

NEW OPPORTUNITY

Annual report 2017





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NEW OPPORTUNITY

Having surmounted difficulties with unpredictable fluctuations in the global and Vietnam economies, HAGL identified business opportunities suitable for its competitive advantages, namely the agribusiness. A vast land bank in tropical climate zone and a substantial workforce build a solid foundation for HAGL’s participation in the worldwide value chain with rubber and fruit products. Also, HAGL’s competitiveness and victory in this value chain are ensured by the key factors of huge international market, firmly established channels of distribution, and application of mechanization and leading-edge technology. HAGL is determined to pursue guidelines in the far and sustainable future for producing and supplying hygienic tropical fruit products to the world.



VISION

To become a leading Group in Vietnam and in agribusiness.



MISSION

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



**“
Developing the fruit sector
is the right direction of
the Group thanks to its
thriving consumption
market, fast harvest time,
high economic efficiency,
gradually enabling the
Group to balance liquidity
and overcome difficulties.**”

Dear distinguished shareholders and investors,

Since 2016, Hoang Anh Gia Lai Group (HAGL) has transformed its business strategy specifying farming as the core business area which is aimed at production of fruits with large-scale consumption market, strong growth rate, fast harvest time, and high economic efficiency on exploitation areas to join in the global value chain. Also, HAGL continues rubber plantations for long-term future and cow farming to supply one of the fertilizer sources for plantations. HAGL has been promoting the transfer of shares in hydropower, mineral and Myanmar-based real estate projects to strategic partners in order to address the Group's liquidity needs and focus its resources on implementing its core business operations.

With the advantages of the huge land bank and massively invested infrastructures, HAGL has selectively expanded uncultivated land areas to grow fruit trees since 2016. Some typical plants such as passion fruit, banana, chilli and dragon fruit were harvested in 2017, bringing in revenue of VND 1,612 billion, contributing 33.3% of the Group's total revenue. HAGL's fruit markets include China, Thailand and part of domestic market.

In 2017, HAGL persistently kept working out the strategy by transforming plant areas, diversifying its products and actively making use of the most potential fruit market in the world - China. Besides, rubber plantations of tapping age started to be harvested. The initial results from the year were encouraging: after-tax profit was VND 372 billion compared to the loss of VND 2,183 billion in 2016. Particularly encouraging was the Myanmar project of phase 1 yielding a the profit of over USD 4.7 million and gaining financial autonomy.

In 2018, the third year in the process of implementing restructuring for the period 2016 - 2026, the Group continues to develop the proposed strategy. The key strategic goals of 2018 are:

- Most importantly, to expand fruit tree areas to increase revenue, ensuring the profitable fruit operations.
- To harvest rubber plantations to secure rubber operations' ability to cover the full operating cost and interest payment by itself.
- To initiate the implementation of the programs that apply the best practices in management and administration in order to have control over the productivity and quality of fruit products.

- To develop phase 2 of Myanmar project as committed and complete the restructuring of the entire project to sell it at the maximum efficiency.
- To complete the basic restructuring of the debts, liquidate non-core operations, negotiate to transform and convert some debts into share capital and reduce interest rate on loans so that resources can be focused on business and production operations; and HAGL's advantages in agribusiness can be made maximum use of.
- To conduct programs of corporate social responsibility as committed.

With the vision of leading HAGL to become one of the top fruit producers in Asia in the period of 2023 - 2026, we will keep expanding the fruit tree areas, select efficient products, strengthen professionalism and specialization in governance mechanism and management system for optimal use of the Group's human resources and assets and the risk and financial management completed. HAGL is aimed to promote investment in applying mechanization and high technology, and international standards in order that HAGL products can be exported to various markets; so the consumption market can be diversified. Hence, we gradually work towards the strategic goals and complete the transformation of the business strategy to offer the best values to the shareholders, high income and good working environment to employees, and contribute to pursue the targets of the socio-economic development of the three countries: Vietnam - Laos - Cambodia.

On behalf of the Board of Directors (BOD) and Board of Management (BOM), we would like to express our gratitude to the shareholders and investors who have accompanied us, sharing strategic goals together, our acknowledgement to the banks, partners and our appreciation for the staff that have been supporting the Company to survive hardship and challenges over the last transforming years.

We strongly believe that the shareholders, partners and staff will keep determined to join hands to reap achievements that we deserve owing to the success of implementing HAGL's new strategy.

Regards,

BOD Chairman
Doan Nguyen Duc

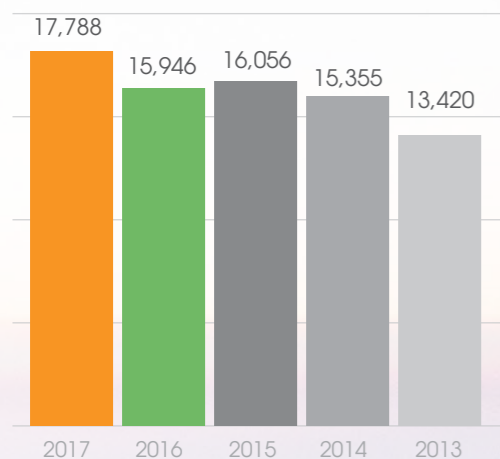
“
HAGL is aimed to promote investment in applying mechanization and high technology, and international standards so that HAGL products can be exported to many markets; and the consumption market can be diversified. Hence, we gradually work towards the strategic goals and complete the transformation of the business strategy to offer the best values to the shareholders, high income and good working environment to employees, and contribute to pursue the targets of the socio-economic development of the three countries: Vietnam - Laos - Cambodia.



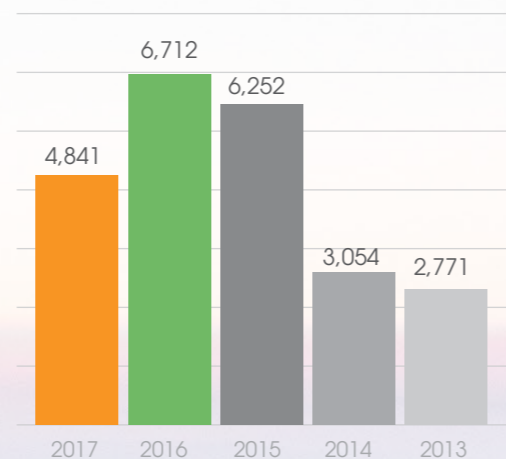


PRELIMINARY FINANCIAL INFORMATION

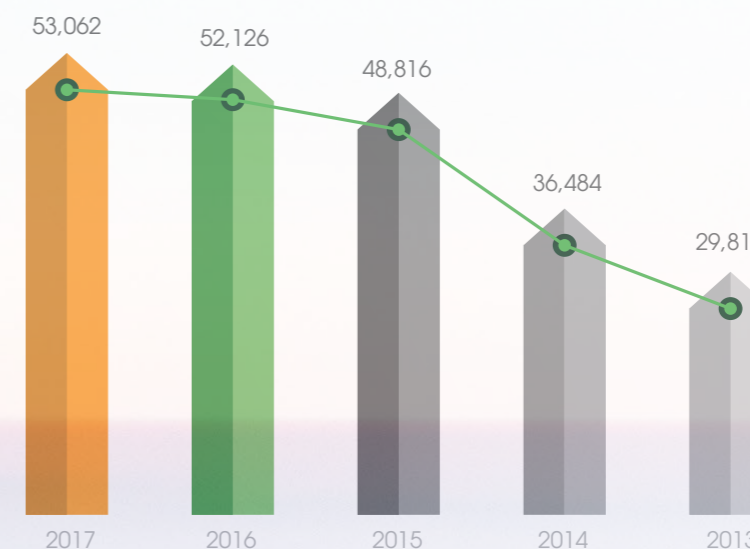
OWNER'S EQUITY
(VND BILLION)



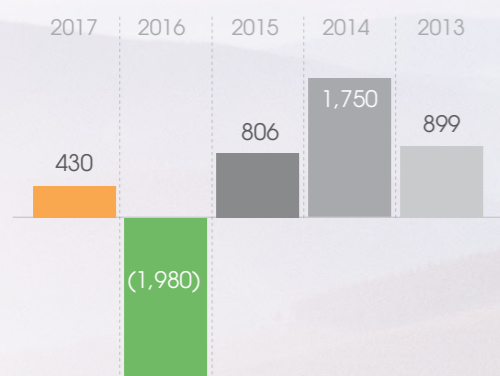
NET REVENUE
(VND BILLION)



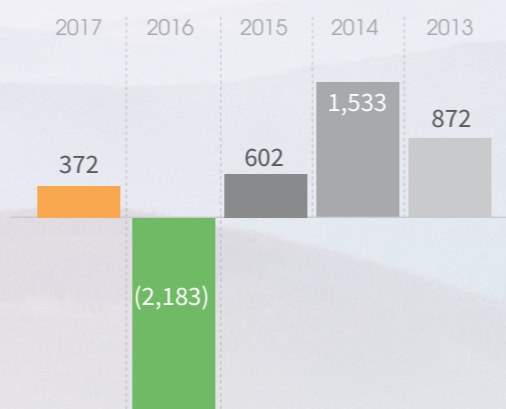
TOTAL ASSETS
(VND BILLION)



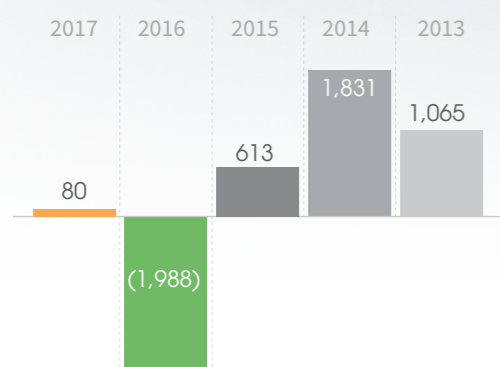
PROFIT BEFORE TAX
(VND BILLION)



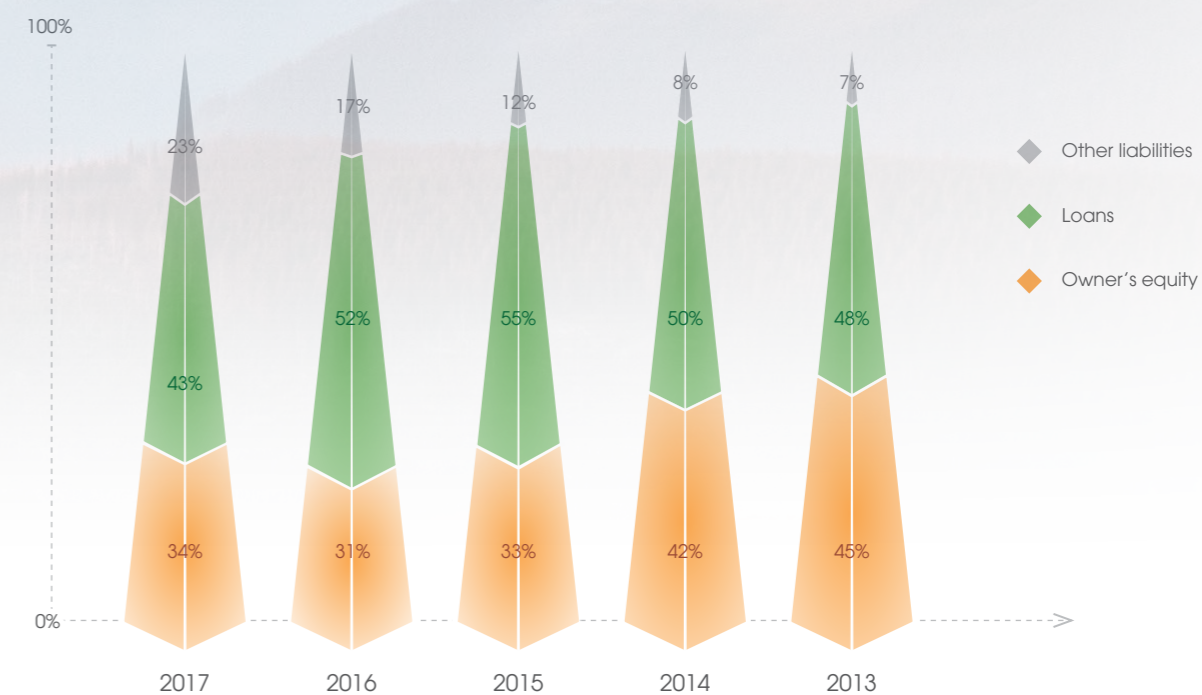
PROFIT AFTER TAX
(VND BILLION)



EARNING PER SHARE
(VND)



LIABILITIES AND OWNER'S EQUITY
(VND BILLION)





CREATING VALUES

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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

First business registration
01/06/2006

No. 3903000083 dated 1st June 2006 granted by the Department of Planning and Investment of Gia Lai Province (registered for the first time).

The 30th amended certificate on March 30th, 2018.

HAG

SECURITIES CODE



CHARTER CAPITAL



9,274,679,470,000
VND

FACE VALUE
PER SHARE



10,000 VND

TOTAL NUMBER
OF SHARES



927,467,947
SHARES

HEAD OFFICE

 15 Trương Chinh, Phú Dong Ward, Pleiku City, Gia Lai Province, Vietnam

 (+84) 269 222 5888

 (+84) 269 222 2335

 www.hagl.com.vn

1990-1993

START-UP STAGE

Private enterprise: Woodwork

◀ 1990 ▶

A small wooden furniture workshop

◀ 1993 ▶

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



2002-2012

PUBLIC STAGE

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

◀ 2002 ▶

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

◀ 2006 - 2007 ▶

Transforming to the model of Joint stock company

SUSTAINABLE DEVELOPMENT STAGE

**Focusing on development of the 2 key sectors:
Agribusiness and Real estate**

◀ AGRIBUSINESS ▶

includes rubber, fruit trees, and beef cow farming.

Rubber

The current total of planted area of 46,916 ha,
exploited area of 10,279 ha with the revenue of
VND 454 billion.

Fruit trees

The size of 13,524 ha with 18 kinds of short-day and
long-day fruit trees such as banana, dragon fruit,
guava, mango and spice...

Cow farming

Australian Brahman breed selected as
the main product.

Employing the minimum cost strategy through
“industrialization-mechanization” and self-
contained process of food sources by making full
use of agro-industrial by-products and reducing
the number down to 13,000 heads.

◀ REAL ESTATE ▶

Priority is given to investment and utilization of
the project of Complex Hoang Anh Gia Lai
Myanmar Center.



