB, equivalent to VND'000 871,547. The loss of VND'000 626,405 resulted from the liquidation was recognised in the consolidated income statement.

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

On 26 September 2014, a Company's subsidiary, Hoang Anh Construction and Housing Development Joint Stock Company ("HAH") issued 29,000,000 new shares to minority shareholders, under the delegation to Hung Viet Fund Management Joint Stock Company, under the share issuance agreement No. 08/HDMB-HVC-2014 at price aggregating to VND'000 1,100,000,000 which was fully paid in cash. This transaction reduced ownership of the Company in HAH from 98.18% to 85.75%. Accordingly the Company recognized a gain of VND'000 745,706,593 from this deemed disposal transaction in the consolidated income statement.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 5. CASH

VND'000

	31 December 2014	31 December 2013
Cash in bank (*)	960,013,445	2,435,619,548
Cash on hand	18,391,341	12,625,271
Cash in transit	9,031	11,203
<b>TOTAL</b>	<b>978,413,817</b>	<b>2,448,256,022</b>

(\*) Portions of the Group's cash in banks of VND'000 194,000,000 and VND'000 101,000,000 were pledged as securities for the bank loans and bonds of the Group (Note 26) and bank loans of other parties, respectively (31 December 2013: VND'000 644,000,000 and nil, respectively).

On 10 March 2015, the portions of cash in banks amounting to VND'000 30,000,000 pledged as securities for the bank loans of other parties were released.

## 6. TRADE RECEIVABLES

VND'000

	31 December 2014	31 December 2013
Receivables from sales of goods and rendering of services (i)	1,049,728,504	518,852,499
Receivables from construction services (ii)	471,528,265	341,234,465
Receivables from sale of apartments	72,376,541	287,101,839
<b>TOTAL</b>	<b>1,593,633,310</b>	<b>1,147,188,803</b>

(i) This mainly represents receivables from sale of goods to Laman - Sekong Import Export Trading Company, Mittaphap Import - Export Company and Khamkuong Agricultural Development Limited Liability Company amounting to VND'000 329,864,299, VND'000 425,462,663 and VND'000 122,455,129, respectively (31 December 2013: nil, nil, VND'000 219,762,306, respectively).

Included in the ending balance was amount due from related parties amounting to VND'000 12,462,695 (Note 35) (31 December 2013: VND'000 13,667,419).

(ii) This mainly represents receivable from the Laos Government for construction of airports amounting to VND'000 470,501,762 (31 December 2013: VND'000 330,421,720).

## 7. ADVANCES TO SUPPLIERS

VND'000

	31 December 2014	31 December 2013
Advances to subcontractors for two airport projects in Laos	963,495,248	343,822,272
Advances to contractors for construction of the Group's apartments and purchasing of machineries and equipment (*)	922,757,727	923,600,419
Advances to suppliers of goods and services	309,962,857	186,531,336
Advances for acquisition of land and real estate projects	-	16,805,000
<b>TOTAL</b>	<b>2,196,215,832</b>	<b>1,470,759,027</b>

(\*) Advances to contractors were mainly due from related parties aggregating to VND'000 29,605,446 (Note 35) (31 December 2013: VND'000 24,641,000) and HongKong Tongquing International Trading Limited Company, amounting to VND'000 407,507,805, for hydropower projects in Attapeu Province, Laos (31 December 2013: VND'000 477,559,465).



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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

## 8. OTHER RECEIVABLES

VND'000

	31 December 2014	31 December 2013
Loans and interest due from other companies (i)	1,988,461,041	2,015,196,005
Receivables from disposal of investments (ii)	454,948,900	300,241,600
Short-term loans to employees (iii)	327,813,319	36,200,000
Accrued interest on bank deposits	316,265	4,062,480
Other	114,093,209	119,749,635
<b>TOTAL</b>	<b>2,885,632,734</b>	<b>2,475,449,720</b>

(i) Receivables from other companies mainly represent the loans to Hoang Phuc Investment Construction and Housing Development Joint Stock Company, advances for rubber plantation development costs and other receivables from related parties amounting to VND'000 495,673,503; VND'000 430,959,737 and VND'000 142,827,225 (Note 35), respectively (31 December 2013: VND'000 637,651,066, VND'000 479,158,417 and 118,354,567, respectively).

(ii) Receivables from disposals of investments mainly represent outstanding receivables from the disposals of total equity interests in Gia Lai Mineral Joint Stock Company and Thanh Binh Construction Investment Consult Company Ltd. amounting to VND'000 294,841,300 and VND'000 91,016,000, respectively (31 December 2013: VND'000 250,000,000).

(iii) These loans are unsecured, have terms of repayments ranging from 3 to 12 months from the drawdown dates and bear floating interest rates which are revised and adjusted every six months.

## 9. INVENTORIES

VND'000

	31 December 2014	31 December 2013
Apartments under construction for sale	813,467,945	957,001,711
Finished goods	130,834,310	40,230,451
Merchandise goods	5,217,701	5,133,256
Goods in transit	-	207,441
Work in process	610,217,068	270,092,870
Of which from:		
<i>Manufacturing activities</i>	365,384,652	227,831,981
<i>Construction contracts</i>	102,920,168	41,041,408
<i>Cows for meat</i>	141,250,534	-
<i>Services rendered</i>	661,714	1,219,481
Raw materials	345,791,674	327,951,382
Construction materials	155,134,872	133,836,649
Tools and supplies	24,241,988	103,552,072
<b>TOTAL</b>	<b>2,084,905,558</b>	<b>1,838,005,832</b>

All the apartments for sale, including associated lands, have been mortgaged to secure the Group's outstanding borrowings (Notes 26).

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## 10. OTHER CURRENT ASSETS

VND'000

	31 December 2014	31 December 2013
Advances to employees for business purposes	134,004,928	129,085,477
Short-term deposits (i)	56,622,082	1,642,841
<b>TOTAL</b>	<b>190,627,010</b>	<b>130,728,318</b>

- (i) This mainly represents deposits in banks for opening letter of credit to import construction materials, tools and supplies for Myanmar project.

## 11. OTHER LONG-TERM RECEIVABLES

VND'000

	31 December 2014	31 December 2013
Loans due from An Phu Real Estate Investment Joint Stock Company ("An Phu") (*)	4,087,185,936	3,636,154,213
Long-term loans from other companies (**)	1,294,649,736	-
<b>TOTAL</b>	<b>5,381,835,672</b>	<b>3,636,154,213</b>

- (\*) This represents loans to An Phu in accordance with loan agreement No. 01102013/HDV - HAGL dated 1 October 2013 ("Contract [1]"); loan agreement No. 01/07/HDV/AP/HAGL - HAGL - dated 17 July 2014 ("Contract [2]") and loan agreement No. 02/08/HDV/AP/XNK - HAGL Import Export dated 8 August 2014 ("Contract [3]"), with details are as follows:

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

The loan Contract [2] is unsecured with credit limit of VND 650 billion and interest at 13% per annum.

The loan Contract [3] is unsecured with credit limit of VND 300 billion and interest at 12% per annum.

Movements during the year of balance of long-term receivables and their interests from An Phu are as follows:

VND'000

Principal	Contract [1]	Contract [2]	Contract [3]	Total
<b>Beginning balance</b>	<b>3,536,270,880</b>	-	-	<b>3,536,270,880</b>
Additions	698,553,000	345,000,000	280,000,000	1,323,553,000
Repayments	(772,637,944)	-	-	(772,637,944)
<b>Ending balance</b>	<b>3,462,185,936</b>	<b>345,000,000</b>	<b>280,000,000</b>	<b>4,087,185,936</b>

VND'000

Interest	Contract [1]	Contract [2]	Contract [3]	Total
<b>Beginning balance</b>	<b>99,883,333</b>	-	-	<b>99,883,333</b>
Additions	447,932,876	19,435,000	11,250,000	478,617,876
Repayments	(292,483,055)	-	-	(292,483,055)
<b>Ending balance (i)</b>	<b>255,333,154</b>	<b>19,435,000</b>	<b>11,250,000</b>	<b>286,018,154</b>

- (i) The balance is included in "Loans and interest due from other companies" as mentioned in Note 8.

- (\*\*) Long-term loans from other companies represent unsecured loans to other companies with maturity dates from May 2016 to December 2017 and interest rates ranging from 10.81% to 15.1% per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 12. TANGIBLE FIXED ASSETS

VND'000

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Livestock and perennial trees	Other assets	Total
<b>Cost</b>							
Beginning balance	1,659,983,685	1,445,042,005	431,756,914	7,081,000	497,443,680	33,345,478	4,074,652,762
Additions	191,130,545	154,665,417	676,473,284	2,506,115	882,765,195	3,432,001	1,910,972,557
Transfer from construction in progress	172,871,076	8,430,843	585,950,922	2,307,908	846,556,360	873,403	1,616,990,512
New purchase	14,127,515	142,669,093	89,807,950	195,553	34,342,849	2,528,783	283,671,743
Foreign exchange differences	4,131,954	3,565,481	714,412	2,654	1,865,986	29,815	10,310,302
Decreases	(14,395,934)	(118,462,862)	(47,381,243)	(364,993)	-	755,406	(179,849,626)
Disposal	(2,097,508)	(7,315,844)	(39,000,501)	(14,364)	-	(389,615)	(48,817,832)
Disposals of subsidiaries	(33,054,180)	(92,162,741)	(5,550,244)	(264,629)	-	-	(131,031,794)
Reclassification	20,755,754	(18,984,277)	(2,830,498)	(86,000)	-	1,145,021	-
Ending balance	1,836,718,296	1,481,244,560	1,060,848,955	9,222,122	1,380,208,875	37,532,885	5,805,775,693
<b>Accumulated depreciation</b>							
Beginning balance	143,620,488	188,851,677	96,902,308	4,302,359	11,198,849	6,697,817	451,573,498
Charges for the year	80,584,928	118,908,970	54,310,949	1,079,407	30,198,433	4,660,400	289,743,087
Decreases	(7,880,144)	(54,386,039)	(17,346,424)	(233,028)	-	(1,311,346)	(81,156,981)
Disposal	(2,287,205)	(3,894,041)	(15,358,460)	(14,364)	-	(38,783)	(21,592,853)
Disposals of subsidiaries	(9,504,580)	(47,772,340)	(2,102,800)	(184,408)	-	-	(59,564,128)
Reclassification	3,911,641	(2,719,658)	114,836	(34,256)	-	(1,272,563)	-
Ending balance	216,325,272	253,374,608	133,866,833	5,148,738	41,397,282	10,046,871	660,159,604
<b>Net carrying amount</b>							
Beginning balance	1,516,363,197	1,256,190,328	334,854,606	2,778,641	486,244,831	26,647,661	3,623,079,264
Ending balance	1,620,393,024	1,227,869,952	926,982,122	4,073,384	1,338,811,593	27,486,014	5,145,616,089
In which:							
Pledged/mortgaged as loan vay security (Notes 19 and 26)	1,620,393,024	1,227,869,952	-	-	-	-	2,848,262,976



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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## 13. INTANGIBLE FIXED ASSETS