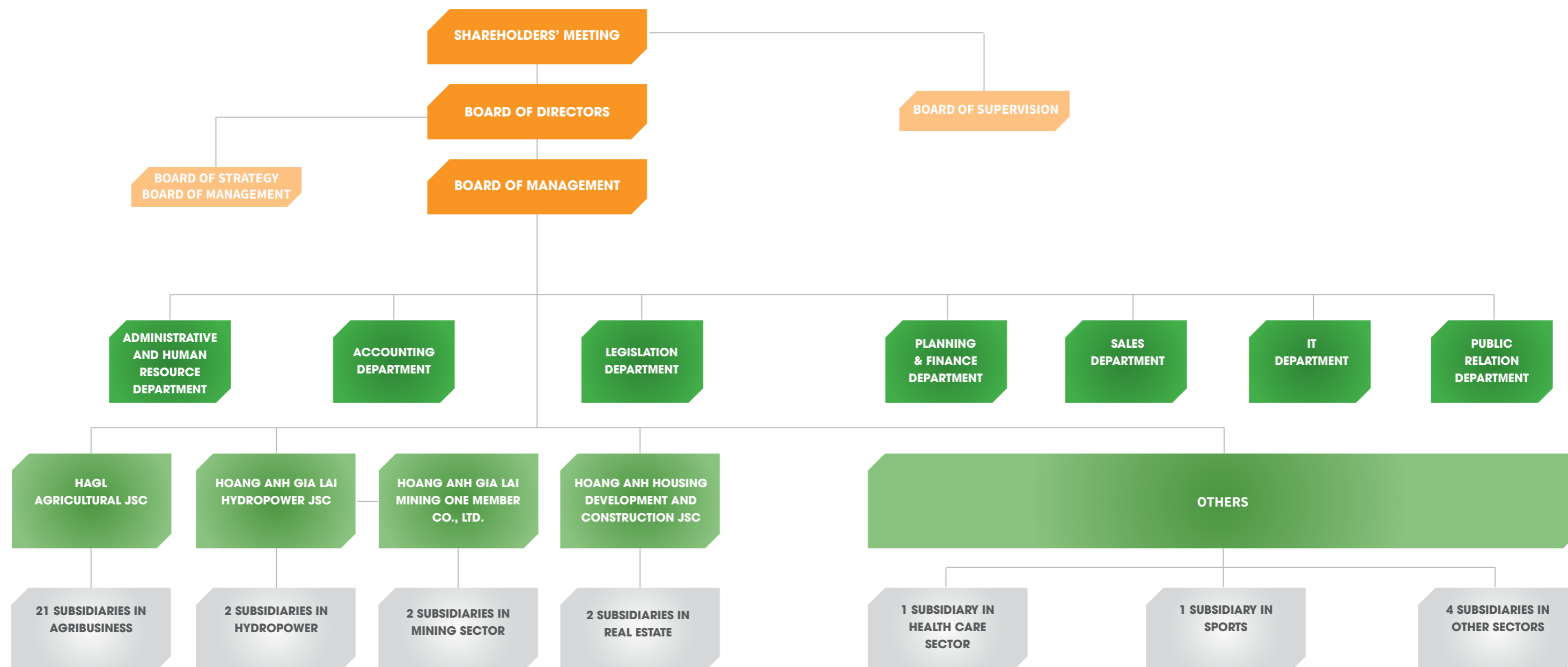
HOANG ANH GIA LAI JOINT STOCK COMPANY (HEAD OFFICE)





ADMINISTRATIVE ORGANIZATION

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



Cultivation plays the key role with more than 18 kinds of tropical fruit and rubber; while livestock sector plays the supporting role by supplying the source of organic fertilizer for the cultivation sector. HAGL will gradually withdraw from the real estate sector and liquidate others like hydropower and mining.



RUBBER

- Up to the present time, the Company's total area of rubber is 46,916 ha which comprises 20,049 ha in Laos, 5,078 ha in Vietnam and 21,789 ha in Cambodia. In 2017, the Company harvested 10,279 ha and 14,456 tons of latex.



REAL ESTATE

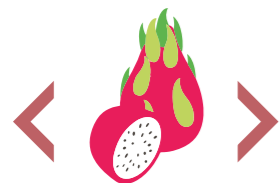
- After restructuring, the Group has given full priority to the Hoang Anh Gia Lai Myanmar Center project. The Hoang Anh Gia Lai Myanmar Center complex with a total investment capital of USD 440 million is located at a prime position in Yangon city. The building has 2 fronts on the main streets, one of which overlooks the Inya lake and the other faces Schwedagon Pagoda - a famous and sacred relic of Myanmar with a history of 2,500 years. As a pioneer in investing in

Myanmar market, HAGL has a lot of competitive advantages owing to early being granted land at a fair price (about USD 740/m² for a period of 70 years) and good experience of managing construction costs. With self-contained construction process including construction companies and selfsupplied wood and granite resources at a reasonable price, the project is expected to generate a great revenue for the Group in the near future.



COW FARMING

- Regarding beef farming, HAGL currently only maintains about 13,000 cows. Although the profit margin of this sector is not high at present, it is an important advantage to integrate the self-contained agricultural chain of the Company in providing a large amount of organic fertilizer for fruit plantations in order to achieve high efficiency and sustain GlobalGAP standards.



DRAGON FRUIT

- Until now, HAGL has cultivated 1,375 ha of dragon fruit in Vietnam, Laos and Cambodia. Thanks to the rich source of organic fertilizer, Israel drip irrigation technology and the production process in compliance with GlobalGAP standards, all dragon fruit plantations have grown up to their initial expectation.



PASSION FRUIT

- This type of plant generated remarkable revenue and profit for the Company in 2017. The current total area of passion fruit plantations is 100 ha planted in Laos. Fresh passion fruit is now exported to China, Europe and Thailand.



BANANA

- HAGL's current total area of banana plantations is 2,061 ha. The first shipments were exported and are being sold at major supermarkets in China. The Company is now negotiating with many banana importers in big markets such as China, Japan, and South Korea etc. that consume large quantities of HAGL's banana products in the long run.



MANGO

- The Company selects high yielding mango varieties such as Hoa Loc mangos, Taiwanese and Thailand mangos to plant in Vietnam, Laos and Cambodia with a total cultivated area of 2,610 ha. In the first quarter of 2018, the Company began harvesting the first crop.



JACKFRUIT

- The Company is planting Thailand jackfruit variety with a total area of 771 ha. The Company plans to harvest the first crop in 2018.



CHILI

- HAGL is currently planting chilies on an area of 927 ha and has started harvesting in the fourth quarter of 2017.

No.	COMPANY	ADDRESS	RATES (%)
Real Estate			
1	Hoang Anh Housing Development and Construction JSC	783 Tran Xuan Soan, Tan Hung Ward, District 7, Ho Chi Minh City, Vietnam	68.90
2	Hoang Anh Gia Lai Myanmar Co., Ltd.	192 Kaba Aye Pagoda, Bahan District, Yangon, Myanmar	68.90
3	Hoang Anh Gia Lai - Bangkok Co., Ltd.	42/216, Moo 8, Klongluangmuangmai, Klongsong, Klongluang, Pathumthani 12120, Thailand	32.38
Energy			
4	Hoang Anh Gia Lai Hydropower JSC	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	99.40
5	Hoang Anh Attapeu Power Co., Ltd.	Phai village, Saysettha District, Vientiane, Laos	99.40
6	Nam Kong 3 Power Co., Ltd.	Vatluong village, Samackhixay District, Attapeu Province, Laos	99.40
Agribusiness			
7	Hoang Anh Gia Lai Agricultural JSC	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	65.85
8	Hoang Anh Gia Lai Import-Export Trading One Member Co., Ltd.	859 Truong Chinh, Chi Lang Ward, Pleiku City, Gia Lai Province, Vietnam	65.85
9	Hoang Anh - Quang Minh Rubber JSC	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	64.38
10	Hoang Anh - Quang Minh Rubber Industry and Agriculture Co., Ltd.	Cha Lam May village, Tha Teng District, Xekong Province, Laos	64.38
11	Hoang Anh Daklak JSC	40 Hung Vuong, Tu An Ward, Buon Me Thuot City, Daklak Province, Vietnam	65.54
12	Hoang Anh Attapeu Agriculture Development Co., Ltd.	Km 31, Sa Mak Khi Xay District, Attapeu Province, Laos	65.85
13	Hoang Anh An Dong Meas Co., Ltd.	Phum Bei, Srae Angkrong, Koun Mom, Ratanak Kiri, Cambodia	64.38
14	Hoang Anh Oyadav Co., Ltd.	Village 3, street No. 78, Labanseak Ward, Banlung City, Ratanak Kiri Province, Cambodia	65.85
15	Heng Brothers Co., Ltd.	Yeak Laom Ward, Banlung City, Ratanak Kiri Province, Cambodia	65.85
16	CRD Co., Ltd.	Yeak Laom Ward, Banlung City, Ratanak Kiri Province, Cambodia	65.85
17	Hoang Anh Rattanakiri Co., Ltd.	Yeak Laom Ward, Banlung City, Ratanak Kiri Province, Cambodia	65.85
18	Highland Dairy Cattle JSC	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	65.20
19	An Dong Meas JSC	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	47.05
20	Hoang Anh Lumphat One Member Co., Ltd.	Srepok Thum Village, Serei Mongkol Commune, Koun Mom District, Ratanak Kiri Province, Cambodia	47.05

No.	COMPANY	ADDRESS	RATES (%)
21	Daun Penh JSC	859 Truong Chinh, Chi Lang Ward, Pleiku City, Gia Lai Province, Vietnam	65.79
22	Daun Penh Agrico Co., Ltd.	Village 3, street 78, Labanseak Ward, Banlung City, Rattanakiri Province, Cambodia	65.79
23	Indochina Rubber Investment and Development Co., Ltd.	11D Phan Ke Binh, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam	65.85
24	Dong Au Rubber Investment Co., Ltd.	Floor 14, Vincorn building, 72 Le Thanh Ton, District 1, Ho Chi Minh City, Vietnam	65.85
25	Eastern Rubber Co., Ltd. (Cambodia)	Cheung Khle Village, Pir Thnu Commune, Snuol District, Kratie Province, Cambodia	65.85
26	Binh Phuoc Kratie 2 Co., Ltd.	Srae Thmei Village, Khsuem Commune, Snuol District, Kratie Province, Cambodia	65.85
27	Sovann Vuthy Co., Ltd.	Srae Thmei Village, Khsuem Commune, Snuol District, Kratie Province, Cambodia	65.85
28	Trung Nguyen Rubber JSC	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	65.80
Mining			
29	Hoang Anh Gia Lai Mining One Member Co., Ltd.	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	99.40
30	Hoang Anh Gia Lai - Kontum Mining One Member Co., Ltd - Kontum	394 Tran Phu, Quang Trung Ward, Kontum City, Kontum Province, Vietnam	99.40
31	Hoang Anh Se Kong Mining Co., Ltd.	Vat Luong village, Xekong Province, Laos	99.40
Construction, Trading & Services			
32	Hoang Anh Gia Lai Sports JSC	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	69.85
33	Hoang Anh Gia Lai Hospital JSC	238 Le Duan, Tra Ba Ward, Pleiku City, Gia Lai Province, Vietnam	99.00
34	V&H Corporation Co., Ltd. (Laos)	Vatnacnhay village, Sisattanak District, Vientiane, Laos	80.00
35	V&H Corporation Co., Ltd.	Vatnacnhay village, Sisattanak District, Vientiane, Laos	100.00
36	Hoang Anh Gia Lai Vientiane Co., Ltd.	Vatchan village, Chanthabouly District, Vientiane, Laos	100.00
37	Heygo Food JSC	7/1 Thanh Thai, Ward 14, District 10, Ho Chi Minh City, Vietnam	51.00
Associates			
38	Gia Lai livestock JSC	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	23.46
39	Bidiphar Rubber JSC	498 Nguyen Thai Hoc, Quang Trung Ward, Quy Nhon City, Binh Dinh Province, Vietnam	49.14
40	East Asia Investment and Construction Consultant JSC	7/1 Thanh Thai, Ward 14, District 10, Ho Chi Minh City, Vietnam	25.00



NURTURING VALUES

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THE BOARD OF DIRECTORS



Mr. DOAN NGUYEN DUC

Chairman of the Board of Directors

Year of birth: 1963

Working experience:

1992 - now: Hoang Anh Gia Lai JSC

Current position: Chairman of the BOD

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



Mr. VO TRUONG SON

BOD member
General Director
Year of birth: 1973

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

WORKING EXPERIENCE:

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

Current position at HAGL:

BOD Member, General Director

Other titles:

BOD member - Hoang Anh Gia Lai Agricultural JSC



Mr. DOAN NGUYEN THU

BOD member
Deputy General Director
Year of birth: 1977

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

WORKING EXPERIENCE:

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

Current position at HAGL:

BOD member,
Deputy General Director

Other titles:

BOD member - Hoang Anh Gia Lai Agricultural JSC



Mrs. VO THI MY HANH

BOD member
Year of birth: 1977

Qualifications: Bachelor of Law, Master of Business Administration

WORKING EXPERIENCE:

- 2001 - 2006: Sales Manager at Hoang Anh Sole Proprietorship Enterprise
- 2006 - 2008: Deputy Director at Hoang Anh Gia Lai Furniture Factory Subsidiary
- January - April 2009: Deputy at Investment planning & Project of Hoang Anh Gia Lai JSC
- From April 2009: Deputy Director at Hoang Anh Gia Lai Hydropower JSC
- December 2014 - April 2017: Deputy General Director at Hoang Anh Gia Lai Agricultural JSC
- February 2015 - May 2017: Deputy CFO at MPU Hoang Anh Gia Lai Hospital
- From May 2017: General Director at Hoang Anh Gia Lai Agricultural JSC

Current position at HAGL:

BOD member

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



Mrs. VO THI HUYEN LAN

BOD member
Year of birth: 1971

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

WORKING EXPERIENCE:

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

Current position at HAGL:

BOD member

Other titles:

- General Director - Jaccar Holdings
- BOD member - Bourbon Ben Luc JSC
- BOD member - My Lan JSC
- BOD member - Agrex Saigon Foodstuffs JSC
- BOD member - Hoang Anh Gia Lai Agricultural JSC



Mr. PHAN THANH THU

BOD member
Year of birth: 1963

Qualifications: Hue Music arts

WORKING EXPERIENCE:

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

Current position at HAGL:

BOD member

Other titles:

Deputy General Director - Hoang Anh Gia Lai Agricultural JSC



Mr. NGUYEN VAN MINH

BOD member
Deputy General Director
Year of birth: 1959

Qualifications: Agro Engineer

WORKING EXPERIENCE:

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

Current position at HAGL:

BOD member, Deputy General Director

Other titles:

BOD chairman - Hoang Anh Quang Minh Rubber JSC

THE BOARD OF STRATEGY



Mr. LY XUAN HAI

Head of the Board of Strategy
Year of birth: 1965

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

WORKING EXPERIENCE:

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



THE BOARD OF MANAGEMENT



Mr. VO TRUONG SON

BOD member
General Director
Year of birth: 1973

(For more information, see page 22)



Mr. ĐOAN NGUYEN THU

BOD member
Deputy General Director
Year of birth: 1977

(For more information, see page 22)



Mr. NGUYEN VAN MINH

BOD member
Deputy General Director
Year of birth: 1959

(For more information, see page 23)



Mrs. Ho Thi Kim Chi

Deputy General Director
Year of birth: 1976

Qualifications: Bachelor of Business
Administration

WORKING EXPERIENCE

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

Current position at HAGL:

Deputy General Director



THE BOARD OF SUPERVISION



Mrs. TRUONG THI KIM ANH

Head of the Board of Supervision
Year of birth: 1978

Qualifications:
Bachelor of Economics

WORKING EXPERIENCE:

- 2000 - 2007: Hoang Anh Sai Gon Co., Ltd.
- 2007 - 2016: Phu Hoang Anh JSC
- 2016 - now: Thanh Binh One Member Construction Investment Co., Ltd.

Current position at HAGL:

Head of the Board of Supervision



Mr. NGUYEN TAN ANH

Member of the Board of Supervision
Year of birth: 1970

Qualifications:
Bachelor

WORKING EXPERIENCE:

- 1985 - 2005: Journalist at Thanh Nien newspaper
- 2005 - now: Hoang Anh Gia Lai JSC

Current position at HAGL:

Member of the Board of Supervision



Mrs. NGUYEN THI HUYEN

Member of the Board of Supervision
Year of birth: 1974

Qualifications:
Bachelor of Foreign Languages

WORKING EXPERIENCE:

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

Current position at HAGL:

Member of the Board of Supervision



ORGANIZATION AND HUMAN RESOURCES

ORGANIZATION AND HUMAN RESOURCES

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

During the period from 2013 - 2017, HAGL conducted restructuring, eliminating ineffective investment portfolios, and focused on developing 2 major sectors namely, agribusiness and property while producing no considerable changes in its workforce. The total number of employees in 2017 is 13,211 including 10,289 in agribusiness and 2,922 in other sectors; with 3,406 indirect workers and 9,805 direct workers.

WORKFORCE

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

RECRUITMENT AND TRAINING POLICIES

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

Recruitment is conducted under a strict procedure to meet the selection of respective positions as required, ensuring stable and qualified workforce to satisfy the requirements of the Group's production and business operation. Besides, priority is also assigned to the employment of talented individuals and leading experts locally and abroad. HAGL is proud of its moral, well-qualified, enthusiastic and solidary workforce.

Every year, the Group runs many training courses for the workers in most areas such as cultivation, animal farming, and real estate in Vietnam, Laos, Cambodia and Myanmar. Internal refresher courses are also organised to introduce new technology, working process, thus to advance professional skills.

9,805

Total number of direct workers

3,406

Total number of indirect employees

10,289

WORKERS
in agribusiness

2,922

EMPLOYEES
in other sectors



As for managerial executives, the Company places importance on enhancing their expertise and accessibility of methods and applications of advanced science and technology in the world.

With long-term investment orientation, HAGL has sent executives, employees and students to National Universities in Laos, Cambodia and Myanmar for native language learning and professional studies so that after such courses, they will be employed at the Group's projects.

REMUNERATION, BONUS AND WELFARE

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

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

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



Since its inception, HAGL has always asserted that “man is the key to success” and the key to the sustainable development of the business. Throughout the journey over the last 25 years, HAGL has successfully built up a highly qualified and experienced management team and enthusiastic, well-trained staff members. This is the driving force which helps HAGL keep moving steadily forward.

REPORT ON OPERATIONS IN 2017

POSITION OF PRODUCTION AND BUSINESS

In 2017, HAGL's total revenue reached 4,841 billion dong, decreasing by 27.9% as compared to that of 2016.

ITEM	2017 (VND BILLION)	2016 (VND BILLION)	INCREASE/DECREASE AGAINST 2016 (%)
Net revenue	4,841	6,712	-27.9
(Loss) profit before tax	430	(1,980)	121.7
(Loss) profit after tax	372	(2,183)	117.0



FRUIT TREES reached 1,612 billion dong of revenue, accounting for 33.3% of the total revenue and 49.1% of the Group's gross profit. This is the new sector which contributes a high proportion to the Group's revenue in the following years.

BEEF COW FARMING reached 759 billion dong of revenue, accounting for 15.7% of the total revenue and 2.1% of the Group's gross profit. The Group did not prioritize the working capital for this cattle sector but mainly for the fruit tree sector, maintaining only a sufficient number of cows to provide organic fertilizer for cultivation.

LEASING SERVICE reached 724 billion dong of revenue, accounting for 14.9% of the total revenue and 19.7% of the Group's gross profit, coming mainly from office leasing and the commercial center of Hoang Anh - Myanmar complex. This sector is expected to occupy a high proportion of the total revenue in the future when phase 2 of the project is put into operation.

OTHER SERVICES reached 607 billion dong of revenue, accounting for 12.5% of the total revenue and 9.3% of the Group's gross profit. The revenue of this sector is relatively stable, mainly coming from HAGL Medicine and Pharmacy University Hospital, hotel business and advertising.

PRODUCTS & COMMODITIES reached 465 billion dong of revenue, accounting for 9.6% of the total revenue and 14.9% of the Group's gross profit, mainly supporting the demands of the fruit tree sector.

RUBBER reached 454 billion dong of revenue, accounting for 9.4% of the total revenue and 5.9% of the Group's gross profit. Because the price of latex on the world market has yet to recover, the Group has not accelerated its harvest.

SUGARCANE on 22 May 2017, the Company transferred the sugarcane sector to a third party; therefore, in the future it will no longer contribute to the Group's total revenue.

CONSTRUCTION is an irregular sector. Most construction contracts have basically completed and gradually decreased in number.

APARTMENTS of Bau Thac Gian and Hoang Anh Bangkok were mostly sold out. The revenue of this sector in 2017 only came from selling the remaining apartments.

FINANCIAL POSITION

a. Financial position

ITEM	2017 (VND BILLION)	2016 (VND BILLION)	INCREASE/DECREASE (%)
Total assets	53,062	52,126	1.8
Short-term loans and debts	2,529	5,717	-55.8
Long-term loans and debts	20,296	21,619	-6.1
Other loans and debts	12,449	8,844	40.8
Net revenue	4,841	6,712	-27.9

ASSETS

As at 31/12/2017, the total assets were recognized as 53,062 billion dong, increasing by 2% as compared to that of the same period in 2016, mainly from the increase in loan receivables and the Return On Assets (ROA) reaching 0.7%. The increase in loan receivables throughout the year was primarily due to the loans from stakeholders.

LIABILITIES

As at 31/12/2017, total liabilities decreased from 27,336 billion dong at the end of 2016 to 22,825 billion dong, of which the short-term loans decreased by 3,188 billion dong and the long-term loans decreased by 1,323 billion dong. It was as a result of the loan restructuring appropriate to the Group's investment situation and the paid-off debts from the liquidation of the sugarcane sector.

b. Preliminary financial indices

ITEM	2017	2016
Liquidity		
Current ratio	0.71	0.70
Quick ratio	0.62	0.58
Capital structure		
Total loans and debts/ Total assets	0.43	0.52
Total loans and debts/ Owner's equity	1.28	1.71
Profitability		
Profit after tax/ Net revenue	7.7%	-32.5%
Profit after tax/ Owner's equity	2.1%	-13.7%
Profit after tax/ Total assets	0.7%	-4.2%
Operating profit/ Net revenue	17.1%	-10.6%



REPORT AND ASSESSMENT OF THE BOARD OF DIRECTORS

ASSESSMENT OF THE COMPANY OPERATIONS



Rubber

Over the past years the Company's rubber plantations have not been fully exploited due to a sharp decrease in rubber prices; therefore, revenue did not offset costs. 2017 witnessed a rebound in international rubber prices enabling the Company to use it as a lever for latex harvest. Revenue from rubber in 2017 reached VND 454 billion, 4 times as much as 2016, accounting for 9.4% in the revenue structure.



Livestock

The herd was reduced to 13,000 heads in 2017. Livestock features a substantial working capital while the Company financial position in 2017 showed no noticeable signs of improvement. Lacking working capital for the livestock, the Company proactively reduced the scale.



Fruits

Substantial land bank in Vietnam, Laos and Cambodia is made use of to grow fruit and spice plants and trees. Over an area of 13,524 ha 18 types of fruit is grown of which the main crops including passion fruit, dragon fruit and banana are cultivated to GlobalGAP for export, thus raising the value of Company fruit. Such advantage of scale enables HAGL to directly deal with foreign partners, make profit from both cultivation and the whole value chain, fully eliminating middlemen as in the case of most farmers.



Sugarcane

In the year, the Company completely transferred the sugarcane sector to a third party.



Finance

Though the credit organizations have restructured the Company debts, the Company is still in its post-restructuring stage. Consequently, the Company financial position showed no sign of visible improvement.

ASSESSMENT BY THE BOARD OF DIRECTORS OF THE OPERATION OF THE BOARD OF MANAGEMENT

The BOD exercises supervision of the BOM as required by the Charter and Regulation on Company Governance. Under the BOD direction, the BOM had devised production and business plan and carried out the tasks worked out. In 2017, the BOD highly assessed the BOM's running operations. The BOM abided by and properly implemented all the resolutions and decisions by the BOD without delay, consequently advancing the company production and business operations as oriented by the BOD. The BOM also regularly make detailed and updated report on the progress of implementation as well as hindrance or difficulty arising in the course of realizing the business plan for the BOD's steering.

The BOD and the BOM retain regular communication, closely coordinating in orienting, steering and implementing business affairs through the BOD periodic as well as extraordinary meetings, thereby keeping track of the Company's position and movements and sorting out the problems of raising capital for plantation care, negotiating with creditors for rescheduling principal and interest repayment, and other problems arising in the course of realizing the business plan. For that reason, most of the major problems occurring in the Company were promptly and efficiently settled.

According to the assessment by the Board of Directors, the Board of Management did not achieve the targets of profit and revenue in 2017. However, in the year the BOM successfully fulfilled their assignments, specifically:

- Successful transfer of sugarcane business to the third party;
- Initial exploitation of fruit plantations yielding positive results;
- Satisfactory completion of debt restructure, disposal of inefficient business sectors; and
- Successful negotiation to exchange a number of debts for Company share capital.



PLAN AND ORIENTATION OF THE BOARD OF DIRECTORS

In 2018, the Company continues to plant, nurse and make concentrated exploitation of fruit plantations, and accelerate latex harvest.

The fruit trees grown by HAGL have an advantage of quick maturing crops, making early cost recovery possible, providing quick inflow for the Company. That exhibits a distinct difference with the previous rubber plantation bearing very slow maturing crops, resulting in late cost recovery, causing obstruction of the Company investment cash flow when rubber prices

slumped. Over 40% of the Company fruit plantation area will be harvested in 2018, expected to yield early revenue for the Company.

So far, around 1,500 ha of HAGL fruit area get GlobalGAP certification. The Company finds that application of GlobalGAP provides effective organization and control at the plantations currently. GlobalGAP set of standards offers the Company a competitive advantage in exports to big and challenging markets like Japan, the US, and EU.



REPORT AND ASSESSMENT BY THE BOARD OF MANAGEMENT

ASSESSMENT OF PRODUCTION AND BUSINESS RESULTS

In 2017, total revenue reached VND 4,841 billion, a decrease of 27.9% as compared with 2016. Revenue structure by sector is as follows:

SECTOR	2017		2016		2015	
	Revenue (VND billion)	Proportion (%)	Revenue (VND billion)	Proportion (%)	Revenue (VND billion)	Proportion (%)
Fruit	1,612	33.3	-	0.0	-	0.0
Cow	759	15.7	3,471	51.7	2,542	45.1
Leasing service	724	14.9	460	6.9	14	0.2
Other service provision	607	12.5	329	4.9	239	-6.4
Commodity	465	9.6	691	10.3	614	10.9
Rubber	454	9.4	114	1.7	196	3.6
Sugarcane	81	1.7	469	7.0	871	15.4
Construction	80	1.7	88	1.3	1,040	18.4
Apartment	59	1.2	207	3.1	198	3.5
Corn	-	0.0	136	2.0	323	5.7
Property disposal	-	0.0	747	11.1	215	3.8
Total Revenue	4,841		6,712		6,252	

In which:

Fruit sales reached VND 1,612 billion accounting for 33.3%. Gross profit was 851 billion dong and gross profit margin reached 52.8%. This is a key contribution to HAGL revenue growth and gross profit in 2017 and the coming years.

Cow sales reached 759 billion dong accounting for a proportion of 15.7%. Gross profit was 37 billion dong and gross profit margin reached 4.8%.

It was mainly because HAGL did not assign priority to working capital to fund the cow business, giving instead focus on the fruit sector, retaining the herd to the extent enough to supply organic fertilizers to cultivation.

Leasing service was 724 billion dong accounting for a proportion of 14.9%. Gross profit was 341 billion dong and gross profit margin reached 47.1%, which was, compared against 2016, an increase of 264 billion dong, mainly because Hoang Anh - Myanmar center was put into operation from Quarter II of 2016.

Other service provision was 607 billion dong accounting for a proportion of 12.5%. Gross profit was 162 billion dong and gross profit margin reached 26.6%, mainly from medical service provided by Medicine and Pharmacy University - Hoang Anh Gia Lai Hospital, hotel and advertising, etc.

Commodity reached 465 billion dong accounting for a proportion of 9.6%. Gross profit was 257 billion dong and gross profit margin reached 55.3% mainly resulting from HAGL focus on fruit products.

Rubber reached 454 billion dong accounting for a proportion of 9.4% mainly because of a rebound in rubber prices, to a modest degree, though. So, HAGL exploitation of rubber remained to a humble extent to husband the trees pending a considerable increase in prices to start large-scaled exploitation.

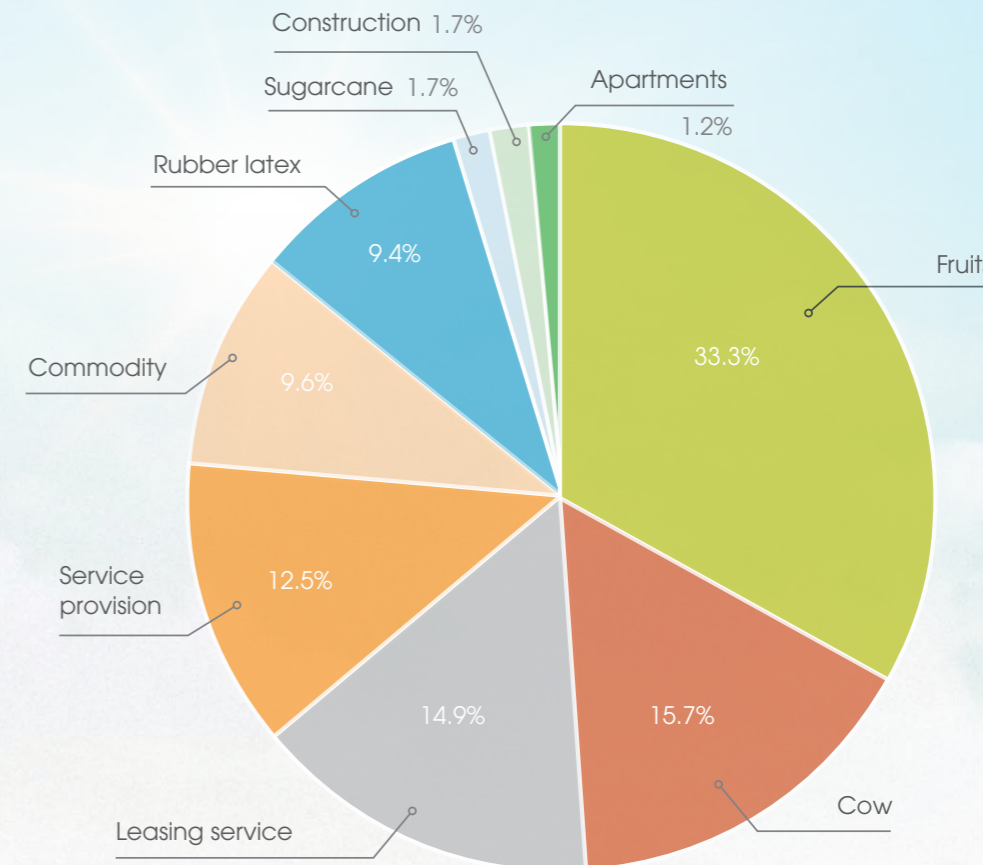
Sugarcane reached 81 billion dong accounting for a proportion of 1.7%. HAGL completely transferred

the Group of Sugarcane Companies to the third party on 22 May 2017.

Construction reached 80 billion dong accounting for a proportion of 1.7%. Construction contracts had generally been fulfilled and this business was on a gradual decrease.

Apartment sales reached 59 billion dong accounting for a proportion of 1.2% mainly because most of Bau Thac Gian and Hoang Anh Bangkok apartments had been sold. Revenue in 2017 was generated from sale of the remaining apartments.

REVENUE BY SECTOR IN 2017





REPORT AND ASSESSMENT OF BY THE BOARD OF MANAGEMENT (CONTINUED)

FINANCIAL POSITION

ASSETS

Total assets in 2017 increased by 1.8% as compared with 2016, accounting for VND 936 billion. Details are as follows:

ITEM	2017	2016	FLUCTUATION	%
Current assets	8,815	9,170	-355	-3.9
Long-term assets	44,247	42,956	1,291	3.0
Total assets	53,062	52,126	936	1.8

There was no substantial increase in the total assets in 2017 as compared with 2016. The items on the balance sheet do not fluctuate greatly while loan receivables increased, mainly loans to related parties.