VND'000

	Land use rights	Computer software	Total
<b>Cost</b>			
Beginning balance	88,821,302	5,663,586	94,484,888
Transfer from construction in progress	-	127,608,595	127,608,595
Other increase	31,200	1,050,000	1,081,200
Disposal	(20,000,000)	-	(20,000,000)
Disposals of subsidiaries	(26,216,649)	(37,000)	(26,253,649)
Ending balance	42,635,853	134,285,181	176,921,034
<b>Accumulated amortisation</b>			
Beginning balance	755,647	2,957,080	3,712,727
Charges for the year	94,272	15,490,623	15,584,895
Disposals of subsidiaries	(673,997)	(32,890)	(706,887)
Ending balance	175,922	18,414,813	18,590,735
<b>Net carrying amount</b>			
Beginning balance	88,065,655	2,706,506	90,772,161
Ending balance	42,459,931	115,870,368	158,330,299
<i>In which:</i>			
<i>Pledged/mortgaged as loan security</i> <i>(Notes 19 and 26)</i>	42,459,931	-	42,459,931

## 14. CONSTRUCTION IN PROGRESS

VND'000

	31 December 2014	31 December 2013
Rubber and palm oil plantations (*)	6,469,345,041	6,505,562,684
Hoang Anh Gia Lai Myanmar Centre project (*)	2,717,217,940	1,398,785,884
Hydropower plants (*)	1,667,380,438	997,413,700
Offices for lease	793,161,542	791,823,527
Mining facilities	213,693,057	247,371,197
Buildings, plants and factories	336,387,148	153,495,234
Computer hardware and SAP software under development	-	129,918,903
Other construction works (*)	385,109,852	208,248,566
<b>TOTAL</b>	<b>12,582,295,018</b>	<b>10,432,619,695</b>

(\*) Rubber and palm oil plantations, Hoang Anh Gia Lai Myanmar Centre project, hydropower plants and other construction works have been mortgaged to secure the Group's outstanding borrowings (Notes 19 and 26).

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

## 15. CAPITALISED BORROWING COSTS

During the year, the Group has capitalised borrowing costs amounting to VND'000 984,721,957, into inventories and constructions in progress (year ended 31 December 2013: VND'000 1,145,503,841). 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 palm oil plantations and apartment projects.

## 16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

### 16.1 Investments in subsidiaries

Details of the Company's subsidiaries as at 31 December 2014 are as follows:

Name of subsidiaries	Location	Status of operation	Date of establishment or acquisition	% holding
<b>Real estate</b>				
1. Hoang Anh Construction and Housing Development Joint Stock Company	HCMC, Vietnam	Operating	4/6/2007	85.75
2. Hoang Anh Gia Lai Myanmar Co., Ltd	Yangon, Myanmar	Pre-operating	21/2/2013	85.75
3. Hoang Anh Gia Lai (Bangkok) Co., Ltd	Bangkok, Thai Lan	Operating	2009	(i) 40.30
<b>Energy</b>				
4. Hoang Anh Gia Lai Hydropower Joint Stock Company	Gia Lai, Vietnam	Operating	5/6/2007	92.81
5. Hoang Anh Attapeu Power Co., Ltd	Vientiane, Laos	Pre-operating	18/7/2011	92.81
6. Nam Kong 3 Electric Co., Ltd	Attapeu, Laos	Pre-operating	31/5/2013	92.81
<b>Agriculture plantation</b>				
7. Hoang Anh Gia Lai Rubber Joint Stock Company	Gia Lai, Vietnam	Operating	26/5/2010	92.13
8. Hoang Anh Gia Lai Import - Export Trading One member Co., Ltd.	Gia Lai, Vietnam	Operating	5/2/2013	92.13
9. Hoang Anh Gia Lai Sugar Cane Joint Stock Company	Gia Lai, Vietnam	Operating	26/1/2011	92.12
10. Hoang Anh Attapeu Sugar Cane Co., Ltd.	Attapeu, Laos	Operating	1/11/2011	92.12
11. Hoang Anh - Quang Minh Rubber Joint Stock Company	Gia Lai, Vietnam	Operating	1/2/2007	89.86
12. Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd.	Attapeu, Laos	Operating	12/1/2007	89.86
13. Gia Lai Industrial Forest Plantation Joint Stock Company	Gia Lai, Vietnam	Operating	9/9/2008	91.97
14. Hoang Anh Dak Lak Joint Stock Company	Dak Lak, Vietnam	Operating	12/9/2007	91.60
15. Ban Me Rubber Joint Stock Company	Dak Lak, Vietnam	Pre-operating	15/1/2010	91.53
16. Hoang Anh Attapeu Agriculture Development Co., Ltd.	Attapeu, Laos	Operating	22/5/2008	92.13

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(continued)**16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (continued)****16.1. Investments in subsidiaries (continued)**

Details of the Company's subsidiaries as at 31 December 2014 are as follows: (continued)

Name of subsidiaries	Location	Status of operation	Date of establishment or acquisition	% holding
<b>Agriculture plantation (continued)</b>				
17. Hoang Anh Andong Meas One Member Co., Ltd	Rattanakiri, Cambodia	Operating	17/2/2011	89.86
18. Hoang Anh Oyadav Co., Ltd.	Rattanakiri, Cambodia	Pre-operating	16/7/2010	92.13
19. Heng Brothers Co., Ltd.	Rattanakiri, Cambodia	Pre-operating	25/1/2010	92.13
20. CRD Co., Ltd.	Rattanakiri, Cambodia	Pre-operating	15/12/2010	92.13
21. Hoang Anh Rattanakiri Co., Ltd.	Rattanakiri, Cambodia	Pre-operating	18/11/2009	92.13
<b>Mining</b>				
22. Hoang Anh Gia Lai Mineral Co., Ltd.	Gia Lai, Vietnam	Operating	8/12/2007	92.53
23. Hoang Anh GL - Kon Tum Mineral Co., Ltd.	Kontum, Vietnam	Operating	9/2/2010	92.53
24. Hoang Anh Xekong Mineral Co., Ltd.	Attapeu, Laos	Pre-operating	15/10/2009	92.53
<b>Construction, trading and services</b>				
25. Hoang Anh Gia Lai Sport Joint Stock Company	Gia Lai, Vietnam	Operating	12/1/2009	69.20
26. Hoang Anh Gia Lai Hospital Joint Stock Company	Gia Lai, Vietnam	Operating	7/5/2008	99.00
27. V&H Corporation (Lao) Co., Ltd.	Vientiane, Laos	Pre-operating	6/1/2009	80.00
28. V&H Corporation Co., Ltd.	Vientiane, Laos	Pre-operating	27/3/2009	100.00
29. Hoang Anh Gia Lai Bridge & Road Joint Stock Company	Gia Lai, Vietnam	Operating	22/12/2009	55.12
30. Hoang Anh Gia Lai Vientiane Co., Ltd.	Vientiane, Laos	Pre-operating	6/5/2010	100.00
31. Hoang Anh Gia Lai Real Estate and Hotel Management Joint Stock Company	Da Nang, Vietnam	Operating	27/7/2012	94.50

(i) The Group has more than 50% controlling interest in this company.

Pre-operating status means the subsidiaries are still under investment stage and has not yet started its commercial operations as at 31 December 2014.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 16.2. Investments in associates

Name of associates	Business activities	31 December 2014		31 December 2013	
		% holding	Carrying value VND'000	% Holding (%)	Carrying value VND'000
Bidiphar Rubber Joint Stock Company	Rubber plantation	45.22	221,844,260	39.63	195,578,247
East Asia Investment and Construction Consultant Joint Stock Company	Electric design and consultancy	25.00	7,870,422	25.00	7,870,422
Highland Dairy Cattle Joint Stock Company (i)	Livestock	45.00	38,929,500	-	-
An Dong Mia Joint Stock Company (ii)	Rubber plantation	30.00	183,183,000	-	-
Central HAGL Joint Stock Company	Construction and trading	42.55	11,850,000	-	-
<b>TOTAL</b>			<b>463,677,182</b>		<b>203,448,669</b>

(i) Highland Dairy Cattle Joint Stock Company ("BSTN"), established in accordance with Business Registration Certificate No. 5900985126 and first Amended Business Registration Certificate issued by the Gia Lai Province Planning and Investment Department on 28 April 2014 and 29 May 2014, respectively, has share capital of VND'000 200,000,000 and the Group holds 45% of equity interest in BSTN, equivalent to 9,000,000 shares. As at 31 December 2014, the Group has not fully contributed its committed investment to BSTN.

(ii) During the year, the Company acquired 6,000,000 shares in An Dong Mia Joint Stock Company ("An Dong Mia"), which was established in accordance with Business Registration Certificate No. 5900910258 dated 10 July 2012 and two (2) subsequent Amended Business Registration Certificates issued by the Gia Lai Province Planning and Investment Department and has share capital of VND'000 200,000,000, for a total consideration of VND'000 183,183,000. Accordingly, the Company holds 30% of equity interest in An Dong Mia, equivalent 6,000,000 shares.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 17. OTHER LONG-TERM INVESTMENTS

VND'000

	31 December 2014	31 December 2013
Loan to Laos Government - Attapeu International Airport project (i)	468,094,618	116,473,034
Investment in Business Cooperation Contract ("BCC") for development of real estate project (ii)	189,857,250	189,857,250
Lands held for development (iii)	133,012,372	133,012,372
Loan to Laos Government - SEA games project (iv)	27,488,988	104,561,755
Investments in other companies	35,568,150	66,353,300
Others (v)	220,744,101	1,190,000
<b>TOTAL</b>	<b>1,074,765,479</b>	<b>611,447,711</b>

- (i) 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 is interest-free, unsecured and will be off-set with tax payable to the Laos Government in the future. Details are as follows:

US\$

	Current year	Previous year
Beginning balance	5,523,976	-
Addition	16,376,212	5,523,976
<b>Ending balance</b>	<b>21,900,188</b>	<b>5,523,976</b>
<b>Ending balance (VND'000)</b>	<b>468,094,618</b>	<b>116,473,034</b>

- (ii) The ending balance of investment in BCC mainly represents BCC between Hoang Anh Construction and Housing Development Joint Stock Company, a subsidiary, and Tan Thuan Investment and Construction Co., Ltd. to develop an apartment building on an area of 28,127 square meters in District 7, Ho Chi Minh City, Vietnam. Under the BCC, the Group has 45% interest in the project. As at 31 December 2014, the project was still in pre-operating stage.
- (iii) These are lands of Hai Chau and Phan Lang projects in Da Nang City that have been mortgaged to secure the Company's bank loans (Note 26).
- (iv) Loan to Laos Government - SEA games project represents the interest-free loan in accordance with the Credit contract signed with the Laos Government on 31 October 2008. Details are as follows:

US\$

	Current year	Previous year
Beginning balance	4,958,949	8,958,949
Cash received during the year	(3,672,874)	(4,000,000)
<b>Ending balance</b>	<b>1,286,075</b>	<b>4,958,949</b>
<b>Ending balance (VND'000)</b>	<b>27,488,988</b>	<b>104,561,755</b>

- (v) The increase of other long-term investments represented new investments in cooperation contracts in rubber plantation project and building rubber latex processing factory.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