LIABILITIES

In 2017, HAGL total liabilities decreased by VND 906 billion. Details are as follows:

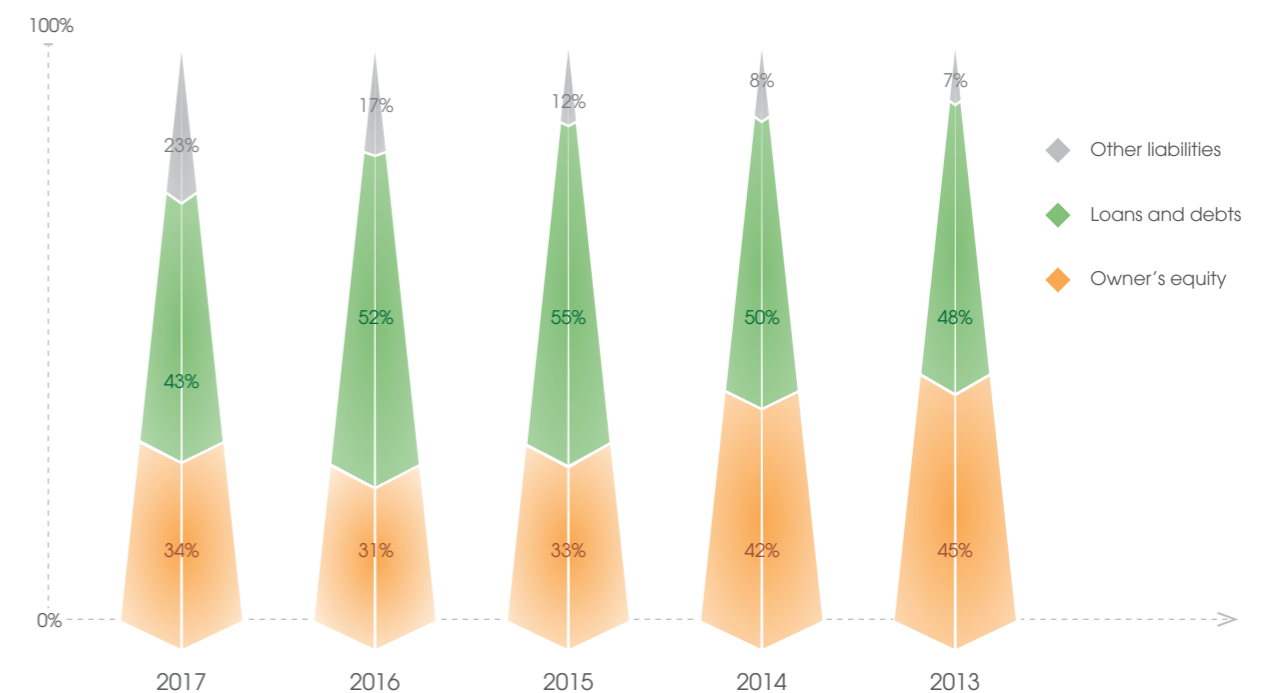
ITEM	2017	2016	Fluctuation	%
Current liabilities	12,378	13,139	-761	-5.8
Short-term loans and debts	2,529	5,717	-3,188	-55.8
Other short-term liabilities	9,849	7,422	2,427	32.7
Long-term liabilities	22,896	23,041	-145	-0.6
Long-term loans and debts	20,296	21,619	-1,323	-6.1
Other long-term liabilities	2,600	1,422	1,178	82.8
Total liabilities	35,274	36,180	-906	-2.5



The total liabilities accounts for 66.5% of HAGL total capital by the end of 2017. Details are as follows:

LIABILITIES AND OWNER'S EQUITY

(VND billion)



The ratio of total loans and debts over total assets decreased from 0.52 time by the end of 2016 to 0.43 time by the end of 2017 and the ratio of total loans and debts over owner's equity decreased from 1.71 times by the end of 2016 to 1.28 times by the end of 2017. It is a positive change and there are gradual improvements in the Group's difficult financial position.



FOSTERING VALUES

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ACTIVITIES OF THE BOARD OF DIRECTORS

INFORMATION ABOUT THE BOARD OF DIRECTORS

No.	BOD member	Title	Number of meeting attendances	Rate	Reason for absence
1	Mr. Doan Nguyen Duc	Head	8	100%	N/A
2	Mr. Doan Nguyen Thu	Member	8	100%	N/A
3	Mr. Vo Truong Son	Member	8	100%	N/A
4	Mr. Nguyen Van Minh	Member	8	100%	N/A
5	Mr. Phan Thanh Thu	Member	8	100%	N/A
6	Ms. Vo Thi Huyen Lan	Member	8	100%	N/A
7	Mr. Nguyen Xuan Thang	Member	5	60%	Dismissed from BOD membership on 30 June 2017
8	Ms. Vo Thi My Hanh	Member	3	40%	Elected as member of the BOD at 2017 GMS on 30 June 2017

MEETINGS OF THE BOARD OF DIRECTORS:

In 2017 the Company held 8 BOD meetings discussing the following items:

No.	Date	Agenda
1	20/02/2017	The Board of Directors agreed to pass the policy of converting Exchangeable Bonds issued by the Company into Hoang Anh Gia Lai Agricultural Joint Stock Company Stocks.
2	12/04/2017	The Board of Directors agreed to pass finalizing the list of shareholders for consultation in writing and adjustment to the conversion price of HAG-CB2011 as passed at the Resolution of the General meeting of Shareholders No. 3107/15/NQĐHĐCĐ-HAGL dated 31/07/2015.
3	09/05/2017	The Board of Directors agreed to pass finalization of the list of shareholders to convene the annual General meeting of Shareholders 2017.
4	05/06/2017	The Board of Directors agreed to pass the implementation of the plan for issuance of shares to convert HAG-CB2011 Bonds following the Resolution of General meeting of Shareholders No.2205/17/NQĐHĐCĐ-HAGL on 22 May 2017.
5	20/06/2017	The Board of Directors passes the figures of business results in 2016 and plan for business and investment for 2017.
6	30/09/2017	The Board of Directors passed demand for the accounting department's review of subsidiaries' liabilities and the progress of implementing the project for the first 9 months of 2017.
7	23/10/2017	The Board of Directors passed the business results of the first 9 months and the business plan for Quarter IV/2017.
8	17/12/2017	The Board of Directors passed establishment of the Board of Strategy under the Board of Directors and appointment of staff for it.

SUPERVISION ACTIVITIES OF THE BOD TO THE BOM

The Board of management attended all BOD meetings. The BOM supervised the BOD's corporate governance, ensuring full compliance with the laws, the Company Charter and Regulations of Corporate Governance; The BOM also supervised the implementation of resolutions passed by the GMS at annual GMS.

Supervising and giving opinions on execution of the targets of business and production activities to reach revenue as planned.

Verifying the quarterly, interim and yearly financial statements in order to assess the integrity and rationality of the financial figures in conformity with Vietnam's current accounting system and finance policies.

Supervising the information disclosure of the company in compliance with the regulation of Securities Law and related legal documents.

Discussing with the independent auditors about the review of the interim financial statements and the audit of the financial statements for the fiscal year.

Supervising the management of shareholder-related books and records, protecting their legal interest, as well as their opinions, consultation, questioning, demand for information provision as required by law.



REPORT OF THE BOARD OF SUPERVISION

MEMBERS AND STRUCTURE OF THE BOS

STT	Member	Title	Ownership of voting shares (31/12/2017)
1	Ms. Truong Thi Kim Anh	Head	0.00% (Elected as BOS member on 30/06/2017 and as BOS head on 10/07/2017)
2	Mr. Lam Hoang Hai	Head	0.00% (dismissed from BOS membership at annual GMS 2017 on 30/06/2017)
3	Mr. Nguyen Tan Anh	Member	0.00%
4	Ms. Nguyen Thi Huyen	Member	0.01%

ACTIVITIES OF THE BOARD OF SUPERVISION

Performing the tasks as required at the Company Charter and by current laws, in 2017, The BOS supervised the BOD and the BOM on the following items:

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

RESULTS OF THE BOS PERFORMANCE

Supervising the implementation of GMS resolution in 2017

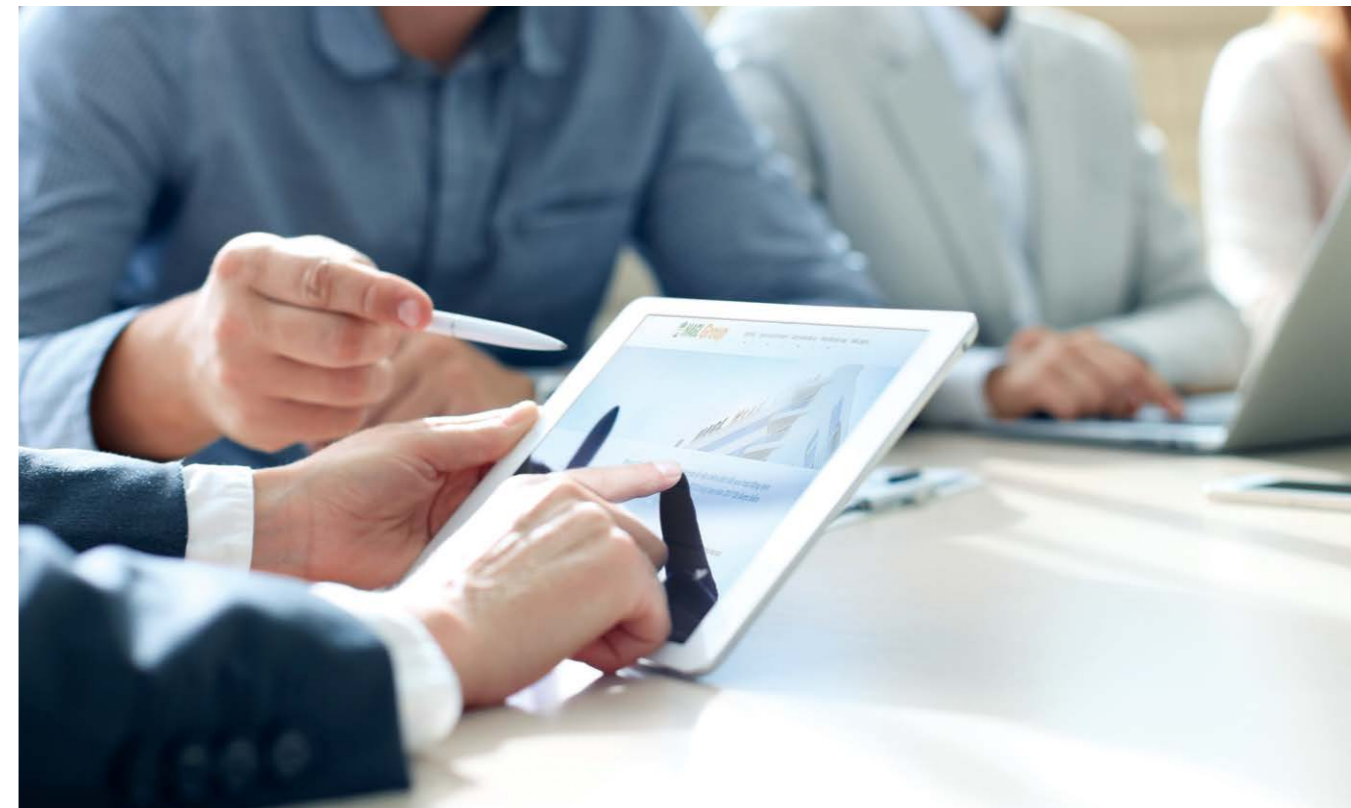
In the year, the Company implemented the resolutions passed by the GMS, with details as follows:

- Complete issuance of shares to convert HAG-CB2011 bond and increase the Company Charter capital.
- The Company has yet to merge the subsidiaries of An Phu Real Estate Investment JSC and other related companies.
- Business result of 2017: Total consolidated profit before tax reached VND 430 billion, accounting for 78% of the plan passed in the resolution of 2017 GMS.
- Plan for profit distribution 2017: not done.

Examination of Financial Position in 2017

The BOS discussed with independent auditors on the quality and scope of the audit, establishing work processes with them and other matters of concern in the Company internal control system. The BOS thereby joined in with publishing the Company quarterly, interim and annual financial statements. During discussions on publishing 2017 FS with the BOS, the independent auditor stated qualified opinion about the Company collectibility of the balance of receivables of VND 4,023,878,331 thousand and put emphasis on the Company current liabilities in excess of current assets of VND 3,563,293,646 thousand, thus violating a number of conditions and terms of bonds and loans resulting on doubt on the Company going concern. The BOS discussed with BOD and BOM on this opinion which was explained as follows:

- The assessment of collection of receivables from related parties at 31/12/2017 for VND 4,023,878,331 thousand proved difficult as they were running a wide variety of projects like property, cultivation, livestock with masses of varied assets, of which many were in progress of capital construction investment not yet producing profit and surplus cash flow, posing difficulty to asset determination and cash flows for debt repayment.
- Undergoing restructuring and experiencing adverse business operation position, the Group saw its current liabilities exceeding current assets by VND 3,563,293,646 thousand thus violating a number of conditions and terms of bonds and loans resulting on doubt on the Company going concern. Currently, the Company is restructuring business activities in the direction of intensive investment in fruit plantation and participates in the global value chain with direct export channels to big markets, consolidating the rubber sector, making disposal of hydro power, negotiating with partners for sale of Myanmar project. Besides, the Company is also conducting security issuance to mobilize capital to



address the problem of liquidity. Also, the Company held talks with related banks on adjustment to abiding terms in the credit agreements no longer appropriate to current practical reality.

The BOS assesses the quarterly, interim, annual financial statements as true, fair, and consistent in full compliance with legal requirements.

Supervision of the operations of the BOD and the BOM

In 2017, fully attending BOD meetings held quarterly and at request, the BOS could keep track of the practical business position as well as achievements of the target passed by the GMS.

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

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

Selection of Independent audit firm

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

The BOS notified the BOD of the procedures to be presented to GMS for approving of audit firm for the fiscal year 2018 in the coming GMS.

ACTION PLAN OF THE BOARD OF SUPERVISION FOR 2018

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

1. Supervising the observation of Charter, Resolution of the GMS;
2. Supervising the BOD and the BOM's management and operation of the Company;
3. Checking, assessing the quarterly, interim, annual financial statements;
4. Checking, supervising the implementation of the Company business plan for 2018;
5. Other issues.

INVESTOR RELATION

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

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

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

Over the past year, the IR has cultivated and fostered the relation with the investors through site trips to the Group Investment projects in Vietnam, Laos, Cambodia and Myanmar. During such 2 - 3 day trips, the investors experienced "Seeing is believing". There were trips joined in by a larger number of representatives of credit organizations, strategic shareholders and potential investors; There were site trips for small groups of 5 to 10 investors...

RISK MANAGEMENT

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

MARKET RISKS

Nature

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

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

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

Risk management measures

The Group manages risks with effective cost-controlling system and adoption of technology to increase capacity,

ensuring consistency of product quality in all the business sectors. The Group could always control investment expenses and costs at the lowest rate. Therefore, the profit margin of output products is high enough to maintain a minimum rate of profit for the Group in case of a sharp decrease in prices in the global market. Besides, the multi-sector strategy helps the Group cover the loss in one sector by the profit of another sector when there is a reduction in the price of a product but others are not affected. In the long term, the Group will also do research and apply risk protection instruments such as forward contracts, long-term trading contracts signed with major partners at a fixed price, etc. Besides, The Group will gradually employ principles of dual board system for product quality control and diversify markets for its products, with an emphasis on large consumer markets, avoiding risks of price fluctuation in a single market.

EXCHANGE RATE RISK

Nature

In recent years, the exchange rates between 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. However, The Group always places an importance on the exchange rate risk management and gives out appropriate risk management measures to avoid negative effects of the future large fluctuations in exchange rates.

Risk management measures

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

The Group carefully planned the timing and payment schedule for import and export activities with foreign partners to minimize exchange rate risks. The Group will consider debt structuring corresponding to the cash flow from business operation by currencies.

INTEREST RATE RISKS

Nature

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

Risk management measures

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

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

PROJECT IMPLEMENTATION RISKS

Nature

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

Risk management measures

With extensive experience in project management and close relationships with relevant authorities, The Group is always proactive in the implementation of its projects. Moreover, many projects being undertaken overlap each other, or short-term crops alternate with long-term ones, so 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 legal documents of securities, stock exchange, etc. However, the sub-law documents and guidance are still under continuous improvement, so possible legal and policy changes will have certain impacts on the management and activities of The Group.

Moreover, produce markets are dominated by customs barrier, technique, environment and protectionism impose by importing countries

Risk management measures

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

OTHER RISKS

Nature

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

Risk management measures

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

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

SHAREHOLDER STRUCTURE
SHARE OWNERSHIP OF THE MEMBERS OF THE BOARD OF DIRECTORS

No.	Full names	26/01/2018	
		Quantity	Rate
1	Mr. Doan Nguyen Duc - <i>BOD Chairman</i>	324,765,533	35.02%
2	Mr. Doan Nguyen Thu - <i>BOD Member and Deputy General Director</i>	6,457,456	0.70%
3	Mr. Phan Thanh Thu - <i>BOD Member</i>	29,426	0.00%
4	Mr. Nguyen Van Minh - <i>BOD Member and Deputy General Director</i>	3,370,057	0.36%
5	Mr. Vo Truong Son - <i>BOD Member and General Director</i>	803,654	0.09%
6	Ms. Vo Thi Huyen Lan - <i>BOD Member</i>	-	0.00%
7	Ms. Vo Thi My Hanh - <i>BOD Member</i>	-	0.00%

SHARE OWNERSHIP OF MEMBERS OF THE BOARD OF MANAGEMENT

No.	Full names	26/01/2018	
		Quantity	Rate
1	Ms. Ho Thi Kim Chi - <i>Deputy General Director</i>	145,159	0.016%

SHARE OWNERSHIP OF MEMBERS OF THE BOARD OF SUPERVISION

No.	Full names	26/01/2018	
		Quantity	Rate
1	Ms. Truong Thi Kim Anh - <i>BOS Head</i>	15,720	0.00%
2	Mr. Nguyen Tan Anh - <i>Member</i>	-	0.00%
3	Ms. Nguyen Thi Huyen - <i>Member</i>	63,140	0.01%

MAJOR SHAREHOLDERS AS AT 26/01/2018

No.	Institution/Individual	ID card/ Passport / License No.	Address	Number of shares	Ownership
Major shareholders (holding over 5% of voting shares)					
1	Mr. Doan Nguyen Duc	230046495	147 Tran Phu, Pleiku, Gia Lai	324,765,533	35.02%

SHAREHOLDER STRUCTURE

Item	Number of shares	Rate
Total share capital	927,467,947	100%
Founding shareholders	334,593,046	36.08%
Treasury shares	68,664	0.01%
Major shareholders (holding more than 5% of voting shares)	-	0.00%
Shareholders holding 1%-5% of voting shares	165,640,832	17.86%
Shareholders holding less than 1% of voting shares	427,165,405	46.06%
Of which:		
Foreign shareholders		
Institution	49,992,603	5.39%
Individual	4,938,308	0.53%

CHANGES IN OWNER'S EQUITY

Share capital as at 31/12/2016 (VND thousand)	7,899,679,470
Issuance of ordinary shares for bond conversion (VND thousand)	1,375,000,000
Share capital as at 31/12/2017 (VND thousand)	9,274,679,470
Share capital at the end of each year	VND billion
01/06/2006	289
31/12/2006	297
31/12/2007	1,200
31/12/2008	1,789
31/12/2009	2,705
31/12/2010	3,115
31/12/2011	4,673
31/12/2012	5,374
31/12/2013	7,182
31/12/2014	7,900
31/12/2015	7,900
31/12/2016	7,900
31/12/2017	9,275
TOTAL NUMBER OF SHARES	Shares
Number of shares allowed to be issued	927,467,947
Shares issued and fully paid	927,467,947
Treasury shares	68,644



**SUSTAINABLE
DEVELOPMENT**

Economic development	48
Responsibility to community	50
Environment protection	52
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REPORT OF SUSTAINABLE DEVELOPMENT

ECONOMIC DEVELOPMENT

Besides focus on business operations of rubber, livestock, Myanmar center, the Group has planted over 13,524 ha of fruit and spice like dragon fruit, passion fruit, banana, mango, green skin grapefruit, jack fruit, avocado, durian, chilly, black pepper... Some of which like dragon fruit, passion fruit, banana, chilly and black pepper have been harvested and supplied to major partners in China. The investment projects in Vietnam, Laos, Cambodia and Myanmar remain an impetus to regional economic development through employment of dozens of thousands of local people; local social welfare programs have been proactively conducted: building infrastructure such as bridges, roads, airport, hospitals, schools, wells, resettlement quarter...



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

- ▶ Developing a closed farming network: HAGL has taken full advantage of all products and byproducts made from all of the Group's operating sectors, optimize the productivity while reducing manufacturing costs, creating competitive advantages for output products and helping protect environment.
- ▶ Building a hi-tech agricultural model: Modern technology has been successfully applied to agribusiness such as Israeli drip irrigation system, mechanization of all stages the cultivation and production in order to achieve maximum efficiency in increasing productivity, reducing labor cost and product costs.



Employing local people means a lot of importance in HAGL's socio-economic development strategy. At the rubber, fruit plantations, HAGL Myanmar Center, thousands of local employees have been recruited and trained by foreign and domestic experts as well as equipped with the high technical expertise to earn a high and stable income. The employees have labor contracts and are provided with accommodation at the project resettlement areas built by HAGL.



In 2017, HAGL continued to get involved in sustainable development activities in agribusiness and real estate in order to create a clean environment, making contribution to the development of community, and shaping a safe working mechanism for labourers for provision of safe and quality products. HAGL report of sustainable development was prepared under GRI-G4 guidance following the results obtained over the previous year to disclose information to shareholders, investors, partners, customers and communities in the localities, supplying adequate information for their assessment of HAGL operations.



REPORT OF SUSTAINABLE DEVELOPMENT (CONTINUED)

RESPONSIBILITY TO COMMUNITY

HAGL is aware that economic well-being of community is prerequisite for a sustainably developed enterprise. That is the reason why in parallel with its business activities, HAGL always heightens its responsibility to and shares benefits with community through social welfare programs.

HAGL has, with some other companies, donated 2.2 billion dong to the construction of 13 rural bridges in Long An province including Rach Gua (An Ninh Tay commune), Rach Gau (Huu Thanh commune), Tho Mo (Hoa Khanh Nam commune), the other 8 in Hoa Khanh Tay namely Tan Binh, Kenh Ba Mi, Kenh 2, Ut Phu, Kenh Khang Chien, Ong Can, Kenh Chua and Kenh Lo. So far they have been completed and put into use, facilitating traffic and transport, Nguyen Thanh Tu, a local man in Hoa Khanh Tay said: "We are glad about the funding for this bridge construction. Hoa Khanh Tay was previously in harsh conditions especially roads, bridges and, sewer system. But the concerned authorities have persuaded benefactors to build such bridges to everybody's joy."

Taking a mission to create more values for the whole society, apart from investments in facilities, education and healthcare, HAGL always allocates yearly funding for the program "Joining hands to build a better society" to support Fund for the Poor, Children Patronage Fund, Agent Orange Fund, deliver Tet gifts for deprived families, donate to storm and flood victims... Such activities as requiting, charity, relief have been offered not only from the Group welfare fund but also from individual contributions made by staff



members and executives. HAGL Football Club runs charity programs at Children Patronage Center, coming to the aid of lone homeless aged people... player Nguyen Van Toan, in particular, donated his whole Fair Play Award 2017 worth VND 40 billion.

Besides, HAGL attaches great importance to cultural development of and integration into local communities of the countries invested. A majority of directors, supervisors, and technicians of the Company volunteered to learn the language and established good communication with the locals.

HAGL has built a new residential quarter, school, Xe Su bridge (in Laos), made donation of rice, a generator, clothes to the community in Ratanakiri (Cambodia); In collaboration with HAGL Medicine and Pharmacy University Hospital the Group has organized 3 humanitarian diagnoses and treatments, providing medication to people in far-off areas in Gia Lai Province, Attapeu (Laos) and Ratanakiri (Cambodia).

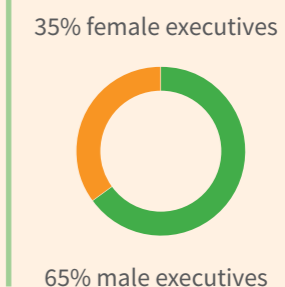


SOCIAL WELFARE FOR EMPLOYEES

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

13,211

Executives, staff members, workers employed at HAGL



SAFETY AND HEALTH CARE

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

ASSURANCE OF EQUALITY

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

Currently, the total number of employees of HAGL (as of 31/12/2017) is 13,211, of which the number of female employees accounts for 40%, female executives 35%.

DEVELOPMENT OPPORTUNITY

- In HAGL, work is assigned appropriately so that it suits the best to each employee's level of expertise and ability. Healthy competition is created in each department to encourage each employee to perform the best of their ability.
- The company always encourages and creates the most favourable conditions for its employees to attend professional training courses. Annually, HAGL runs professional training courses to enhance working skills for staff and employees in all fields: agriculture, real estate, and health care; regular training courses on statistical software, accounting software, awareness of ISO 9001 and Global GAP, HACCP hygiene and food safety, internal auditor training, guiding for safe operations of machinery and equipment at factories and plantations.
- Besides, for workers coming from remote parts nationwide like Quang nam, Da Nang, Thanh Hoar, Nghe An, Dong Thap, An Giang, Can Tho... to get employment at rubber, fruit plantations, etc. HAGL has done some construction works for workers within the project areas such as workers' houses, family houses, public toilets, toilets in plots, complimentary shuttle service, mini soccer and volleyball fields, etc. to generate motivation and feelings of security in the employees at work.



REPORT OF SUSTAINABLE DEVELOPMENT (CONTINUED)

ENVIRONMENT PROTECTION

Fully aware of the fact that environment is the precious resource of human, over the past few years, HAGL has always attached great importance in and made every effort to develop measures on effective utilization of natural resources and energy, comply with regulations on ecological environment protection as well as minimize environmentally negative effects...

WATER CONSUMPTION

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

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



ELECTRIC POWER CONSUMPTION

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

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

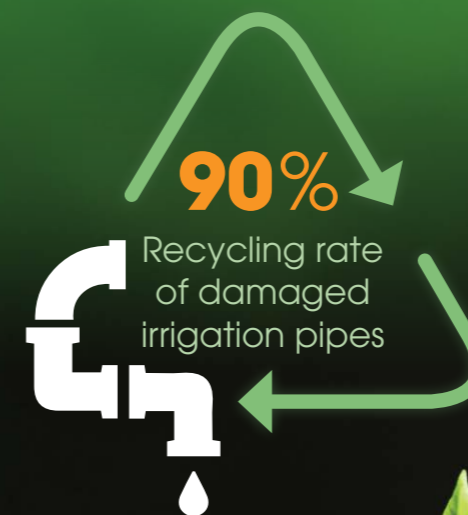


Irrigation channel network

MINIMIZING DETRIMENTAL IMPACTS ON ENVIRONMENT

Establishing a closed production process, the Company treats farming wastes to irrigate crops,, thus mitigating the amount of toxic waste to the environment, protecting the land and water resources around the project areas .

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



The Company has built a microbiological fertilizer plant with a capacity of 50,000 tons / year.

Using reusable materials in the production and product packaging:

- Reuse of fertilizer bags: to collect garbage in the lots (such as rotten fruit, branches, leaves etc.) of which 50% of bags are reused.
- Irrigation pipes (such as PVC pipes, HDPE pipes, LDPE pipes) are used for drip irrigation in the plantations. Broken irrigation pipes after use are shipped to the Company's factories for recycling with a rate going up to 90%.

COMPLYING WITH THE LAWS ON ENVIRONMENT

The Group's operations are in compliance with the environmental laws and regulations released by the Governments of Vietnam, Laos, Cambodia and Myanmar. Before implementation of every project, HAGL had hired an independent third party to assess the environmental impacts, introduce measures to mitigate the socio-environmental impacts by investment projects then subjected to competent authorities for approval.

HAGL established the Environment Department ensuring the compliance of all production activities with the regulations of competent authorities.

HAGL promulgated Regulations on utilization of chemicals committing to use chemicals as per law, place maximum limit of the use of pesticides and chemical products . HAGL issued Mechanism on receiving, handling feedback, petition and providing information to individuals and organizations regarding the Company's rubber development projects in Laos and Cambodia.

HAGL cooperates with Bureau Veritas - an international organization in testing, evaluating and certifying to implement commitments on sustainability of planning, production and development towards the community value protection and natural value preservation.



REPORT OF SUSTAINABLE DEVELOPMENT (CONTINUED)

MUTUAL DEVELOPMENT

Holding to the philosophy of “Mutual development”, HAGL has always encouraged strong engagement with related parties as well as feedback interactions throughout the Group’s development process so that HAGL can identify issues that the stakeholders are concerned and their materiality to set up the foundation for the Group’s sustainable development orientation.

> EMPLOYEES

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

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

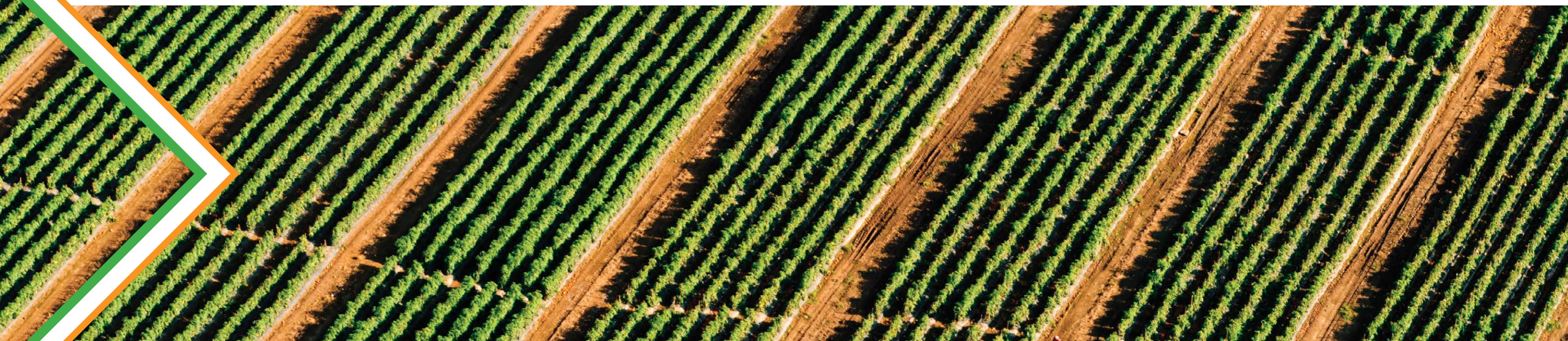
Running training courses to improve professional skills of the staff.

> SOCIAL COMMUNITY

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

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

Conducting charity programs, providing free health examinations, donating food to deprived people.



> SHAREHOLDERS & INVESTORS

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

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

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

> CUSTOMERS & PARTNERS

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

In regard to real estate, HAGL signed a contract with an established hotel management group for operating Melia Yangon hotel; working with CBRE in managing and exploiting Myanmar Center Plaza, etc. With such cooperation, HAGL and its partners are able to produce high quality products and services to supply to the market.

> STATES AND GOVERNMENT

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

> SUPPLIERS

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

> MEDIA AGENCIES

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

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



SAVING VALUES

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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 (“BRC”) No. 3903000083 issued by the Department of Planning and Investment of Gia Lai Province on 1 June 2006 and the twenty-nine (29th) BRC amendment on 4 August 2017 approving the increase of the Company’s chartered capital to VND’000 9,274,679,470.

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

At 31 December 2017, the Group has nine (9) direct subsidiaries, twenty eight (28) indirect subsidiaries and three (3) associates.