### 18. LONG-TERM PREPAID EXPENSES

VND'000

	31 December 2014	31 December 2013
Sugarcane plantations	768,523,792	828,044,588
Tools and supplies	132,005,958	64,127,739
Corn plantations	48,928,696	23,324,306
Costs of bonds issuance	49,594,814	31,004,520
Office rental fee	26,543,171	25,176,353
Direct selling expenses for apartments	2,109,947	3,963,605
Others	76,492,139	72,360,627
<b>TOTAL</b>	<b>1,104,198,517</b>	<b>1,048,001,738</b>

### 19. SHORT-TERM LOANS AND BORROWINGS

VND'000

	31 December 2014	31 December 2013
Convertible bonds (Note 19.1)	1,100,000,000	1,100,000,000
Short-term loans from banks (Note 19.2)	1,343,356,016	1,284,739,129
Loans payable to other entities and individuals	-	10,011,601
	2,443,356,016	2,394,750,730
Current portion of long-term bank loans (Note 26)	416,226,551	234,919,642
Current portion of long-term bonds (Note 26)	3,980,000,000	500,000,000
<b>TOTAL</b>	<b>6,839,582,567</b>	<b>3,129,670,372</b>

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

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

- ▶ Maturity: The maturity date is 31 August 2015.
- ▶ Conversion Price: VND 25,000 per share and subject to anti-diluted adjustment.
- ▶ Interest Rate: Deposit rate plus (+) 3% per annum, payable annually. "Deposit rate" means the average of 1-year savings deposit rates for individuals quoted by Asia Commercial Bank, Sai Gon Thuong Tin Commercial Joint Stock Bank, Vietnam Technological and Commercial Joint Stock Bank, and Vietnam Export Import Commercial Joint Stock Bank on 19 August 2010, and will be adjusted annually.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(continued)**19. SHORT-TERM LOANS AND BORROWINGS (continued)****19.1 Convertible bonds (continued)**

- Conversion and Anti-Dilution: The Convertible Bonds can be converted in whole or in part into the issued shares of the Company from 1 August 2013 until the Maturity date. The conversion price may be adjusted to a lower price on the occurrence of any of the following: (i) issuance of bonus shares, (ii) share split, (iii) consolidation of shares, (iv) reclassification of shares, (v) declaration of any dividend, (vi) issue of new shares below the current market price per share and (vii) any other dilutive events.
- Conversion Price as adjusted in accordance with the issuance of shares to existing shareholders at par value VND 10,000 per share at the ratio of 5:1; issuance of shares to convert international bond and dividend paid in 2013; dividend payment in form of additional issuance of ordinary shares in 2014 is VND 19,645 per share.
- Right to request the Company to repurchase the Bonds: At anytime from 31 August 2013 to maturity date, Convertible Bond holder has the right to request the Company to repurchase in part or in full the Convertible Bonds at an agreement price. Accordingly, these bonds were presented as short-term loan in the consolidated financial statements.
- Purpose: To finance the Group's investment projects and its working capital requirements.

**19.2 Short-term loans from banks**

VND'000

	31 December 2014	31 December 2013
Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) - Gia Lai Branch	548,879,629	1,034,528,001
Laos - Viet Bank	230,433,668	101,711,128
Bank for Investment and Development of Vietnam (BIDV)	497,665,111	148,500,000
Ho Chi Minh City Development Joint Stock Bank ("HD Bank"), Daklak Branch	66,377,608	-
<b>TOTAL</b>	<b>1,343,356,016</b>	<b>1,284,739,129</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 and rubber plantations.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 19. SHORT-TERM LOANS AND BORROWINGS (continued)

### 19.2 Short-term loans from banks (continued)

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

Name of banks	31 December 2014 VND'000	Term and maturity date	Interest rate	Collateral (Notes 12, 13 and 14)
<b>Vietcombank, Gia Lai Branch</b>				
Loan contract No. 217/13/NHNT, 3 September 2013	254,949,778	From 3 January 2015 to 9 June 2015	Floating rate, 10% p.a. in 2014	Rubber plantations, land use rights at ChuProng and Mang Yang District, Gia Lai Province; building and structures at HAGL Hotel Da Nang Plaza, Da Nang City
Loan contract No. 101/14/ NHNT, 10 April 2014, annex No. 02/101/14/NHNT, 18 June 2014	257,978,770	From 5 January 2015 to 17 June 2015	10% p.a.	Unsecured
Loan contract No. 205/14/NHNT, 26 June 2014	35,951,081	From 26 January 2015 to 18 June 2015	Floating rate, 9.20% p.a. in 2014	Unsecured
<b>Total Vietcombank, Gia Lai Branch</b>	<b>548,879,629</b>			
<b>Laos - Viet Bank</b>				
Loan contract No. 028/LVB. NVKD/2012, 19 October 2012, annex No. 03-028/2012, 12 December 2014	102,573,257	26 June 2015	Floating rate, from 8.5% to 11.5% p.a. in 2014	A part of Hoang Anh Attapeu Hotel - owned by Hoang Anh Attapeu Agriculture Development Co., Ltd
Loan contract No. 088/NHLV- ATP/2014, 2 October 2014	106,547,691	From 6 October 2015 to 11 December 2015	8.5% p.a.	The entire building and constructions, machinery and equipment relating to the cattle breeding project and the entire cows of Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd. imported after the investment
Loan contract No. 089/LVB. ATP/2014, 2 October 2014	21,312,720	31 December 2015	5.5% p.a.	Assets formed from the loan (i.e. the cows in cattle breeding project)
<b>Total Laos - Viet Bank</b>	<b>230,433,668</b>			

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(continued)**19. SHORT-TERM LOANS AND BORROWINGS (continued)****19.2 Short-term loans from banks (continued)**

Name of banks	31 December 2014 VND'000	Term and maturity date	Interest rate	Collateral (Notes 12, 13 and 14)
<b>BIDV, Gia Lai Branch</b>				
Loan contract No. 01/2014/370863/HDTD, 10 October 2014	222,193,425	From 10 July 2015 to 30 September 2015	Floating rate, 9% p.a. in 2014	Unsecured
Loan contract No. 01/2014/5331375/HDTD, 25 June 2014	273,860,292	From 29 February 2015 to 30 June 2015	Floating rate, ranging from 5.5% to 9% p.a.	Unsecured
Loan contract No. 01/2014/2454995/HDTD, 25 November 2014	1,611,394	26 September 2015	Floating rate, 9.2% p.a. in 2014	Unsecured
<b>Total BIDV, Gia Lai Branch</b>	<b>497,665,111</b>			
<b>HD Bank, Daklak Branch</b>				
Loan contract No. 0731/14/ HDTDHM-DN/111, 11 September 2014	66,377,608	From 9 October 2015 to 20 November 2015	11% in the first six month, 12 month- saving deposit interest rate of HD Bank plus 4.5% p.a. for the following months	Cows purchased and raised from the loans, rights to collect current receivables and receivables generated in future belonging to Gia Lai Industrial Forest Plantation Joint Stock Company
<b>TOTAL</b>	<b>1,343,356,016</b>			

**20. TRADE PAYABLES**

VND'000

	31 December 2014	31 December 2013
Payable for purchases of land use rights for Hoang Anh Gia Lai Myanmar Centre project	396,268,196	406,887,294
Payable for purchases of goods and services	187,107,204	78,341,349
Payable to construction contractors	45,389,623	36,104,500
Payable for purchases of machineries, equipment and for plantation development	19,446,289	95,500,869
Others	4,721,002	36,889,563
<b>TOTAL</b>	<b>652,932,314</b>	<b>653,723,575</b>



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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

## 21. ADVANCES FROM CUSTOMERS

VND'000

	31 December 2014	31 December 2013
Advances from trade customers	329,532,458	122,618,815
Advances from construction services customers	150,000,000	-
Advances from customers for purchases of apartments	29,203,546	95,764,535
<b>TOTAL</b>	<b>508,736,004</b>	<b>218,383,350</b>

## 22. STATUTORY OBLIGATIONS

VND'000

	31 December 2014	31 December 2013
Value-added tax payable	252,321,600	113,203,714
Corporate income tax (Note 34.1)	22,532,903	41,272,980
Natural resource tax	-	1,615,717
Personal income tax	2,822,157	3,052,440
Others	7,045,721	6,796,555
<b>TOTAL</b>	<b>284,722,381</b>	<b>165,941,406</b>

## 23. ACCRUED EXPENSES

VND'000

	31 December 2014	31 December 2013
Interest expenses	271,766,262	252,404,947
Operating costs	31,598,195	20,551,535
Construction costs for apartments	-	8,460,564
Others	-	2,200,423
<b>TOTAL</b>	<b>303,364,457</b>	<b>283,617,469</b>

## 24. OTHER PAYABLES

VND'000

	31 December 2014	31 December 2013
Payable to other companies	531,886,672	342,795,572
Payable for land lease	16,239,014	-
Payable for apartments maintenance	12,319,247	9,120,312
Payables to employees	1,283,500	32,301,225
Others	53,226,082	64,052,621
<b>TOTAL</b>	<b>614,954,515</b>	<b>448,269,730</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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(continued)

## 25. OTHER LONG-TERM LIABILITIES

VND'000

	31 December 2014	31 December 2013
Payable for land leases	166,433,291	142,992,536
Provision for severance allowance	6,607,142	6,810,112
Deposits received from tenants for office leases	3,340,222	2,803,666
<b>TOTAL</b>	<b>176,380,655</b>	<b>152,606,314</b>

## 26. LONG-TERM LOANS AND DEBTS

VND'000

	31 December 2014	31 December 2013
Domestic straight bonds (Note 26.1)	6,436,864,368	4,146,073,000
Long-term bank loans (Note 26.2)	6,107,069,821	4,538,856,810
Bonds with warrants (Note 26.3)	2,000,000,000	2,000,000,000
Exchangeable bonds (Note 26.4)	1,130,000,000	1,130,000,000
Other loans	58,877,114	48,664,217
<b>TOTAL</b>	<b>15,732,811,303</b>	<b>11,863,594,027</b>
<i>In which:</i>		
Current portion of bank loans (Note 19)	416,226,551	234,919,642
Current portion of bonds (Note 19)	3,980,000,000	500,000,000
Non-current portion	11,336,584,752	11,128,674,385

## 26.1 Domestic straight bonds

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

Arrangement organizations	Date of issuance	Amount VND Billion	Maturity date
ACB Securities Limited Company ("ACBS") (i)	25 April 2012	1,841	From 27 April 2017 to 18 June 2017
BIDV and BIDV Securities Company ("BSC") (ii)	17 August 2012	850	17 August 2015
ACBS (iii)	3 May 2013	146	3 May 2016
BIDV and BSC (iv)	9 July 2013	950	9 July 2016
BIDV and BSC (v)	28 March 2014	1,000	28 March 2019
Phu Gia Securities Joint Stock Company ("PHUGIASC") (vi)	1 April 2014	650	1 April 2019
Vietnam Prosperity Bank Securities Company Limited ("VPBS") (vii)	28 November 2014	1,000	28 November 2017
<b>TOTAL</b>		<b>6,437</b>	
<i>In which:</i>			
Current portion of bonds		850	
Non-current portion		5,587	

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(continued)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

### 26. LONG-TERM LOANS AND DEBTS (continued)

#### 26.1 Domestic straight bonds (continued)

- (i) On 25 April 2012, the Company announced the issuance of new bonds with a total value of VND 2,500 billion (the par value per bond is VND 100,000) which was arranged by ACBS. These bonds will be repaid after five (5) years with an interest rate of 18.5% for the first year and the average of interest rate of individual savings deposit in Vietnam dong with the term of thirteen (13) months plus margin of 6.5% per annum for subsequent periods. The Company has issued the bonds to Vietnam Thuong Tin Commercial Joint Stock Bank, ACBS, Vietnam Export Import Commercial Joint Stock Bank ("Eximbank") and Hoang Phu Son Limited Company in accordance with the contract dated 26 April 2012, contract No. 01/HDMBTP.12 dated 14 May 2012, contract No. 1506/2012/HD/EIB-HAGL dated 18 June 2012 and the contract dated 23 September 2014 with total proceeds of VND 450 billion, VND 450 billion, VND 800 billion, VND 141 billion, respectively. Accordingly, total proceeds from these bond issuances were VND 1,841 billion. As at 31 December 2014, the bonds are owned by North Asia Commercial Joint - Stock Bank, Hoan Mai Joint Stock Company, Ho Chi Minh Development Joint Stock Commercial Bank ("HDBank"), Viet Capital Bank and Eximbank value of VND 521 billion, VND 80 billion, VND 200 billion, VND 240 billion, and VND 800 billion, respectively.