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

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

BOARD OF DIRECTORS

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

Name	Position	
Mr. Doan Nguyen Duc	Chairman	
Mr. Vo Truong Son	Member	
Ms. Vo Thi Huyen Lan	Member	
Mr. Doan Nguyen Thu	Member	
Mr. Nguyen Van Minh	Member	
Mr. Phan Thanh Thu	Member	
Ms. Vo Thi My Hanh	Member	Appointed on 30 June 2017
Mr. Nguyen Xuan Thang	Member	Resigned on 30 June 2017

BOARD OF SUPERVISORS

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

Name	Position	
Ms. Truong Thi Kim Anh	Head	Appointed on 10 July 2017
Mr. Lam Hoang Hai	Head	Resigned on 30 June 2017
Ms. Nguyen Thi Huyen	Member	
Mr. Nguyen Tan Anh	Member	

GENERAL INFORMATION (CONTINUED)

MANAGEMENT

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

Name	Position	
Mr. Vo Truong Son	General Director	
Mr. Doan Nguyen Thu	Deputy General Director	
Mr. Nguyen Van Minh	Deputy General Director	
Ms. Ho Thi Kim Chi	Deputy General Director	
Mr. Nguyen Xuan Thang	Deputy General Director	Resigned on 30 June 2017

LEGAL REPRESENTATIVE

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

AUDITORS

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

REPORT OF MANAGEMENT

Management of Hoang Anh Gia Lai Joint Stock Company (“the Company”) is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries (“the Group”) for the year ended 31 December 2017.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

STATEMENT BY MANAGEMENT

Management does hereby state that, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

For and on behalf of management:



Vo Truong Son
General Director
30 March 2018

INDEPENDENT AUDITORS’ REPORT

Reference: 60752790/19355658/FN-HN

TO: THE SHAREHOLDERS AND THE BOARD OF DIRECTORS OF HOANG ANH GIA LAI JOINT STOCK COMPANY

We have audited the consolidated financial statements of Hoang Anh Gia Lai Joint Stock Company (“the Company”) and its subsidiaries (“the Group”), prepared on 30 March 2018 and set out on pages 63 to 159 which comprise the consolidated balance sheet as at 31 December 2017, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

MANAGEMENT’S RESPONSIBILITY

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

AUDITORS’ RESPONSIBILITY

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

BASIS FOR QUALIFIED OPINION

As disclosed in the accompanying consolidated financial statements, as at 31 December 2017, the Group had short-term and long-term receivables due from An Phu Real Estate Investment Joint Stock Company and its other related parties in aggregating to VND’000 10,570,063,864 (Note 35.3), advance payments to contractors of VND’000 28,466,681 (Note 7), and loan receivables of VND’000 47,219,823 (Note 8). Based on the available information, we have not been able to collect sufficient audit evidences to determine the recoverability of the total balance of VND’000 4,023,878,331 which was included in these balances. Accordingly, we can not determine whether there is any necessary adjustment to be made and its effects to the consolidated financial statements of the Group as at 31 December 2017 and for the year then ended.

QUALIFIED OPINION

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2017, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

EMPHASIS OF MATTER

We draw attention to Note 2.1 to the consolidated financial statements, the accompanying consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern. As at 31 December 2017, the Group’s current liabilities exceeded its current assets by VND’000 3,563,293,646. In addition, as of that date, the Group was also in violation of certain bond and loan covenants as mentioned in Notes 24.3, 24.4 and 25.5 to the consolidated financial statements. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

ERNST & YOUNG VIETNAM LIMITED



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

Ho Chi Minh City, Vietnam

30 March 2018

Pham Thi Cam Tu
Auditor
Audit Practicing Registration Certificate
No. 2266-2018-004-1

CONSOLIDATED BALANCE SHEET

as at 31 December 2017

B01-DN/HN

VND’000

Code	ASSETS	Notes	Ending balance	Beginning balance (As restated - Note 39)
100	A. CURRENT ASSETS		8,815,052,625	9,169,689,773
110	I. Cash	5	141,473,491	794,326,175
111	1. Cash		141,473,491	794,326,175
130	II. Current accounts receivable		7,481,808,506	6,711,353,686
131	1. Short-term trade receivables	6	2,166,131,406	1,771,473,430
132	2. Short-term advances to suppliers	7	611,144,225	1,308,328,374
135	3. Short-term loans receivables	8	3,969,777,546	2,017,828,375
136	4. Other short-term receivables	9	756,477,238	1,642,846,329
137	5. Provision for short-term doubtful receivables	6	(21,721,909)	(29,122,822)
140	III. Inventories	10	1,118,852,515	1,613,111,552
141	1. Inventories		1,126,498,195	1,798,236,495
149	2. Provision for obsolete inventories		(7,645,680)	(185,124,943)
150	IV. Other current assets		72,918,113	50,898,360
151	1. Short-term prepaid expenses		31,853,662	13,002,488
152	2. Value-added tax deductible		35,050,293	26,836,701
153	3. Tax and other receivables from the State	21	6,014,158	11,059,171
200	B. NON-CURRENT ASSETS		44,247,075,031	42,956,022,257
210	I. Long-term receivables		8,887,895,570	6,383,631,255
212	1. Long-term advance to suppliers		477,204	-
215	2. Long-term loan receivables	8	7,951,978,808	5,717,370,743
216	3. Other long-term receivables	9	935,439,558	666,260,512
220	II. Fixed assets		9,921,066,056	9,757,655,761
221	1. Tangible fixed assets	11	8,590,084,812	8,441,226,254
222	Cost		10,017,277,001	9,883,440,790
223	Accumulated depreciation		(1,427,192,189)	(1,442,214,536)
227	2. Intangible fixed assets	12	1,330,981,244	1,316,429,507
228	Cost		1,422,035,740	1,392,958,402
229	Accumulated amortisation		(91,054,496)	(76,528,895)
230	III. Investment properties	13	3,210,064,249	3,388,789,649
231	1. Cost		3,398,052,191	3,444,751,095
232	2. Accumulated depreciation		(187,987,942)	(55,961,446)
240	IV. Long-term assets in progress		17,750,120,892	17,993,738,827
242	1. Construction in progress	14	17,750,120,892	17,993,738,827
250	V. Long-term investments		857,860,420	877,887,933
252	1. Investments in associates	16	847,332,517	865,766,030
253	2. Investments in other entities		10,507,903	12,101,903
255	3. Held-to-maturity investments		20,000	20,000
260	VI. Other long-term assets		3,620,067,844	4,554,318,832
261	1. Long-term prepaid expenses	17	976,304,493	1,422,291,005
262	2. Deferred tax assets	34.4	105,125,055	91,119,227
269	3. Goodwill	18	2,538,638,296	3,040,908,600
270	TOTAL ASSETS		53,062,127,656	52,125,712,030

CONSOLIDATED BALANCE SHEET (CONTINUED)

as at 31 December 2017

B01-DN/HN

VND'000

Code	RESOURCES	Notes	Ending balance	Beginning balance (As restated - Note 39)
300	C. LIABILITIES		35,274,154,978	36,180,037,541
310	I. Current liabilities		12,378,346,271	13,138,781,794
311	1. Short-term trade payables	19	970,327,536	1,420,669,960
312	2. Short-term advances from customers	20	3,595,954,762	3,340,807,648
313	3. Statutory obligations	21	198,214,334	195,651,423
314	4. Payables to employees		83,448,891	72,595,105
315	5. Short-term accrued expenses	22	1,231,386,531	1,146,183,578
318	6. Short-term unearned revenues	25	13,984,482	6,760,210
319	7. Other short-term payables	23	3,755,607,293	1,234,592,114
320	8. Short-term loans	24	2,528,863,856	5,717,296,133
322	9. Bonus and welfare fund		558,586	4,225,623
330	II. Non-current liabilities		22,895,808,707	23,041,255,747
333	1. Long-term accrued expenses		987,071,192	4,222,541
337	2. Other long-term liabilities	22	1,269,645,155	1,011,940,829
338	3. Long-term loans	23	20,296,209,849	21,619,446,267
341	4. Deferred tax liabilities	24	336,941,517	393,175,717
342	5. Long-term provisions	34.4	5,940,994	12,470,393
400	D. OWNERS' EQUITY		17,787,972,678	15,945,674,489
410	I. Equity		17,787,972,678	15,945,674,489
411	1. Share capital	26.1	9,274,679,470	7,899,679,470
411a	- Shares with voting rights		9,274,679,470	7,899,679,470
412	2. Share premium	26.1	3,263,858,784	3,539,078,784
415	3. Treasury shares	26.1	(686,640)	(686,640)
417	4. Foreign exchange differences	26.1	453,812,960	625,918,808
418	5. Investment and development fund	26.1	279,895,303	279,895,303
421	6. Undistributed earnings	26.1	702,809,115	952,700,191
421a	- Undistributed earnings by the end of prior year		633,221,103	2,522,645,369
421b	- Undistributed earnings (losses) of the year		69,588,012	(1,569,945,178)
429	7. Non-controlling interests	27	3,813,603,686	2,649,088,573
440	TOTAL LIABILITIES & OWNERS' EQUITY		53,062,127,656	52,125,712,030

Nguyen Van Tien
Preparer

30 March 2018

Duong Hoang Bac
Chief Accountant



Võ Trương Sơn
General Director

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2017

B02-DN/HN

VND'000

Code	ITEMS	Notes	Current year	Previous year (As restated - Note 39)
01	1. Revenues from sale of goods and rendering of services	29.1	4,841,225,074	6,712,718,981
02	2. Deductions	29.1	-	(1,249,713)
10	3. Net revenues from sale of goods and rendering of services	29.1	4,841,225,074	6,711,469,268
11	4. Costs of goods sold and rendering of services	30	(3,109,682,997)	(5,973,754,974)
20	5. Gross profit from sale of goods and rendering of services		1,731,542,077	737,714,294
21	6. Finance income	29.2	1,665,916,448	957,631,502
22	7. Finance expenses	31	(1,697,932,438)	(1,734,602,467)
23	- In which: Interest expenses		(1,585,315,746)	(1,628,401,688)
24	8. Shares of (loss) profit of associates		(18,433,513)	11,710,281
25	9. Selling expenses	32	(143,923,122)	(169,706,228)
26	10. General and administrative expenses	32	(707,548,329)	(511,270,660)
30	11. Operating profit (loss)		829,621,123	(708,523,278)
31	12. Other income	33	267,202,683	176,256,524
32	13. Other expenses	33	(666,678,513)	(1,447,929,479)
40	14. Other loss	33	(399,475,830)	(1,271,672,955)
50	15. Accounting profit (losses) before tax		430,145,293	(1,980,196,233)
51	16. Current corporate income tax expense	34.1	(24,802,221)	(10,311,463)
52	17. Deferred tax expense	34.4	(33,735,757)	(192,158,364)
60	18. Net profit (losses) after tax		371,607,315	(2,182,666,060)
61	19. Net profit (losses) after tax attributable to shareholders of the parent		69,588,012	(1,569,945,178)
62	20. Net profit (losses) after tax attributable to non-controlling interests		302,019,303	(612,720,882)
70	21. Basic earnings (losses) per share (VND)	28	80	(1,988)
71	22. Diluted earnings (losses) per share (VND)	28	80	(1,988)

Nguyen Van Tien
Preparer

30 March 2018

Duong Hoang Bac
Chief Accountant



Võ Trương Sơn
General Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2017

				B03-DN/HN
				VND'000
Code	ITEMS	Notes	Current year	Previous year (As restated - Note 39)
I. CASH FLOWS FROM OPERATING ACTIVITIES				
01	Accounting profit (losses) before tax		430,145,293	(1,980,196,233)
	<i>Adjustments for:</i>			
02	Depreciation of tangible fixed assets and investment properties and amortisation of intangible fixed assets (including amortization of goodwill)		1,054,629,884	805,728,354
03	Provisions		28,441,450	205,065,534
04	Foreign exchange differences arisen from the revaluation of monetary accounts denominated in foreign currencies		60,022,958	27,105,005
05	Profits from investing activities		(1,737,550,408)	(845,866,506)
06	Interest expenses	31	1,585,315,746	1,628,401,688
08	Operating profit (loss) before changes in working capital		1,421,004,923	(159,762,158)
09	Decrease in receivables		515,795,384	463,382,177
10	(Increase) decrease in inventories		(211,051,664)	1,354,468,414
11	Increase in payables		775,769,299	1,216,069,065
12	Increase in prepaid expenses		(767,137,982)	(50,733,425)
14	Interest paid		(714,949,467)	(1,446,403,400)
15	Corporate income tax paid	34.1	(4,591,515)	(25,424,754)
17	Other cash outflows for operating activities		(316,303)	(56,558)
20	Net cash flows from operating activities		1,014,522,675	1,351,539,361
II. CASH FLOWS FROM INVESTING ACTIVITIES				
21	Purchases and construction of fixed assets and other long-term assets		(1,454,631,442)	(3,724,881,636)
22	Proceeds from disposals of fixed assets and other long-term assets		475,594,760	1,711,425,751
23	Loans to other entities		(7,208,649,956)	(3,334,952,393)
24	Collections from borrowers		2,988,905,798	4,404,445,889
25	Payments for investments in other entities (net of cash held by entity being acquired)		-	(4,604,707,935)
26	Proceeds from sale of investments in other entities (net of cash held by entity being disposed)		1,517,118,217	2,018,359,523
27	Interest and dividends received		1,119,834,929	354,720,632
30	Net cash flows used in investing activities		(2,561,827,694)	(3,175,590,169)

INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

as at and for the year ended 31 December 2017

				B03-DN/HN
				VND'000
Code	ITEMS	Notes	Current year	Previous year (As restated - Note 39)
III. CASH FLOWS FROM FINANCING ACTIVITIES				
31	Capital contribution from non-controlling interests of subsidiaries	27	2,450,000	2,792,000,000
32	Capital redemption		-	(313,000,000)
33	Borrowings received		4,119,461,254	5,534,265,439
34	Borrowings repaid		(3,055,353,071)	(6,433,696,706)
40	Net cash flows from financing activities		1,066,558,183	1,579,568,733
50	Net decrease in cash for the year		(480,746,836)	(244,482,075)
60	Cash at beginning of the year		794,326,175	967,966,695
61	Impact of exchange rate fluctuation		(172,105,848)	70,841,555
70	Cash at end of the year	5	141,473,491	794,326,175

Nguyen Van Tien
Preparer

30 March 2018

Duong Hoang Bac
Chief Accountant



Vo Truong Son
General Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2017

B09-DN/HN

1. THE COMPANY

Hoang Anh Gia Lai Joint Stock Company (“the Company”) was incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate (“BRC”) No. 3903000083 issued by the Department of Planning and Investment of Gia Lai Province on 1 June 2006 and the twenty-nine (29th) BRC amendment on 4 August 2017 approving the increase of the Company’s chartered capital to VND’000 9,274,679,470.

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

At 31 December 2017, the Group has nine (9) direct subsidiaries, twenty eight (28) indirect subsidiaries and three (3) associates, as below:

Name of subsidiaries	Location	Status of operation	% holding
Real estate sector			
(1) Hoang Anh Construction and Housing Development Joint Stock Company (“HAN”)	Ho Chi Minh City, Vietnam	Operating	68.90
(2) Hoang Anh Gia Lai Myanmar Co., Ltd. (“HA Myanmar”)	Yangon, Myanmar	Operating	68.90
(3) Hoang Anh Gia Lai - Bangkok Co., Ltd. (i)	Bangkok, Thailand	Operating	32.38
Energy sector			
(4) Hoang Anh Gia Lai Hydropower Joint Stock Company (“DHA”)	Gia Lai, Vietnam	Operating	99.40
(5) Hoang Anh Attapeu Power Co., Ltd. (“NK2”)	Vientiane, Laos	Waiting for disposal	99.40
(6) Nam Kong 3 Electric Co., Ltd. (“NK3”)	Attapeu, Laos	Waiting for disposal	99.40
Agriculture plantation sector			
(7) Hoang Anh Gia Lai Agricultural Joint Stock Company (“HNG”) (ii)	Gia Lai, Vietnam	Operating	65.85
(8) Hoang Anh Gia Lai Import - Export Trading One member Co., Ltd.	Gia Lai, Vietnam	Operating	65.85
(9) Hoang Anh - Quang Minh Rubber Joint Stock Company	Gia Lai, Vietnam	Operating	64.38
(10) Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd.	Attapeu, Laos	Operating	64.38
(11) Hoang Anh Dak Lak Joint Stock Company	Dak Lak, Vietnam	Operating	65.54
(12) Hoang Anh Attapeu Agriculture Development Co., Ltd. (“HAA”)	Attapeu, Laos	Operating	65.85
(13) Hoang Anh An Dong Meas One Member Co., Ltd.	Rattanakiri, Campuchia	Operating	64,38
(14) Hoang Anh Oyadav Co., Ltd.	Rattanakiri, Campuchia	Pre-operating	65.85