The proceeds from the bond issuance were used to finance investment projects of the Group including the project of planting 10,000 ha of new rubber trees in Rattanakiri Province, Cambodia; projects of sugar cane, thermal power, ethanol and microbial fertilizer plants in Attapeu, Laos; Dak Strong 3A hydropower project, 10.2 MW capacity, in Krong Pa District, Gia Lai, Vietnam; Nam Kong 2 hydropower project, 66 MW capacity, at Phou Vong District, Attapeu, Laos and to restructure existing debts of the Group. The bonds are secured by 53.08 million Company's shares held by the Chairman.

- (ii) On 17 August 2012, the Company announced the issuance of bonds with a total value of VND 850 billion (par value of each bond is VND 1 billion) which was arranged by BIDV and BSC. The bond will be redeemable at par value on 17 August 2015. The bonds bear interest rate of 16% per annum in the first interest payment period and by the average of 12-month VND individual savings deposit interest rate quoted by Gia Lai branches of four (4) commercial banks, including Agribank - Gia Lai Province Branch; Vietinbank - Gia Lai Province Branch; BIDV - Gia Lai Province Branch and VCB - Gia Lai Province Branch at each Interest Rate Determination Date plus a margin of 5% per annum. The interest is payable on a semi-annual basis falling on 17 February and 17 August. The proceeds were used to finance the working capital requirements and to pay the debts of the Company. The bonds are secured by land lease right and related assets 4,897.54 ha in Attapeu and Sekong, Laos held by Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd., its subsidiary in Attapeu Province of Laos.

- (iii) On 25 April 2013, the Company announced the issuance of new bonds with a total value of VND 450 billion (the par value of each bond is VND 100,000) which was arranged by ACBS. These bonds will be repaid after three (3) years with an interest rate of 15% for the first year and the average of interest rate of individual savings deposit in VND with the term of thirteen (13) months announced by Orient Commercial Joint Stock Bank ("OCB") of latest three months plus margin of 6% per annum for the subsequent periods. As at the balance sheet date, the Company has issued the bonds to OCB in accordance with the contract No. 01/2013/HDMBTP/OCB-DT dated 25 April 2013, with total proceeds of VND 146,073 million. The proceeds from the bond issuance will be used to finance investment projects of the Company and to restructure existing debts of the Company. The bonds are secured by 13.92 million shares of the Company held by the Chairman.

- (iv) On 9 July 2013, the Company announced the issuance of bonds with a total value of VND 950 billion (the par value per bond is VND 1 billion) which was arranged by BIDV and BSC. These bonds will be repaid after three (3) years with an interest rate of 14% for the first year and the average of interest rate of individual savings deposit in VND with the term of twelve (12) months announced by four (4) commercial banks in Gia Lai Branch, including Agribank - Gia Lai Branch, VCB - Gia Lai Branch, BIDV - Gia Lai Branch, Vietinbank - Gia Lai Branch plus margin of 5% per annum for subsequent periods. As at 9 July 2013, the Company has issued the bonds to BIDV in accordance with the contract dated 9 July 2013 with total proceeds of VND 950 billion. The proceeds from the bond issuance were used to finance investment projects of the Group and to restructure existing debts of the Group. The bonds are secured by 79.93 million shares of the Company held by the Chairman and the term deposit of VND 120 billion at BIDV - Gia Lai Branch.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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(continued)**26. LONG-TERM LOANS AND DEBTS (continued)****26.1 Domestic straight bonds (continued)**

- (v) On 28 March 2014, the Company announced the issuance of bonds with a total value of VND 1,000 billion (the par value per bond is VND 1 billion) which was arranged by BIDV and BSC. These bonds will be repaid after five (5) years with an interest rate of 12% for the first year and the average of interest rate of individual savings deposit in VND with the term of twelve (12) months announced by four (4) commercial banks including Agribank - Ho Chi Minh Branch, Vietinbank - Ho Chi Minh Branch, BIDV - No. 2 Center Transaction Branch and VCB - Ho Chi Minh Branch plus margin of 4% per annum for subsequent periods. The interest is payable on a semi-annual basis falling on 28 March and 28 September. As at 28 March 2014, the Company has issued the bonds to BIDV with total proceeds of VND 950 billion and to Vietinbank Insurance Company Ltd. with total proceeds of VND 50 billion in accordance with the contracts dated 26 March 2014. The proceeds from the bond issuance were used to finance the working capital requirements and to finance investment projects of the Group including the project of planting 3,637 ha of rubber trees in Dak Lak, Vietnam; project of planting 9,000 ha of rubber trees in Rattanakiri Province, Cambodia; project of planting 8,216 ha palm oil trees in Rattanakiri Province, Cambodia; project of planting 4,900 ha of rubber trees in Attapeu and Sekong Provinces, Laos. The bonds are secured by land lease right and related assets 4,897.54 ha in Attapeu Province held by Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co. Ltd., land used right and 10,000 ha of rubber plantation of Hoang Anh Attapeu Agriculture Development Co. Ltd., land lease rights and related assets at 51 ha in Phou Vong district, Attapeu Province held by Hoang Anh Attapeu Cane Sugar Joint Stock Company, its subsidiaries in Attapeu Province, Laos.
- (vi) On 1 April 2014, the Company announced the issuance of bonds with a total value of VND 650 billion (the par value per bond is VND 1 billion) which was arranged by PHUGIASC. These bonds will be repaid after five (5) years with an interest rate of 13.5% for the first year and the average of interest rate of individual savings deposit in VND with the term of twelve (12) months announced by HDBank plus margin of 6% per annum for every subsequent six-month period. The interest is payable every three (3) months from the date of issuance. As at 1 April 2014, the Company has issued the bonds to HDBank in accordance with the contract No. 01/2014/HDMTP dated 1 April 2014 with total proceeds of VND 650 billion. The proceeds from the bond issuance were used to restructure existing debts of the Group and to finance the working capital requirements. The bonds are secured by 15 million shares of the Company held by the Chairman and 18.95 million shares of HAGR held by the Company.
- (vii) On 28 November 2014, the Company announced the issuance of new bonds with a total value of VND 1,000 billion (the par value per bond is VND 1 billion) which was arranged by VPBS. These bonds will be repaid after three (3) years with the interest is payable every three (3) months from the date of issuance ("interest period"). The interest rate is 10.35% per annum for the first interest period and the interest rate of company savings deposit in VND with the term of twelve (12) months announced by Vietnam Prosperity Joint-Stock Commercial Bank ("VPB") plus margin of 3.5% per annum for next three interest periods and 3.25% per annum for subsequent interest periods. As at 28 November 2014, the Company has issued the bonds to VPB in accordance with the contract No. 2811/2014/HDDM dated 28 November 2014 with total proceeds of VND 1,000 billion. The proceeds from the bond issuance were used to cooperate 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 to finance working capital of the Company (VND 400 billion). The bonds are secured by 74 million shares of HAGR held by the Company and 4.7 million shares of the Company shares held by the Chairman.

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(continued)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

## 26. LONG-TERM LOANS AND DEBTS (continued)

### 26.2 Long-term bank loans

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

VND'000

Name of banks	31 December 2014	31 December 2013
Bank for Investment and Development of Vietnam (BIDV) - Gia Lai Branch	2,141,159,481	1,736,952,598
Vietnam Export Import Commercial Joint Stock Bank (Eximbank) - No. 1 Center Transaction Branch	2,320,110,909	1,480,598,700
Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank)	971,200,203	678,828,433
Laos - Viet Bank - Attapeu Branch	479,438,961	386,436,812
Asia Commercial Bank (ACB) - Gia Lai Branch	147,455,793	147,455,793
Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) - Gia Lai Branch	47,704,474	102,084,474
VietinBank - Gia Lai Branch	-	6,500,000
<b>TOTAL</b>	<b>6,107,069,821</b>	<b>4,538,856,810</b>
<i>In which:</i>		
Current portion of bank loans (Note 19)	416,226,551	234,919,642
Non-current portion	5,690,843,270	4,303,937,168

The Group obtained these loans mainly to finance the construction and development of hydropower projects, rubber and sugarcane plantations, apartment projects, trade centres, office buildings, hotels and resorts and purchases of machineries and equipment.

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

Name of banks	31 December 2014 VND'000	Term and maturity date	Interest rate	Collateral (Notes 5, 9, 12, 13, 14 and 17)
<b>BIDV, Gia Lai Branch</b>				
Loan Agreement No. 01/2010/HD-TD, 1 April 2010 (TK 62082370002035)	694,183,233	130 months from the first drawdown date (i.e. 28 April 2010)	12-month savings deposit interest rate paid in arrears of BIDV in US\$ plus 4.7% p.a. (7.5% to 8% p.a. in 2014)	10,000 ha rubber in Attapeu Province, Laos
<b>BIDV, Binh Dinh Branch</b>				
Loan Agreement No. 01/2012/BIDV-HAGL_Attapeu, 22 March 2012	623,871,716	72 months from the first drawdown date (i.e. 23 April 2012)	12-month savings deposit interest rate paid in arrears of BIDV in US\$ plus 3.5% p.a. (7% to 8% p.a. in 2014)	Assets formed from the loans and self-funded capital relating to Hoang Anh Gia Lai - Attapeu Industrial Zone Project
Loan Agreement No. 01/2013/BIDV-Attapeu, 18 February 2013	555,372,761	120 months from the first drawdown date (i.e. 18 April 2013)	12-month savings deposit interest rate paid in arrears of BIDV in US\$ plus 5% p.a. (7% p.a. in 2014)	A part of 7,950 ha rubber and 2,000 ha palm oil project at Attapeu Province, Laos and all investment capital in Hoang Anh Attapeu Agriculture Development Co., Ltd.
Loan Contract No. 01/2013/BIDV-Attapeu, 17 October 2013	267,731,771	132 months from the first drawdown date (i.e. 23 December 2013)	7% in the first 12 months from the drawdown date; and 12-month savings deposit interest rate paid in arrears of BIDV in US\$ plus 5% p.a. (7% p.a. in 2014)	Assets of Nam Kong 2 hydropower project
<b>TOTAL BIDV</b>	<b>2,141,159,481</b>			

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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(continued)

**26. LONG-TERM LOANS AND DEBTS (continued)****26.2 Long-term bank loans (continued)**

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

Name of banks	31 December 2014 VND'000	Term and maturity date	Interest rate	Collateral (Notes 5, 9, 12, 13, 14 and 17)
<b>Eximbank - No. 1 Center Transaction Branch</b>				
Loan contract 2000-LAV- 201302293, 18 April 2013	2,320,110,909	120 months from the first drawdown date (i.e. 10 May 2013)	Three-month Libor rate in US\$ at the first drawdown date plus 7.8% p.a. and adjusted four times p.a. (8% to 8.5% p.a. in 2014)	Total value of future finished assets from the project "Hoang Anh Gia Lai Myanmar Commercial Centre project", right to collect receivable and other assets
<b>Sacombank, Da Nang Branch</b>				
Loan Agreement No. LD1214500238, 24 May 2012	350,000,000	84 months from the first drawdown date (i.e. 24 May 2012)	13% p.a.	Land use right and at- tached assets at Hai Chau District, Da Nang City
Loan Agreement No. LD1400300153, 3 January 2014	262,454,605	60 months from the first drawdown date (i.e. 3 January 2014)	1.125%/month for the first 3 months; and will be determined at the 13-month deposit rate plus 0.3333% per month for the follow- ings months, adjusted four times p.a. (12% to 13% p.a. in 2014)	Land use right and attached assets in Binh Hien, Binh Thuan, Da Nang City; 200 apartments and land use right in Bau Thac Gian, Thac Gian, Da Nang City
Loan Agreement No. 10270, 28 May 2009	34,097,703	72 months from the first drawdown date (i.e. 28 May 2009), extension of 24 months	0.875%/month for the first six months; and will be determined at the 13-month deposit rate plus 0.36% per month for the following months, adjusted twice per annum (12% to 13% p.a. in 2014)	Land use right in Binh Hien, Binh Thuan, Da Nang City; land use right in Bau Thac Gian, Thac Gian, Da Nang City; land use right in Hoa Hai, Ngu Hanh Son, Da Nang City
Loan Agreement No. LD 0931400065, 10 November 2009	28,125,000	120 months from the first drawdown date (i.e. 10 November 2009)	0.875%/month for the first month; and will be deter- mined at the 13-month de- posit rate plus 0.36%/month for the following months, adjusted once per month (12% to 13% p.a. in 2014)	Land use right in Phan Lang, An Khe, Thanh Khe, Da Nang City
Loan Agreement No. 7683, 6 August 2007	15,468,750	120 months, repay- able in 32 quarterly instalments starting in December 2009	1.1%/month for the first six months; and will be determined at the 13-month saving deposit rate plus 0.45%/month per month, adjusted twice p.a. (12.5% to 13.6% p.a. in 2014)	Land use right in Nguyen Van Linh, Hai Chau, Da Nang City



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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 26. LONG-TERM LOANS AND DEBTS (continued)

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

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

Name of banks	31 December 2014 VND'000	Term and maturity date	Interest rate	Collateral (Notes 5, 9, 12, 13, 14 and 17)
<b>Sacombank, Thu Duc Branch</b>				
Loan contract No. LD1333200419, 29 November 2013	250,000,000	66 months from the first drawdown date (i.e. 6 December 2013)	Floating rate ranging from 8% to 13% p.a.	Land use rights in Hoa Hai, Ngu Hanh Son, Da Nang City; land use right in Nam Duong, Hai Chau, Da Nang City
<b>Sacombank, Laos Branch</b>				
Loan contract No. LD1314400007, 24 May 2013	31,054,145	120 months from the first drawdown date (i.e. 24 May 2013)	10%/year for the first year; and will be determined at the 13 month deposit rate plus 3% per year for the following year, adjusted twice p.a. (12% p.a. in 2014)	Total value of assets from the project "Hoang Anh Gia Lai Vientiane Hotel"
<b>TOTAL Sacombank</b>	<b>971,200,203</b>			
<b>Laos - Viet Bank, Attapeu Branch</b>				
Loan Agreement No. 006/LVB. NVKD/2012, 20 March 2012	211,199,576	108 months from the last day of grace year (20 March 2015)	For US\$ loan: 9.5% per annum for the first year; and will be determined at medium loan, adjusted twice p.a. For LAK loan: 13.5% p.a. for the first twelve months; the interest rate of savings deposit with the term of 13 month plus 3% p.a. for subsequent years and adjusted twice p.a. (13.5% to 13.75% p.a. in 2014)	Assets of Nam Kong 2 hydropower project
Loan Contract No. 056/2013/LVB-ATTAPU, 19 September 2013	142,258,978	144 months from the first drawdown date (i.e. 31 October 2013)	13.5%/year for the first year; and will be determined at the 13-month saving deposit rate plus 3% per year for the following year, adjusted twice p.a. (13.5% to 13.75% p.a. in 2014)	Assets of Nam Kong 2 hydropower project

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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(continued)**26. LONG-TERM LOANS AND DEBTS (continued)****26.2 Long-term bank loans (continued)**

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

Name of banks	31 December 2014 VND'000	Term and maturity date	Interest rate	Collateral Notes 5,9,12,13,14 and 17
<b>Laos - Viet Bank, Attapeu Branch (continued)</b>				
Loan Agreement No. 025/LVB. NVKD/2012, 10 September 2012	61,113,649	48 months from the first drawdown date (i.e. 10 September 2012)	13.5% p.a. for the first year; and will be determined at the 12-month saving deposit rate plus 3% per annum, adjusted twice p.a. (13.5% to 13.75% p.a. in 2014)	A part of Hoang Anh Attapeu Hotel and Rubber Latex Processing Factory - owned by Hoang Anh Attapeu Agriculture Development Co., Ltd.
Loan Agreement No. 010/2013/ LVB-ATTAPU, 15 March 2013	64,866,758	120 months from the first drawdown date (i.e. 21 March 2013)	12.5% p.a. for the first twelve months, and will be determined at the interest rate of individual saving deposit with the term of 13 months plus 3% p.a. for subsequent years and adjusted twice p.a. (13.5% to 13.75% p.a. in 2014)	A part of 7,950 ha rubber and 2,000 ha palm oil project in Attapeu Province, Laos
<b>TOTAL Laos - Viet bank</b>	<b>479,438,961</b>			
<b>ACB, Gia Lai Branch</b>				
Loan Agreement No. GILDN02041110, 4 November 2010	147,455,793	120 months from the first drawdown date (i.e. 4 November 2010)	Floating rate ranging from 11.4% to 12% p.a.	19 million HAGR's shares and term deposit of the Company of VND'000 74,000,000
<b>Vietcombank, Gia Lai Branch</b>				
Loan Agreement No. 183/11/NHNT, 9 September 2011	38,806,662	84 months from the first drawdown date (i.e. 9 September 2011)	Floating rate ranging from 11.1% to 12% p.a.	Assets on land, materials for the HAGL Hospital project and equipment
Loan Agreement No. 140/05A/ NHNT, 27 June 2006	8,897,812	24 May 2015	Floating rate ranging from 11.4% to 12.3% p.a.	Land use rights and all assets of Da Nang Plaza project, Da Nang City
<b>TOTAL Vietcombank</b>	<b>47,704,474</b>			
<b>TOTAL</b>	<b>6,107,069,821</b>			

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 26. LONG-TERM LOANS AND DEBTS (continued)

#### 26.3 Bonds with warrants

On 5 December 2012, HAGR, a subsidiary, announced the issuance of new bonds with a total value of VND 2,000 billion (the par value per bond is VND 100 million) which was arranged by VPBS. These bonds will be repaid after three (3) years and one year grace period. Interest rate is paid for every quarter at the rate of 11.37% per annum for the first three quarters and the ceiling interest rate of deposit of the State Bank of Vietnam ("SBV") in Vietnam dong with the term from one to twelve (12) months plus margin of 3% per annum for subsequent years. Should SBV remove the ceiling interest rate of savings deposit in Vietnam dong with the term from one to twelve (12) months, the interest rate of individual savings deposit in Vietnam dong with the term of twelve (12) months announced by Vietnam Prosperity Bank plus margin of 3% per annum will be applied for subsequent years. HAGR has issued the bonds to EuroCapital Securities Company ("ECS") in accordance with the contracts dated 7 December 2012, 25 December 2012 and 27 December 2012 with total proceeds of VND 750 billion, VND 450 billion and VND 800 billion, respectively. Accordingly, total proceeds from these bond issuances were VND 2,000 billion. The purpose of this bond issuance is to finance investment projects of HAGR including the project of planting 28,173 ha of rubber trees in Rattanakiri Province, Cambodia; projects of planting 9,470 ha palm oil in Rattanakiri Province, Cambodia; projects of planting 25,000 ha rubber trees and palm oil in Attapeu and Sekong, Laos; projects of planting 5,000 ha rubber trees in Attapeu and Sekong, Laos; projects of planting 3,000 ha sugarcane trees in Attapeu and Sekong, Laos; to restructure existing debts of HAGR and finance working capital and finance other investment projects of the HAGR and its subsidiaries. These bonds are secured by 143 million HAGR shares held by the Company.

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 HAGR equivalent to 0.000775% of actual contributed share capital of HAGR right after all warrants are exercised. Should all warrants be exercised, HAGR committed that warrant holders will own at least 15.5% ownership in HAGR. The exercisable year of the warrant is four (4) years from the date of issuance of the warrant.

These bonds were reclassified as current portion and presented in consolidated financial statement as short-term loan (Note 19).

#### 26.4 Exchangeable bonds

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

- ▶ Par value per bond: 1,000,000 VND.
- ▶ Number of bonds: 1,130,000.
- ▶ Maturity: 4 years from the closing date (i.e. 30 June 2015) with the bondholder's rights to extend by two years in certain events.
- ▶ Coupon: Coupon is payable annually based on the interest rate determined as follows:

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

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

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

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

where "y" means (i) a rate to be agreed upon by the investor and the Group at least five (5) business days prior to the first day of the Interest payment year, or (ii) in the event the investor and the Group are unable to reach an agreement, ten percent (10%).

"n" means the number of interest payment years which have elapsed from the closing date up to and including such interest payment year.