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

as at and for the year ended 31 December 2017

B09-DN/HN

1. THE COMPANY (CONTINUED)

Name of subsidiaries	Location	Status of operation	% holding
Agriculture plantation sector (continued)			
(15) Heng Brothers Co., Ltd.	Rattanakiri, Campuchia	Pre-operating	65.85
(16) CRD Co., Ltd.	Rattanakiri, Campuchia	Pre-operating	65.85
(17) Hoang Anh Rattanakiri Co., Ltd.	Rattanakiri, Campuchia	Pre-operating	65.85
(18) Highland Dairy Cattle Joint Stock Company	Gia Lai, Vietnam	Operating	65.20
(19) An Dong Mia JSC (i)	Gia Lai, Vietnam	Operating	45.77
(20) Hoang Anh Lum Phat Co., Ltd. (i)	Rattanakiri, Campuchia	Pre-operating	45.77
(21) Dong Penh JSC	Gia Lai, Vietnam	Operating	65.66
(22) Daun Penh Agrico Co., Ltd.	Rattanakiri, Campuchia	Operating	65.66
(23) Indochina Rubber Investment and Development Co., Ltd.	Ho Chi Minh City, Vietnam	Operating	65.85
(24) Eastern Europe Rubber Investment Co., Ltd	Ho Chi Minh City, Vietnam	Operating	65.85
(25) Eastern Rubber (Cambodia) Co., Ltd	Kratie, Campuchia	Pre-operating	65.85
(26) Binh Phuoc Kratie Rubber 2 Co., Ltd.	Kratie, Campuchia	Pre-operating	65.85
(27) Sovann Vuthy Co., Ltd.	Kratie, Campuchia	Pre-operating	65.85
(28) Trung Nguyen Rubber JSC	Gia Lai, Vietnam	Operating	65.80
Mining sector			
(29) Hoang Anh Gia Lai Mineral One member Co., Ltd.	Gia Lai, Vietnam	Discontinued operation	99.40
(30) Hoang Anh Gia Lai - Kon Tum Mineral One member Co., Ltd.	Kontum, Vietnam	Discontinued operation	99.40
(31) Hoang Anh Xekong Mineral Co., Ltd.	Attapeu, Laos	Discontinued operation	99.40

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

as at and for the year ended 31 December 2017

B09-DN/HN

1. THE COMPANY (CONTINUED)

Name of subsidiaries	Location	Status of operation	% holding
Construction, trading and services sector			
(32) Hoang Anh Gia Lai Sport Joint Stock Company	Gia Lai, Vietnam	Operating	69.85
(33) Hoang Anh Gia Lai Hospital Joint Stock Company	Gia Lai, Vietnam	Operating	99.00
(34) V&H Corporation Co., Ltd.	Vientiane, Laos	Pre-operating	100.00
(35) V&H Corporation (Lao) Co., Ltd.	Vientiane, Laos	Pre-operating	80.00
(36) Hoang Anh Gia Lai Vientiane Co., Ltd.	Vientiane, Laos	Pre-operating	100.00
(37) Heygo Food Joint Stock Company	Ho Chi Minh City, Vietnam	Pre-operating	51.00

- (i) The Company has more than 50% voting and controlling rights in this company.
- (ii) Hoang Anh Gia Lai Agricultural Joint Stock Company was officially listed and traded on Ho Chi Minh Stock Exchange with stock symbol of HNG on 20 July 2015.
- Pre-operating status means the subsidiaries are still under investment stage and have not yet started their commercial operations as at 31 December 2017.
- The current principal activities of the Company and its subsidiaries ("the Group") are developing and operating rubber, oil palm, fruit and other tree plantations; breeding and trading dairy cows and cows for meat; manufacturing and trading cattle foods, fertilizers; warehouse services, processing of agricultural products and services; developing apartments, trade centres for sale and lease; construction; developing and operating hydropower plants; operating hotels and resorts; and sport and entertainment activities.
- The Company's head office is located at No. 15 Truong Chinh Street, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam.
- The number of the Group's employees as at 31 December 2017 was 5,247 (31 December 2016: 4,529).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

as at and for the year ended 31 December 2017

B09-DN/HN

2. BASIS OF PREPARATION

2.1 GOING CONCERN ASSUMPTION

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

As at 31 December 2017, the Group's current liabilities exceeded its current assets by VND'000 3,563,293,646. In addition, as of that date, the Group was also in violation of bond and loan covenants as mentioned in Notes 24.3, 24.4 and 25.5 to the consolidated financial statements. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

As at the date of these consolidated financial statements, the Group is still in progress to develop its on-going projects to ensure the operating cash flows of the Group, restructure debts and negotiate with lenders to amend the violated covenants of loan and bond contracts. Therefore, the Group's management still prepare the consolidated financial statements on a going concern basis.

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

2.2 ACCOUNTING STANDARDS AND SYSTEM

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

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

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

2.3 APPLIED ACCOUNTING DOCUMENTATION SYSTEM

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

2.4 FISCAL YEAR

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

as at and for the year ended 31 December 2017 B09-DN/HN

2. BASIS OF PREPARATION (CONTINUED)

2.5 ACCOUNTING CURRENCY

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

2.6 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (“the Group”) for the year ended 31 December 2017.

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

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

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

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

Except for subsidiaries acquired under common control which are accounted for under the pooling of interests method (Note 3.12), other subsidiaries have been included in the consolidated financial statements using the purchase method of accounting that measures the subsidiaries’ assets and liabilities at their fair value at the acquisition date.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

as at and for the year ended 31 December 2017 B09-DN/HN

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted by the Group in preparation of the consolidated financial statements are consistent with those followed in the preparation for the year ended 31 December 2016, except for the changes in the accounting policies in relation to the following:

Revenue from sale type lease

The Group changes accounting policies from recognizing on a straight-line basis over the lease terms in the preceding years to the one-time recognition of the entire amount received in advance when the following conditions are met in accordance with Circular No 200/2014/TT-BTC (“Circular 200”):

- The lease period is accounted for more than 90% of the useful life of the assets;
- The lessee is not entitled to cancel the lease contract and the lessor has no obligation to repay the amount received in advance in all cases and in all forms;
- The amount received in advance from the lease is not less than 90% of the total lease amount expected to get under the contract during the lease term and the lessee must pay the entire amount of lease within 12 months from the beginning of the lease;
- Almost all the risks and benefits associated with ownership of the leased asset are transferred to the lessee; and
- The Group must estimate relatively the full cost of the lease.

3.2 CASH

Cash comprises cash on hand and cash in banks.

3.3 RECEIVABLES

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

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

3.4 INVENTORIES

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

as at and for the year ended 31 December 2017

B09-DN/HN

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 INVENTORIES (CONTINUED)

Apartments for sale

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

Cost includes:

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

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

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

Provision for obsolete inventories

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

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

3.5 TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

as at and for the year ended 31 December 2017

B09-DN/HN

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 INTANGIBLE FIXED ASSETS

Intangible fixed assets are stated at cost less accumulated amortisation.

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

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

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

Land use rights

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

Computer software

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

3.7 DEPRECIATION AND AMORTISATION

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

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

Land use right with indefinite useful life is not amortised.

Rubber and pepper plantations

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

Dragon fruit plantations

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

as at and for the year ended 31 December 2017

B09-DN/HN

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 DEPRECIATION AND AMORTIZATION (CONTINUED)

Oil palm plantations

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

Depreciation rate

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

Depreciation rates of dragon fruit and pepper plantations are based on the Decision No 115/17/QD-HAGL Agrico on 8 August 2017 by management providing guidance on the depreciation rates over their harvesting period.

The details are as follows:

Year	Depreciation rate (%)		
	Rubber	Dragon fruit	Pepper
First year	2.50	1.0	4.6
Second year	2.80	3.4	8.5
Third year	3.50	5.0	8.5
Fourth year	4.40	6.7	8.5
Fifth year	4.80	8.4	8.5
Sixth year	5.40	8.4	8.5
Seventh year	5.40	8.4	6.2
Eighth year	5.10	8.4	6.2
Ninth year	5.10	8.4	6.2
Tenth year	5.00	8.4	3.8
Eleventh year	7.00	6.7	3.8
Twelfth year	6.60	6.7	3.8
Thirteenth year	6.20	6.7	3.8
Fourteenth year	5.90	6.7	3.8
Fifteenth year	5.50	Remaining carrying value	3.8
Sixteenth year	5.40		3.8
Seventeenth year	5.00		3.8
Eighteenth year	5.50		Remaining carrying value
Nineteenth year	5.20		
Twentieth year	Remaining carrying value		

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 INVESTMENT PROPERTIES

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

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

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

Buildings	25 - 30 years
Commercial center	50 years
Office for rent	50 years

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

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 CONSTRUCTION IN PROGRESS

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

Plantation costs

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

Cattle project

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

Hoang Anh Gia Lai Myanmar Centre project

This includes costs of construction and operation of Hoang Anh Gia Lai Myanmar Centre project at No. 192, Kaba Aye Pagoda Road, Bahan Township, Yangon Region, Myanmar, incorporated under the Certificate of Incorporation No. 248DC/2012-2013 dated 6 December 2012 issued by the Ministry of National Planning and Economic Development of the Republic of the Union of Myanmar. This is project for construction and operation of hotel, commercial centre, office building and serviced apartment in Myanmar with land area of 73,358 m².

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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 LEASED ASSETS

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

Where the Group is the lessee

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

Where the Group is the lessor

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

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

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

3.11 BORROWING COSTS

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

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

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

3.12 PREPAID EXPENSES

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

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

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as at and for the year ended 31 December 2017

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 BUSINESS COMBINATIONS AND GOODWILL

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

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

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

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

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

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 INVESTMENTS

Investments in associates

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

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

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

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

Investments in other entities

Investments in other entities are stated at their acquisition costs.

Provision for investments

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

3.15 PAYABLES AND ACCRUALS

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

3.16 ACCRUAL FOR SEVERANCE PAY

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

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 PROFIT (LOSS) EARNINGS PER SHARE

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

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

3.18 FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

▸ *Investment and development fund*

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

▸ *Welfare fund*

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

3.21 REVENUE RECOGNITION

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

Sale of goods

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

Sale of apartments

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

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

Rendering of services

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 REVENUE RECOGNITION (CONTINUED)

Construction contract

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

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

Interest

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

Rental income

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

Dividend income

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

Income from disposal of investments

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

3.22 TAXATION

Current income tax

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 financial reporting purposes.

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 CONVERTIBLE BONDS

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

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

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

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

3.24 PROVISION

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

3.25 RELATED PARTIES

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

3.26 SEGMENT INFORMATION

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. SIGNIFICANT EVENTS DURING THE YEAR

4.1 COMPLETION OF THE TRANSFER OF ENTIRE EQUITY INTEREST IN HOANG ANH GIA LAI SUGAR CANE JOINT STOCK COMPANY AND HOANG ANH ATTAPU SUGAR CANE CO., LTD (“SUGAR CANE GROUP”

On 22 May 2017, the Group’s subsidiary, Hoang Anh Gia Lai Agricultural Joint Stock Company (“HNG”) has completely the transfer of all of its equity interest in Sugar Cane Group for total consideration of VND’000 1,330,000,000 to third parties. As a result, a gain from the transfer amounting to VND’000 699,085,038 was recognised as finance income on the Group’s consolidated income statement. (Note 29.2)

The Group’s management has retrospectively adjust for the impact on the Group’s consolidated financial statement for the year ended 31 December 2016 due to the impact of the transaction as presented at Note 39.

4.2 EXERCISE PART OF THE EXCHANGEABLE BOND

According to the Resolution of Board of Directors dated on 20 February 2017 and other related Exchangeable Agreements on 4 May 2017 and 20 June 2017, the Group has completed the exchange of the exchangeable bond to 43,300,000 HNG shares for Saigon Fund Management Joint Stock Company - the bondholder, at the exercised price of VND 10,000 per share (Note 24.6).

Accordingly, the Group’s interest in HNG has decreased by 5.64%. As a result, the difference between the exercised price and carrying value of equity interest in HNG and its subsidiaries exchanged amounting to VND’000 217,094,836 at the transaction date was recognised as a deduction in undistributed earnings on the Group’s consolidated financial statements.

4.3 DISPOSAL OF ENTIRE EQUITY INTEREST IN BAN ME RUBBER JOINT STOCK COMPANY

On 1 June 2017, the Group’s subsidiary, Hoang Anh Dak Lak Joint Stock Company has disposed all of its equity interest in Ban Me Rubber Joint Stock Company of 99.92% to a related individual, at total consideration of VND’000 130,000,000. As a result, a gain from the disposal amounting to VND’000 107,418,184 was recognised as finance income on the Group’s consolidated income statement. (Note 29.2)

5. CASH

	Ending balance	Beginning balance (As restated - Note 39)
Cash on hand	17,195,074	24,644,485
Cash in banks	124,278,417	769,681,690
TOTAL	141,473,491	794,326,175

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6. SHORT-TERM TRADE RECEIVABLES

	Ending balance	Beginning balance (As restated - Note 39)
Receivables from sales of goods and rendering of services	1,145,033,158	815,165,269
Receivables from construction services	857,261,771	821,662,397
<i>In which:</i>		
<i>Receivable from Laos Government for construction of Attapeu and Nong Khang Airports</i>	737,569,190	727,713,177
<i>Other customers</i>	119,692,581	93,949,220
Receivables from disposal of assets and investment properties	147,652,615	116,853,085
Receivables from sale of apartments	16,183,862	17,792,679
TOTAL	2,166,131,406	1,771,473,430
<i>In which:</i>		
<i>Other parties</i>	1,524,457,388	1,305,271,554
<i>Related parties (Note 35.2)</i>	641,674,018	466,201,876

Details of movements of provision for doubtful receivables:

	Current year	Previous year
Beginning balance	29,122,822	10,089,849
(Reversal) provision created during the year	(7,400,913)	19,032,973
Ending balance	21,721,909	29,122,822

7. SHORT-TERM ADVANCE TO SUPPLIERS

	Ending balance	Beginning balance (As restated - Note 39)
Advances to suppliers for purchase of goods and services	535,943,781	1,085,474,890
Advances to contractors for construction of apartments and purchasing of machineries and equipment (*)	71,917,466	217,804,106
Other	3,282,978	5,049,378
TOTAL	611,144,225	1,308,328,374
<i>In which:</i>		
<i>Related parties (Note 35.2)</i>	412,870,972	731,281,859
<i>Other parties</i>	198,273,253	577,046,515

(*) Included in this balance was the value of advance for some individual contractors related to the hypro projects amounting to VND'000 28,466,681.

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8. LOAN RECEIVABLES

	Ending balance	Beginning balance (As restated - Note 39)
Short-term		
Short-term loans to related parties (Note 35.2) (i)	3,754,961,320	1,976,619,350
Short-term loans to other parties (ii)	214,816,226	41,209,025
	3,969,777,546	2,017,828,375
Long-term		
Long-term loans to related parties (Note 35.2) (i)	7,512,960,946	5,187,885,336
Long-term loans to other parties (*) (ii)	269,428,797	359,484,809
Long-term loans to Laos Government - Attapeu Airport project (iii)	169,589,065	170,000,598
	7,951,978,808	5,717,370,743
TOTAL	11,921,756,354	7,735,199,118

(*) Included in this amount was the value of loan receivables amounting to VND'000 47,219,823 related to the agricultural projects.

(i) These loans made to related parties are unsecured, having repayment terms ranging from year 2018 to 2022 and bearing interest rates from 6% to 15% per annum.