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

These bonds were reclassified as current portion and presented in consolidated financial statement as short-term loan (Note 19).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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as at and for the year ended 31 December 2014

## 27. OWNERS' EQUITY

## 27.1 Increase and decrease in owners' equity

VND'000

	Share capital	Share premium	Consolidation reserve	Foreign exchange difference	Investment and development fund	Financial reserve fund	Undistributed earnings	TOTAL
<b>For the year ended 31 December 2013</b>								
As at 1 January 2013	5,373,710,490	2,880,972,568	(389,966,078)	158,975,136	8,622,737	223,672,692	1,497,302,701	9,753,290,246
Issuance of shares to existing shareholders (*)	1,074,742,100	(22,142,330)	-	-	-	-	-	1,052,599,770
Issuance of shares to convert international bond (**)	733,094,340	685,608,546	-	-	-	-	-	1,418,702,886
Net profit for the year	-	-	-	-	-	-	-	846,072,196
Remuneration of the Board of Directors, Board of Supervisors and Board's Secretary	-	-	-	-	-	-	(5,166,510)	(5,166,510)
Dividend paid (***)	-	-	-	-	-	-	(359,077,347)	(359,077,347)
Foreign exchange differences	-	-	-	(67,443,999)	-	-	-	(67,443,999)
Disposals of subsidiaries	-	-	219,305,000	(1,820,287)	-	-	-	217,484,713
Appropriation to financial reserve fund	-	-	-	-	-	6,354,731	(6,354,731)	-
Appropriation to bonus and welfare fund	-	-	-	-	-	-	(3,812,837)	(3,812,837)
<b>Ending balance as at 31 December 2013</b>	<b>7,181,546,930</b>	<b>3,544,438,784</b>	<b>(170,661,078)</b>	<b>89,710,850</b>	<b>8,622,737</b>	<b>230,027,423</b>	<b>1,968,963,472</b>	<b>12,852,649,118</b>

(\*) The Company offered 107,474,210 shares to existing shareholders as at 8 April 2013 at a ratio of 5:1 (i.e. purchase 1 new share at par value VND 10,000 per share for every 5 shares held). The issuance was executed under the Resolution of Annual Shareholders Meeting No. 0401/13/NQDHDGD-HAGL dated 4 January 2013 and the share issuance certificate No. 06/GCN-UBCK dated 21 March 2013 issued by SSC. On 3 June 2013, the Company fully received VND'000 1,074,742,100 for this share issuance. Accordingly, the Company has recorded the additional share capital and the corresponding increase in cash by the same amount. Cost of this issuance amounting to VND'000 22,142,330 have been recorded as negative share premium.

(\*\*) On 28 May 2013, the Company issued 73,309,434 shares to convert US\$ 75 million international bonds. The issuance was executed under the Resolution of Annual Shareholders Meeting No. 0401/13/NQDHDGD-HAGL dated 4 January 2013, official letter No. 1551/UBCK-QLPH dated 23 April 2013 issued by SSC and share subscription agreement dated 10 May 2013. Accordingly, the Company has recorded the additional share capital of VND'000 733,094,340, increased share premium of VND'000 685,608,546 after deduction arrangement fee and other issuance costs and the corresponding decrease in international bonds by VND'000 1,562,100,000.

(\*\*\*) During the year, the Company declared and paid a cash dividend at 500 VND per share aggregating to VND'000 359,077,347 from profit after tax of the year 2012. This dividend was approved by shareholders in writing as noted in the shareholders' resolution dated 9 October 2013. Accordingly, the Company has recorded the reduction in undistributed earnings of VND'000 359,077,347.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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(continued)

## 27. OWNERS' EQUITY (continued)

### 27.1 Increase and decrease in owners' equity (continued)

	Share capital	Share premium	Treasury shares	Consolidation reserve	Foreign exchange difference	Investment and development fund	Financial reserve fund	Undistributed earnings	TOTAL
<b>For the year ended 31 December 2014</b>									
As at 1 January 2014	7,181,546,930	3,544,438,784	-	(170,661,078)	89,710,850	8,622,737	230,027,423	1,968,963,472	12,852,649,118
Net profit for the year	-	-	-	-	-	-	-	1,474,256,445	1,474,256,445
Foreign exchange differences	-	-	-	-	(89,040,707)	-	-	-	(89,040,707)
Disposal of subsidiaries	-	-	-	23,636,169	-	-	-	-	23,636,169
Remuneration of the Board of Directors, Board of Supervisors and Board's Secretary	-	-	-	-	-	-	-	(11,063,176)	(11,063,176)
Appropriation to financial reserve fund and bonus and welfare fund	-	-	-	-	-	-	11,106,123	(17,769,797)	(6,663,674)
Dividend payment in form of additional issuance of ordinary shares (*)	718,132,540	-	-	-	-	-	-	(718,132,540)	-
Revoked ESOP shares to treasury	-	-	(686,640)	-	-	-	-	-	(686,640)
VAT non-deductible share issuance	-	(5,360,000)	-	-	-	-	-	-	(5,360,000)
<b>As at 31 December 2014</b>	<b>7,899,679,470</b>	<b>3,539,078,784</b>	<b>(686,640)</b>	<b>(147,024,909)</b>	<b>670,143</b>	<b>8,622,737</b>	<b>241,133,546</b>	<b>2,696,254,404</b>	<b>14,237,727,535</b>

VND'000

(\*) On 13 August 2014, the Company declared dividend payment in form of additional issuance of ordinary shares, in accordance with Resolution of the Annual General Shareholders' meeting of 2014 dated 18 April 2014. Subsequently, the Company offered new shares at par value of VND 10,000 per share to existing shareholders at the ratio of 10:1 (1 new share for every 10 shares held), equivalent to 71,813,254 additional shares to be issued. The dividend payment was sourced from undistributed profit after tax as at 31 December 2013 and the dividend record date was announced to be on 29 August 2014. Accordingly, the Company recorded the additional share capital of VND'000 718,132,540 and the corresponding decrease in undistributed earnings by the same amount. On 19 September 2014, the Company received the amended Business Registration Certificate (24th amendment) issued by the Planning and Investment Department of Gia Lai Province which approved the increase in the Company's share capital to VND'000 7,899,679,470.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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(continued)**27. OWNERS' EQUITY (continued)****27.2 Shares**

	31 December 2014 Shares	31 December 2013 Shares
Shares authorised to be issued	789,967,947	718,154,693
Shares issued and fully paid	789,967,947	718,154,693
Ordinary shares	789,967,947	718,154,693
Outstanding shares	789,899,283	718,154,693
Ordinary shares	789,899,283	718,154,693
Treasury shares	68,664	-
Ordinary shares	68,664	-

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

**28. MINORITY INTERESTS**

VND'000

	Current year	Previous year
Beginning balance	667,286,684	1,070,284,342
New capital contribution	-	178,200,000
Share of profit during the year	81,759,915	125,789,457
Purchase of shares in subsidiaries	(1,250,853)	(356,096,398)
Dividends	(9,041,163)	-
Disposals of subsidiaries	(26,337,757)	(344,348,015)
Disposals of partial interests in subsidiaries	435,950,504	117,716
Others	4,144,920	(6,660,418)
<b>Ending balance</b>	<b>1,152,512,250</b>	<b>667,286,684</b>

**29. EARNINGS PER SHARE**

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Basic earnings per share are calculated as follows:

	Current year	Previous year
Net profit attributable to ordinary shareholders of the parent (VND'000)	1,474,256,445	846,072,196
Weighted average number of ordinary shares during the year for basic earnings per share	789,949,323	707,937,162
<b>Basic earnings per share (VND)</b>	<b>1,866</b>	<b>1,195</b>

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary shareholders of the Company (after adjusting for interest on the convertible bonds) 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. Diluted earnings per share are calculated as follows:

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

### 29. EARNINGS PER SHARE (continued)

	Current year	Previous year
Net profit attributable to ordinary shareholders of the parent (VND'000)	1,474,256,445	846,072,196
Net interest after tax on convertible bonds charged to the consolidated income statement (VND'000)	57,475,599	49,703,125
<b>Net profit attributable to ordinary shareholders of the parent adjusted for the effect of dilution (VND'000)</b>	<b>1,531,732,044</b>	<b>895,775,321</b>
Weighted average number of ordinary shares during the year for basic earnings per share	789,949,323	707,937,162
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>845,943,215</b>	<b>763,931,054</b>
<b>Diluted earnings per share (VND)</b>	<b>1,811</b>	<b>1,173</b>

(\*) As disclosed in Note 19.1 to the consolidated financial statements, on 31 August 2010, the Company issued VND 1,100 billion convertible bonds at par value of VND 1 million per unit. These convertible bonds could potentially dilute basic earnings per share in the future as calculated for the years ended 31 December 2014 and 31 December 2013.

### 30. REVENUES

#### 30.1 Revenues from sale of goods and rendering of services

VND'000

	Current year	Previous year
<b>Gross revenues</b>	<b>3,055,570,143</b>	<b>2,772,946,668</b>
of which:		
Sale of sugar-segment products	1,042,101,594	837,961,442
Revenue from construction contracts	765,159,377	533,453,472
Sale of goods	310,265,554	330,804,601
Sale of apartments	238,041,606	247,491,194
Sale of rubber latex	226,690,873	240,864,613
Rendering of services	224,413,140	229,331,472
Sale of corn	204,513,672	-
Sale of minerals	44,384,327	231,537,085
Sale of electricity	-	121,502,789
<b>Less</b>	<b>(1,239,187)</b>	<b>(1,727,337)</b>
Sales returns	(952,791)	(964,595)
Special consumption tax	(263,832)	(413,120)
Sales discount	(22,564)	(349,622)
<b>Net revenues</b>	<b>3,054,330,956</b>	<b>2,771,219,331</b>
of which:		
Sale of sugar-segment products	1,042,101,594	837,961,442
Revenue from construction contracts	765,159,377	533,453,472
Sale of goods	309,290,199	329,840,007
Sale of apartments	238,041,606	247,491,194
Sale of rubber latex	226,690,873	240,864,613
Rendering of services	224,149,308	228,918,351
Sale of corn	204,513,672	-
Sale of minerals	44,384,327	231,187,463
Sale of electricity	-	121,502,789

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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(continued)**30. REVENUES (continued)****30.2 Finance income**

VND'000

	Current year	Previous year
Gain on disposal of equity and other investments	755,235,461	644,393,403
Interest income from loans to other companies	653,100,465	164,174,317
Interest income from bank deposits	47,097,991	109,908,851
Foreign exchange gains	21,302,511	45,838,762
Dividend income	245,920	-
Swap share income	-	37,683,107
Others	836,763	1,104,249
<b>TOTAL</b>	<b>1,477,819,111</b>	<b>1,003,102,689</b>

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

VND'000

	Current year	Previous year
Cost of sugar-segment products	485,395,860	300,525,071
Cost of construction contracts	466,180,953	297,383,655
Cost of goods sold	249,111,871	240,577,950
Cost of apartments sold	191,417,979	208,717,437
Cost of services rendered	181,103,084	217,765,238
Cost of rubber latex	119,433,788	75,746,037
Cost of corn	76,393,096	-
Cost of minerals	58,301,435	178,187,239
Cost of electricity	-	56,190,770
<b>TOTAL</b>	<b>1,827,338,066</b>	<b>1,575,093,397</b>

**32. FINANCE EXPENSES**

VND'000

	Current year	Previous year
Interest expense on bank loans and bonds	565,216,215	591,863,715
Bond issuance expenses	16,220,266	51,075,365
Foreign exchange loss	12,739,356	42,267,160
Loss on disposal of equity and other investments	5,498,514	-
Others	34,157,188	68,898,395
<b>TOTAL</b>	<b>633,831,539</b>	<b>754,104,635</b>



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(continued)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

### 33. OTHER INCOME AND EXPENSES

VND'000

	Current year	Previous year
<b>Other income</b>	<b>329,842,986</b>	<b>79,286,971</b>
Proceeds from disposal of assets	319,789,280	18,769,294
Compensation received	1,570,141	9,760,133
Others	8,483,565	50,757,544
<b>Other expenses</b>	<b>(305,418,076)</b>	<b>(125,608,111)</b>
Net carrying amounts of disposed assets	(223,460,772)	(40,595,266)
Depreciation of idle assets	(11,092,220)	(17,789,119)
Penalty expenses	(13,380,104)	(12,735,644)
Others	(57,484,980)	(54,488,082)
<b>Other profit (loss)</b>	<b>24,424,910</b>	<b>(46,321,140)</b>

### 34. CORPORATE INCOME TAX

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

The Group's subsidiaries located at Laos and Cambodia have the obligations to pay CIT at the rates of 24% and 20%, respectively, of their taxable profits. They are also entitled to CIT exemption and reduction in accordance with their respective business registration certificates, investment licences and applicable tax regulations.

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

The CIT payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current CIT is calculated using applicable tax rates that have been enacted by the balance sheet date.

The CIT expense for the year comprised of:

VND'000

	Current year	Previous year
Current CIT	67,475,212	64,323,694
Deferred tax expense (benefit)	149,742,906	(37,681,706)
<b>TOTAL</b>	<b>217,218,118</b>	<b>26,641,988</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

B09-DN/HN  
(continued)**34. CORPORATE INCOME TAX (continued)****34.1 Current CIT**

VND'000

	Current year	Previous year
<b>Profit before tax</b>	<b>1,773,234,478</b>	<b>998,503,641</b>
Adjustments to increase (decrease) accounting profit		
<i>Adjustments to increase</i>		
Loss from subsidiaries	221,602,344	340,190,246
Movement of taxable intra-group unrealised gain	21,077,444	-
Expenses without adequate supporting documents	39,673,784	12,428,132
Accrual expenses	2,487,395	8,495,023
Others	44,953,279	107,980,722
<i>Adjustments to decrease</i>		
Profit from sale which is tax exempt	(757,188,308)	(797,291,451)
Gain on issuance of HAH's shares	(745,706,593)	-
Deductible interest expenses at entities level but capitalised on consolidated financial statements	(202,261,380)	(214,269,639)
Reserve on disposal of subsidiaries	(77,544,144)	(141,023,535)
Gain on shares swap	-	(37,683,107)
Movement of intra-group unrealised profit	-	(10,207,457)
Last year accrued expenses paid in the current year	(1,020,187)	(4,593,581)
Others	(46,475,449)	1,169,261
<b>Adjusted net profit before loss carry forward</b>	<b>272,832,663</b>	<b>263,698,255</b>
Tax loss carried forward	(4,768,425)	(24,250,734)
<b>Estimated current taxable profit</b>	<b>268,064,238</b>	<b>239,447,521</b>
<b>Estimated current CIT</b>	<b>58,706,419</b>	<b>59,861,880</b>
Under provision of CIT in previous year	8,768,793	4,461,814
<b>Estimated current CIT for the year</b>	<b>67,475,212</b>	<b>64,323,694</b>
CIT payable at beginning of year	36,676,832	375,700,758
CIT payable offsetting against value-added tax deductible in accordance with tax notice of local tax authority	-	(35,310,664)
CIT payable of subsidiaries which were disposed	-	(82,033,987)
CIT paid during the year	(89,958,416)	(286,002,969)
<b>CIT payable at end of year</b>	<b>14,193,628</b>	<b>36,676,832</b>
<i>In which:</i>		
CIT payable (Note 22)	22,532,903	41,272,980
CIT receivable (i)	(8,339,275)	(4,596,148)

- (i) The overpaid CIT was included in balance of "Tax and other receivables from the State" amounting to VND'000 14,908,992 on the consolidated balance sheet as at 31 December 2014.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

## 34. CORPORATE INCOME TAX (continued)

### 34.2 Deferred tax

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

VND'000

	Consolidated balance sheet		Credit (charge) to Consolidated income statement	
	31 December 2014	31 December 2013	Current year	Previous year
<b>Deferred tax assets</b>				
Tax losses carried forward of subsidiaries	110,825,458	104,100,768	(6,724,690)	35,161,357
Unrealised intra-group profit	38,035,752	37,059,998	(975,754)	7,588,525
Subsidiaries disposal	-	-	-	(35,267,655)
Accrued expenses	-	-	-	16,209,156
Others	-	1,678,184	1,678,184	(1,678,184)
	<b>148,861,210</b>	<b>142,838,950</b>	<b>(6,022,260)</b>	<b>22,013,199</b>
<b>Deferred tax liabilities</b>				
Negative goodwill credited to the consolidated income statement	-	-	-	(61,439,435)
Gain on deemed disposals of the Company's partial equity interests in subsidiaries	208,457,044	44,401,594	164,055,450	(6,054,763)
Gain on shares swap	-	8,290,284	(8,290,284)	8,290,284
Others	-	-	-	(490,991)
	<b>208,457,044</b>	<b>52,691,878</b>	<b>155,765,166</b>	<b>(59,694,905)</b>
<b>Deferred income tax expense (benefit) charged to consolidated income statement</b>			<b>149,742,906</b>	<b>(37,681,706)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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(continued)**35. TRANSACTIONS WITH RELATED PARTIES**

Significant transactions with related parties during the year ended 31 December 2014 were as follows:

Related parties	Relationship	Transactions	Amounts
Huynh De Construction Corporation	Related company	Rendering of services	526,405
		Leasing of machinery and equipment	53,290,710
		Purchasing of tools and supplies	35,208,439
Truc Thinh Trading and Services Company Limited	Related company	Interest income	10,607,567
		Rendering of services	289,425
East Asia Investment and Construction Consultant Joint Stock Company	Associate	Providing of construction consultancy services	22,803,419
		Rendering of services	654,560

Amounts due to and due from related parties at 31 December 2014 were as follows:

Related parties	Relationship	Transactions	Amounts
<b>Trade receivables (Note 6)</b>			
Truc Thinh Trading and Services Company Limited	Related company	Sales of goods and rendering of services	11,283,771
Huynh De Construction Corporation	Related company	Sales of goods and rendering of services	1,178,924
<b>TOTAL</b>			<b>12,462,695</b>
<b>Advances to suppliers (Note 7)</b>			
East Asia Investment and Construction Consultant Joint Stock Company	Associate	Advances for survey and designation works	16,332,546
Huynh De Construction Corporation	Related company	Advances for construction services	13,272,900
<b>TOTAL</b>			<b>29,605,446</b>
<b>Other receivables (Note 8)</b>			
Truc Thinh Trading and Service Company limited	Related company	Loan to	126,017,533
Huynh De Construction Corporation	Related company	Lending to	13,190,000
Others	Related parties	Others	3,619,692
<b>TOTAL</b>			<b>142,827,225</b>

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

VND'000

	Current year	Previous year
<i>Board of Directors and Management</i>		
Salary, remunerations and bonus	20,316,341	16,704,962
<i>Board of Supervisors</i>		
Salary and remunerations	211,320	828,000
<i>Board's secretary</i>		
Salary, remunerations and bonus	571,914	1,034,288
<b>TOTAL</b>	<b>21,099,575</b>	<b>18,567,250</b>



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(continued)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 36. COMMITMENTS

#### Operating lease commitments

The Group leases parcels of land in Vietnam, Laos and Cambodia to build factories, football facilities, hotels 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

	31 December 2014	31 December 2013
Less than one year	42,863,748	32,882,755
From one to five years	171,454,994	97,231,676
More than five years	2,071,976,939	2,126,153,663
<b>TOTAL</b>	<b>2,286,295,681</b>	<b>2,256,268,094</b>

#### Capital commitments

At 31 December 2014, the Group has contractual commitments for the construction works for its apartment and hydropower plant projects as follows:

VND'000

	Contracted amount	Recognised amount	Remaining Commitment
<b>Hydropower plants</b>			
Nam Kong 2 and Nam Kong 3 projects	2,315,771,714	872,239,118	1,444,765,482
<b>Apartments</b>			
Myanmar project	436,245,865	326,914,777	109,331,088
<b>TOTAL</b>	<b>2,752,017,579</b>	<b>1,199,153,895</b>	<b>1,554,096,570</b>

#### Capital contribution obligation

As at 31 December 2014, the Group has outstanding capital contribution obligations to its associate totalling VND'000 51,070,500.

#### Other commitments

- (i) In 2011 and 2012, the Company's subsidiary, HAGR issued 31,407,000 new shares to the non-controlling shareholders of HAH in exchange for 31,407,000 existing shares in HAH held by these non-controlling shareholders. Accordingly, the Company commits to the investors that in case HAGR shares are not listed on Vietnam Stock Exchange before 15 August 2015 and if requested by the investors, the Company is obliged to repurchase all of HAGR shares being held by the investors with redemption price equal to the total contribution amount, plus the difference so that the investors can be entitled to the internal rate of return (IRR) of 20% from the completion date (i.e. 15 August 2012).
- (ii) As disclosed in Note 26.4, on 15 July 2011, the Company issued Exchangeable Bonds amounting to VND'000 1,130,000,000 to NIMP according to the contract signed on 1 July 2011 and Amended contract signed on 26 March 2013. Accordingly, the Company commits to NIMP that HAGR's shares will be officially listed on a recognised Stock Exchange, including Ho Chi Minh Stock Exchange, Ha Noi Stock Exchange, Singapore Exchange Securities Trading Limited or others official stock exchanges accepted by investors before 30 June 2015 (the "Maturity date").
- (iii) As disclosed in Note 26.3, on 5 December 2012, HAGR announced the issuance of bonds with warrants amounting to VND 2,000 billion. These bonds were issued to ECS according to the contract signed on 7 December 2012, 25 December 2012 and 27 December 2012 with total proceeds of VND 750 billion, VND 450 billion and VND 800 billion, respectively. Accordingly, HAGR commits to ECS that HAGR's shares will be officially listed in Singapore Exchange Securities Trading Limited before 10 December 2015.

If HAGR does not fulfil its commitment as above, the Company shall be liable to a payment in cash of a part or of full amount calculated as agreed in the said contract.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise bonds, loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has loan, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group also hold available-for-sale investment. In addition, the Group issued convertible bonds to finance its investment activities.

The Group is exposed to market risk, credit risk, liquidity risk and commodity price risk.

Management reviews and agrees policies for managing each of these risks which are summarized below.

### **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices include interest rate risk, currency risk, real estate price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include bonds, loans and borrowings, deposits and available-for-sale investments.

The sensitivity analyses in the following sections relate to the position as at 31 December 2014 and 31 December 2013.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rate relates primarily to the Group's cash and short-term deposits, loans and bonds.

The Group manages interest rate risk by looking at the competitive structure of the market to obtain rates which are favourable for its purposes within its risk management limits.

### *Interest rate sensitivity*

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings.

With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

	Increase/decrease basis point	Effect on profit before tax (VND'000)
<b>Current year</b>		
VND	+300	(183,658,528)
VND	-300	183,658,528
<b>Previous year</b>		
VND	+300	(90,540,894)
VND	-300	90,540,894

The assumed movement in percentages for interest rate sensitivity analysis is based on the currently observable market environment.

### *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities.

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(continued)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### **Market risk** (continued)

##### *Foreign currency sensitivity*

The following table demonstrates the sensitivity to a reasonably possible change in the US\$ dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Change in exchange rate (%)	Effect on profit before tax (VND'000)
<b>Current year</b>		
US\$	+1	(31,524,936)
US\$	-1	31,524,936
<b>Previous year</b>		
US\$	+2	12,080,592
US\$	-2	(12,080,592)

##### *Equity price risk*

The Group's equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Group manages equity price risk by placing a limit on equity investments. The Group's Board of Directors reviews and approves all equity investment decisions. The exposure to equity price risk is assessed as low.

##### *Real estate price risk*

The Group has identified the following risks associated with the real estate portfolio: (i) the cost of the development schemes may increase if there are delays in the planning process. The Group uses advisers who are experts in the specific planning requirements in the scheme's location in order to reduce the risks that may arise in the planning process; (ii) the exposure of the fair values of the portfolio to market and occupier fundamentals.

#### **Commodity price risk**

The Group is exposed to commodity price risk in relation to its rubber and sugar production. The Group manages its commodity price risk by keeping close watch on relevant information and situation of commodity market in order to properly manage timing of sales, production plans and inventories level. The Group does not employ any derivative financial instruments to hedge its commodity price risk.

#### **Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and loan to other companies.

##### *Trade receivables*

Outstanding customer receivables are regularly monitored. The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. The Group seeks to maintain strict control over its outstanding receivables and has a credit control personnel to minimize credit risk. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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(continued)**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)***Bank deposits*

The Group's bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. The Group's maximum exposure to credit risk for the components of the balance sheet at each reporting dates are the carrying amounts as illustrated in Note 5. The Group's management evaluates the concentration of credit risk in respect to bank deposit as low.

*Loans*

The Group mainly loans to Hoang Phuc Investment Construction and Housing Development Joint Stock Company, An Phu, Tay Nguyen Hydro Power Company Limited and Laos Government. The Group's management evaluates the risk in respect to these loans is as low.

**Liquidity risk**

The liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligation due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Group monitors its liquidity risk by maintain a level of cash and bank loans deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual discounted payments:

VND'000

	Less than 1 year	From 1 to 5 years	Total
<b>31 December 2014</b>			
Loans and borrowings	4,609,582,567	11,336,584,752	15,946,167,319
Convertible bonds and exchangeable bonds	2,230,000,000	-	2,230,000,000
Trade payables	652,932,314	-	652,932,314
Other payables and accrued expenses	918,318,972	-	918,318,972
Other long-term payables	-	166,433,291	166,433,291
<b>TOTAL</b>	<b>8,410,833,853</b>	<b>11,503,018,043</b>	<b>19,913,851,896</b>
<b>31 December 2013</b>			
Loans and borrowings	2,029,670,372	9,998,674,385	12,028,344,757
Convertible bonds and exchangeable bonds	1,100,000,000	1,130,000,000	2,230,000,000
Trade payables	653,723,575	-	653,723,575
Other payables and accrued expenses	740,994,425	-	740,994,425
Other long term payables	-	142,992,536	142,992,536
<b>TOTAL</b>	<b>4,524,388,372</b>	<b>11,271,666,921</b>	<b>15,796,055,293</b>

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

**Collateral**

The Group has pledged cash, inventories, buildings, structures, machineries and equipment, land use rights and its investments to fulfil the collateral requirements for the obtained loans and bonds (Note 19 and 26).

As at 31 December 2014 and 31 December 2013, the Group held all assets, including capital contribution in and shares of the subsidiaries of An Phu, as collaterals for the loans to An Phu.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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(continued)

## 38. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

VND'000

	Carrying amount		Fair value	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>Financial assets</b>				
Loans to others	495,583,607	221,034,789	495,583,607	221,034,789
Government bonds	20,000	20,000	20,000	20,000
Trade receivables	1,588,333,114	1,146,871,748	1,588,333,114	1,146,871,748
Other receivables	7,934,801,286	5,991,854,298	7,934,801,286	5,991,854,298
Short-term investment	81,783,240	150,378,106	81,783,240	150,378,106
Investments in other companies	256,292,250	67,523,300	256,292,250	67,523,300
Cash	978,413,817	2,448,256,022	978,413,817	2,448,256,022
<b>TOTAL</b>	<b>11,335,227,314</b>	<b>10,025,938,263</b>	<b>11,335,227,314</b>	<b>10,025,938,263</b>
<b>Financial liabilities</b>				
Loans and borrowings	18,176,167,319	14,258,344,757	18,176,167,319	14,258,344,757
Trade payables	652,932,314	653,723,575	652,932,314	653,723,575
Other current liabilities	918,318,972	740,994,425	918,318,972	740,994,425
Other non-current liabilities	166,433,291	142,992,536	166,433,291	142,992,536
<b>TOTAL</b>	<b>19,913,851,896</b>	<b>15,796,055,293</b>	<b>19,913,851,896</b>	<b>15,796,055,293</b>

It is management's assessment that the fair values of these financial assets and liabilities are not materially different from their carrying amounts as at the balance sheet date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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(continued)

## 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 produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in preparation of the consolidated financial statements.

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

### 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 apartments, trade centres and office buildings for sale and lease;
- ▶ Production: producing and trading fertilizers, pipes and other tools and supplies;
- ▶ Trading and services: managing properties and trading of goods;
- ▶ Construction: building airports and cow barns;
- ▶ Power: developing and operating hydropower plants;
- ▶ Mining: exploiting and selling iron ore; and
- ▶ Plantation: planting rubber, sugarcane and palm oil trees, processing and trading of rubber latex, rubber wood, sugar, palm oil and other tree plantations.

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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(continued)

## 39. SEGMENT INFORMATION (continued)

### 39.1 Business segment (continued)

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

	Real estate	Production	Trading and services	Construction	Plantation	Power	Mining	Eliminations	TOTAL
<b>For the year ended 31 December 2013</b>									
<i>Revenue</i>									
External customers	247,491,194	329,840,007	228,918,351	533,453,472	1,078,826,055	121,502,789	231,187,463	-	2,771,219,331
Inter-segment elimination	-	672,133,396	351,680,012	271,607,671	-	-	-	(1,295,421,079)	-
<b>TOTAL</b>	<b>247,491,194</b>	<b>1,001,973,403</b>	<b>580,598,363</b>	<b>805,061,143</b>	<b>1,078,826,055</b>	<b>121,502,789</b>	<b>231,187,463</b>	<b>(1,295,421,079)</b>	<b>2,771,219,331</b>
<i>Results</i>									
Segment results	38,773,757	89,262,057	11,153,113	236,069,817	702,554,947	65,312,019	53,000,224	-	1,196,125,934
Unallocated expenses									(446,620,347)
Profit before income tax, financial income and financial expense									749,505,587
Financial income									1,003,102,689
Financial expense									(754,104,635)
Profit before tax									998,503,641
Current corporate income tax									(64,323,694)
Deferred income tax credit									37,681,706
<b>Net profit for the year</b>									<b>971,861,653</b>
<b>As at 31 December 2013</b>									
<i>Assets and liabilities</i>									
Segment assets	3,748,381,734	211,311,425	553,116,132	83,257,262	11,731,046,865	1,502,231,669	426,016,258	-	18,255,361,345
Cash of the Group									2,448,256,022
Investments in associates									203,448,669
Unallocated assets									8,906,113,131
<b>Total assets</b>									<b>29,813,179,167</b>
Segment liabilities	(2,698,784,964)	(58,761,073)	(99,475,766)	(6,265,883)	(5,003,024,040)	(381,560,620)	(126,174,497)	-	(8,374,046,843)
Unallocated liabilities									(7,919,196,522)
<b>Total liabilities</b>									<b>(16,293,243,365)</b>

VND'000





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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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:

VND'000

	Vietnam	Laos	Cambodia	Myanmar	Others	TOTAL
<b>For the year ended 31 December 2013</b>						
<i>Revenue</i>						
Sales to external customers	1,228,117,149	1,543,102,182	-	-	-	2,771,219,331
<i>Capital expenditure</i>						
Tangible fixed assets	743,808,952	1,524,156,657	574,248,491	1,368,232,748	26,961	4,210,473,809
Intangible fixed assets	8,092,170	-	-	-	-	8,092,170
<b>As at 31 December 2013</b>						
<i>Other segment information</i>						
Segment assets	11,486,442,958	9,380,844,315	2,261,465,172	1,623,584,424	125,438,567	24,877,775,436
Cash						2,448,256,022
Investment in associates						203,448,669
Unallocated assets						2,283,699,040
<b>Total assets</b>						<b>29,813,179,167</b>
<b>For the year ended 31 December 2014</b>						
<i>Revenue</i>						
Sales to external customers	1,103,418,607	1,941,468,331	-	-	9,444,018	3,054,330,956
<i>Capital expenditure</i>						
Tangible fixed assets	220,158,903	1,277,144,973	751,443,104	1,242,001,885	14,417	3,490,763,281
Intangible fixed assets	1,081,200	-	-	-	-	1,081,200
<b>As at 31 December 2014</b>						
<i>Other segment information</i>						
Segment assets	12,966,978,675	13,303,447,738	3,195,652,757	3,062,726,281	127,976,962	32,656,782,413
Cash						978,413,817
Investment in associates						463,677,182
Unallocated assets						2,269,990,332
<b>Total assets</b>						<b>36,368,863,744</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

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(continued)**40. CORRESPONDING FIGURES**

Certain corresponding figures on the previous year's consolidated cash flow statement have been reclassified to reflect the presentation of the current year's consolidated financial statements.

**41. EVENTS AFTER THE BALANCE SHEET DATE**

On 31 December 2014, the Company announced the issuance of bonds with a total value of VND 1,000 billion (the par value per bond is VND 1 billion) which was arranged by BIDV. These bonds will be repaid after five (5) years with an interest rate of 10.5% per annum for the first period and the average of interest rate of individual saving deposit in VND with the term of twelve (12) months announced by Branches of four commercial banks at Gia Lai Province including Agribank, BIDV, Vietcombank and Vietinbank plus margin of 4% per annum for subsequent periods. As at 6 January 2015, the Company has issued the bonds to BIDV in accordance with the contract dated 31 December 2014 with total value of VND 1,000 billion.

The proceeds from bond issuance were used for the purposes of implementing the beef cattle and dairy cattle breeding project with Gia Lai Livestock Joint Stock Company (VND 470 billion) in Gia Lai Province; finance capital for subsidiaries related to project of planting rubber trees, palm oil trees, building palm oil processing factory and power factory (VND 480 billion) and finance working capital for the Company (VND 50 billion).

The bonds are secured by 4,897.54 ha land lease right and related assets in Attapeu and Sekong Provinces held by Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co. Ltd., land used right and 10,000 ha of rubber plantation of Hoang Anh Attapeu Agriculture Development Co. Ltd., 51 ha land lease right and related assets in Phou Vong District, Attapeu Province held by Hoang Anh Attapeu Cane Sugar Joint Stock Company, its subsidiaries in Attapeu Province, Laos and 79.93 million shares of Company held by the Chairman.

Except for the above event, there has been no other significant event occurring after the balance sheet date which would require adjustments or disclosures to be made in the consolidated financial statements.



Nguyen Thi Do Quyen  
Preparer

28 March 2015



Ho Thi Kim Chi  
Chief Accountant



Vo Trương Sơn  
Acting General Director

UP-TO-DATE INFORMATION:

[http://hagl.com.vn/Group\\_Relations/ListCats/31](http://hagl.com.vn/Group_Relations/ListCats/31)

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