(ii) These short-term and long-term loans are unsecured which have repayments terms ranging from year 2018 to 2023 and bearing interest rates from 10% to 15.1% per annum, details are as follows:

	Ending balance	Beginning balance
Quang Trung Electric Co., Ltd.	168,015,082	110,000,000
Samaki Agricultural Development Co., Ltd.	141,465,392	135,441,322
Other	174,764,549	155,252,512
TOTAL	484,245,023	400,693,834

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

	Ending balance	Beginning balance (As restated - Note 39)
Ending balance (USD)	7,482,421	7,482,421
Ending balance (VND'000)	169,589,065	170,000,598

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9. OTHER RECEIVABLES

	Ending balance	Beginning balance (As restated - Note 39)
	VND'000	
Short-term	756,477,238	1,642,846,329
Interest from loans to other companies	496,345,797	1,210,375,522
Advances to employees	96,402,593	51,578,038
Non-interest bearing loan to other companies	51,053,406	165,850,541
Short-term deposits	42,532,151	44,289,460
Interest from loans to employees	33,998	22,194,946
Others	70,109,293	148,557,822
<i>In which:</i>		
<i>Related parties (Note 35.2)</i>	<i>558,864,605</i>	<i>1,392,419,329</i>
<i>Other parties</i>	<i>197,612,633</i>	<i>250,427,000</i>
Long-term	935,439,558	666,260,512
Interest from loans to companies	548,843,689	114,328,180
Non-interest bearing loan to other companies	248,004,789	397,983,108
Receivable from business cooperation contracts ("BCC") (*)	125,750,981	132,347,166
Long-term deposits	12,838,699	20,931,632
Others	1,400	670,426
<i>In which:</i>		
<i>Related parties (Note 35)</i>	<i>890,477,069</i>	<i>588,990,280</i>
<i>Other parties</i>	<i>44,962,489</i>	<i>77,270,232</i>
TOTAL	1,691,916,796	2,309,106,841

(*) This balance represented:

- Amount of VND'000 101,100,000 received from Trung Nguyen Rubber Joint Stock Company ("CSTN"), the Group's subsidiary according to BCC between CSTN and Gia Lai Livestock Joint Stock Company, related party, for investment in beef cattle project, total amounting to VND'000 1,499,451,326 with duration of 5 years (from 20 May 2016 to 20 May 2021). Accordingly, CSTN will contribute VND'000 98,771,107 in the project. The profits from the project would be shared based on the actual capital contribution of each parties; and
- Amount of VND'000 24,650,981 received from Gia Lai Livestock Joint Stock Company according to BBC with Highland Dairy Cattle Joint Stock Company, in relation to developing passion fruit, dragon fruit projects and planting grass, feeding cows in Gia Lai Province according to contract number 01/HTKD/BSTN-CNGL at 11 November 2016 and the related amended appendices.

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10. INVENTORIES

	Ending balance	Beginning balance (As restated - Note 39)
	VND'000	
Work in process	837,389,494	1,257,917,720
<i>In which:</i>		
<i>Construction contracts (i)</i>	<i>610,961,724</i>	<i>601,329,775</i>
<i>Beef cattle breeding (ii)</i>	<i>111,197,997</i>	<i>419,894,535</i>
<i>Manufacturing activities</i>	<i>111,137,954</i>	<i>235,904,225</i>
<i>Services rendered</i>	<i>4,091,819</i>	<i>789,185</i>
Raw materials	134,446,820	175,173,958
Apartments available for sales (iii)	76,898,171	134,333,625
Merchandise goods	40,553,412	9,573,753
Finished goods	15,814,079	135,842,633
Construction materials	13,440,800	15,206,574
Tools and supplies	7,955,419	70,188,232
TOTAL	1,126,498,195	1,798,236,495
Provision for obsolete inventories	(7,645,680)	(185,124,943)
NET	1,118,852,515	1,613,111,552

(i) This mainly represented the work in progress for the construction of Nongkhang International Airport in Houaphanh, Laos under the Contract No. LAO - NKP01 on 15 June 2013 with a total acceptance value of USD 25,584,644 up to 31 December 2017 (31 December 2016: USD 25,584,644). According to the Minutes No. 27610/GTVT on 12 December 2017 between the representatives of investor - the Department of Civil Aviation of Laos, the representatives of the Projection Management Consulting Company and the Group, duration of the implementation was extended till the end of June 2019.

(ii) Beef cattle breeding projects have been mortgaged to secure the Group's outstanding loans (Note 24).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

as at and for year ended 31 December 2017

11. TANGIBLE FIXED ASSETS

B09-DN/HN
VND '000

	Buildings, structures	Machinery and equipment	Means of transportations	Office equipment	Livestock and perennial tress	Other assets	Total
Cost							
<i>Beginning balance</i>	3,427,810,021	1,656,757,830	2,123,690,971	11,265,263	2,607,178,670	56,738,035	9,883,440,790
<i>(As restated - Note 39)</i>							
Transfer from construction in progress	119,095,613	12,074,696	250,388,417	-	2,207,796,264	1,676,844	2,591,031,834
Newly purchases	45,747,489	68,410,490	46,458,068	73,779	150,477,009	297,000	311,463,835
Foreign exchange differences	(9,338,879)	(9,286,344)	(12,641,606)	3,287	5,424,795	(16,850)	(25,855,597)
Disposals	(48,331,406)	(2,619,112)	(5,801,510)	(126,082)	(466,367,877)	(386,600)	(523,632,587)
Disposals of subsidiary	(859,197,752)	(1,159,457,813)	(194,728,489)	(205,802)	-	(5,581,418)	(2,219,171,274)
Ending balance	2,675,785,086	565,879,747	2,207,365,851	11,010,445	4,504,508,861	52,727,011	10,017,277,001
Accumulated depreciation							
<i>Beginning balance</i>	(376,934,263)	(472,641,171)	(315,295,280)	(6,840,776)	(248,407,022)	(22,096,024)	(1,442,214,536)
<i>(As restated - Note 39)</i>							
Depreciation for the year	(150,734,792)	(97,251,042)	(171,983,027)	(1,358,982)	(212,823,215)	(6,486,524)	(640,637,582)
Disposals	11,178,600	592,837	2,267,987	11,950	129,412,645	360,290	143,824,309
Disposals of subsidiary	146,696,388	304,811,314	55,689,831	178,284	-	1,433,654	508,809,471
Foreign exchange differences	857,213	2,410,190	327,556	(10,099)	(561,267)	2,556	3,026,149
Ending balance	(368,936,854)	(262,077,872)	(428,992,933)	(8,019,623)	(332,378,859)	(26,786,048)	(1,427,192,189)
Net carrying amount							
<i>Beginning balance</i>	3,050,875,758	1,184,116,659	1,808,395,691	4,424,487	2,358,771,648	34,642,011	8,441,226,254
Ending balance	2,306,848,232	303,801,875	1,778,372,918	2,990,822	4,172,130,002	25,940,963	8,590,084,812
<i>In which:</i>							
<i>Pledged/mortgaged as loan's security (Note 24)</i>	2,306,848,232	303,801,875	1,778,372,918	-	4,172,130,002	25,940,963	8,587,093,990
<i>Fully depreciated</i>	14,403,136	33,430,654	36,452,335	2,825,996	6,722,158	-	93,834,279

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(CONTINUED)

as at and for the year ended 31 December 2017

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11. TANGIBLE FIXED ASSETS (CONTINUED)

As at 31 December 2017, the Group used value of Hoang Anh Attapeu Hotel, which belongs to Hoang Anh Attapeu Agriculture Development Limited Company, the Group’s subsidiary, as collateral to secure the bank loan of Thanh Thanh Cong Attapeu Sugar Cane Limited Company, third party. Details are as below:

VND '000

	Buildings, structures	Machinery and equipment	Other assets	Total
Ending balance	52,189,100	705,440	2,070,889	54,965,429

12. INTANGIBLE FIXED ASSETS

VND '000

	Land use rights (*)	Computer software	Total
Cost			
<i>Beginning balance</i>	1,258,673,221	134,285,181	1,392,958,402
<i>(As restated - Note 39)</i>			
Foreign exchange differences	33,227,617	-	33,227,617
Disposals	(4,150,279)	-	(4,150,279)
Ending balance	1,287,750,559	134,285,181	1,422,035,740
Accumulated amortization			
<i>Beginning balance</i>	(24,556,214)	(51,972,681)	(76,528,895)
<i>(As restated - Note 39)</i>			
Amortisation for the year	(16,078,867)	(16,452,692)	(32,531,559)
Foreign exchange differences	17,830,056	-	17,830,056
Disposals	175,902	-	175,902
Ending balance	(22,629,123)	(68,425,373)	(91,054,496)
Net carrying amount			
<i>Beginning balance</i>	1,234,117,007	82,312,500	1,316,429,507
<i>(As restated - Note 39)</i>			
Ending balance	1,265,121,436	65,859,808	1,330,981,244
<i>In which:</i>			
<i>Pledged/mortgaged as loans’ security (Note 24)</i>	1,265,121,436	-	1,265,121,436
<i>Fully depreciated</i>	-	3,083,700	3,083,700

(*) Land use rights includes prepaid land use right premium of Hoang Anh Gia Lai Myanmar Centre project.

(CONTINUED)

as at and for year ended 31 December 2017

13. INVESTMENT PROPERTIES

B09-DN/HN

VND,000

	Land use right	Buildings, structures	Office for lease	Commercial Center	Total
Cost					
Beginning balance (As restated - Note 39)	22,072,022	19,597,252	2,264,238,799	1,138,843,022	3,444,751,095
Foreign exchange differences	5,000,000	-	(5,528,184)	(2,709,909)	(3,238,093)
Disposals	-	(2,038,848)	(35,885,446)	(5,536,517)	(43,460,811)
As at 31 December 2017	27,072,022	17,558,404	2,222,825,169	1,130,596,596	3,398,052,191
Accumulated depreciation					
Beginning balance (As restated - Note 39)	(739,395)	(3,033,441)	(29,672,485)	(22,516,125)	(55,961,446)
Charges for the year	(739,393)	(629,653)	(84,865,648)	(50,778,717)	(137,013,411)
Foreign exchange differences	-	-	73,233	53,101	126,334
Disposals	-	596,495	2,825,272	1,438,814	4,860,581
Ending balance	(1,478,788)	(3,066,599)	(111,639,628)	(71,802,927)	(187,987,942)
Net carrying amount					
Beginning balance (As restated - Note 39)	21,332,627	16,563,811	2,234,566,314	1,116,326,897	3,388,789,649
Ending balance	25,593,234	14,491,805	2,111,185,541	1,058,793,669	3,210,064,249
<i>In which:</i>					
<i>Pledged/mortgaged as loan security (Note 24)</i>	25,593,234	14,491,805	2,111,185,541	1,058,793,669	3,210,064,249

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13. INVESTMENT PROPERTIES (CONTINUED)

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

VND'000

	Current year	Previous year
Rental income from investment properties	792,036,808	460,341,756
Direct operating expenses of investment properties that generated rental income during the year	392,003,742	151,874,795

The fair value of the investment properties was not formally assessed and determined as at 31 December 2017. However, given the present high occupancy rate and the market value of these properties, it is management's assessment that these properties' market values are much higher than their carrying value as at the balance sheet date.

14. CONSTRUCTION IN PROGRESS

VND'000

	Ending balance	Beginning balance (As restated - Note 39)
Rubber plantations	7,960,502,432	9,412,151,145
Hydropower plants (*)	3,385,682,060	3,435,534,450
Palm oil plantations	3,348,265,882	3,243,680,311
Fruit plantations	1,703,067,342	638,772,312
Buildings, plants and factories	687,226,986	694,595,616
Hoang Anh Gia Lai Myanmar Centre project	351,086,244	307,993,752
Pepper plantation	114,959,517	119,602,634
Hoang Anh Gia Lai - Arsenal JMG Academy	53,432,133	39,910,578
Beef cattle project	6,617,792	4,726,452
Other construction works	139,280,504	96,771,577
TOTAL	17,750,120,892	17,993,738,827

Rubber, palm oil, Hoang Anh Gia Lai Myanmar Centre project, hydropower plants, pepper plantations, beef cattle project and other construction works have been mortgaged to secure the Group's outstanding loans (Note 24).

(*) Hydropower projects amounting to VND'000 3,385,682,060 have been entered into sale contracts with Chaleun Sekong Group ("CSG") in year 2016 and 2018. As at 31 December 2017, the Group received an advance from this party (Note 20).

15. CAPITALISED BORROWING COSTS

During the year, the Group has capitalised borrowing costs amounting to VND'000 689,985,580 (year ended 31 December 2016: VND'000 929,048,293). These are costs incurred on the bank loans and bonds used to finance the construction and development of fixed assets, hydro power plants, rubber, palm oil and other plantations, cattle projects, apartment and other projects.

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16. INVESTMENTS IN ASSOCIATES

Name of associates	Business activity	Ending balance		Số đầu năm	
		Interest	Carrying value	Interest	Carrying value
		(%)	VND'000	(%)	VND'000
Gia Lai Livestock Joint Stock Company ("CNGL") (*)	Livestock and fruit	23.46	573,944,413	23.46	599,017,484
Bidiphar Rubber Joint Stock Company (**)	Rubber plantation	49.14	265,778,583	49.14	259,139,025
East Asia Investment and Construction Consultant Joint Stock Company	Design and consultancy	25.00	7,609,521	25.00	7,609,521
TOTAL			847,332,517		865,766,030

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

(*) Gia Lai Livestock Joint Stock Company ("CNGL") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Enterprise Registration Certificate No. 5900988952, issued by the Department of Planning and Investment of Gia Lai Province on 3 June 2014. The current principal activities of CNGL is breeding and trading beef, dairy cows and fruit plantations.

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

Details of carrying value of the investment in associates on 31 December 2017 were as follows:

	VND'000 Amount
Cost of investment	
Beginning and ending balances	856,553,911
Accumulated share in post-acquisition profit	
Beginning balance	856,553,911
Share of loss from associates during the year	(16,336,454)
Un-realized profit eliminated	(2,097,059)
Ending balance	(9,221,394)
Net carrying amount	
Beginning balance	865,766,030
Ending balance	847,332,517

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17. LONG-TERM PREPAID EXPENSES

	VND'000	
	Ending balance	Beginning balance (As restated - Note 39)
Fruit plantations	338,141,701	181,146,502
Operating prepaid cost at Hoang Anh Gia Lai Myanmar Centre project	326,864,840	352,650,382
Land clearance costs	119,745,845	109,762,962
Land rental fees	77,325,774	73,795,185
Training costs of HAGL - JMG	36,580,897	57,955,720
Office rental fee	24,595,489	25,358,651
Tools and supplies	17,902,929	26,054,782
Sugarcane plantations	-	551,664,813
Others	35,147,018	43,902,008
TOTAL	976,304,493	1,422,291,005

18. GOODWILL

	VND'000 Amount
Cost	
Beginning balance	3,196,140,816
Decrease from partial disposal of subsidiaries	(182,672,265)
Ending balance	3,013,468,551
Accumulated amortisation	
Beginning balance	(155,232,216)
Amortisation for the year	(319,598,039)
Ending balance	(474,830,255)
Net carrying amount	
Beginning balance	3,040,908,600
Ending balance	2,538,638,296

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19. SHORT-TERM TRADE PAYABLES

VND'000

	Ending balance	Beginning balance (As restated - Note 39)
Payables for purchases of goods and services	581,265,959	509,399,199
Payables to construction contractors	386,759,864	446,817,869
Payables for purchases of land use rights	-	451,447,328
Payables for purchases of machineries, equipment and for development of plantations	812,872	5,256,463
Others	1,488,841	7,749,101
TOTAL	970,327,536	1,420,669,960
<i>In which:</i>		
<i>Other parties</i>	<i>691,265,856</i>	<i>1,355,646,448</i>
<i>Related parties (Note 35.2)</i>	<i>279,061,680</i>	<i>65,023,512</i>

20. SHORT-TERM ADVANCES FROM CUSTOMERS

Ngàn VND

	Ending balance	Beginning balance (As restated - Note 39)
Chaleun Sekong Group ("CSG") advances for acquisition of a subsidiary (Note 14)	1,937,491,633	1,937,491,633
Advances from trade customers	833,295,060	689,882,905
<i>In which:</i>		
<i>Binh Ha Livestock Joint Stock Company</i>	<i>103,163,300</i>	<i>103,163,300</i>
<i>Others</i>	<i>730,131,760</i>	<i>586,719,605</i>
Advances from customers for purchase of apartments (i)	630,303,525	519,716,566
Advances from construction services customers	194,864,544	193,716,544
TOTAL	3,595,954,762	3,340,807,648
<i>In which:</i>		
<i>Other parties</i>	<i>3,271,850,770</i>	<i>3,122,672,544</i>
<i>Related parties (Note 35.2)</i>	<i>324,103,992</i>	<i>218,135,104</i>

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

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21. STATUTORY OBLIGATIONS

VND'000

	Beginning balance (As restated - Note 39)	Increase in year	Decrease in year	Ending balance
Receivables				
Corporate income tax (Note 34.1)	1,519,411	16,311	-	1,535,722
Others	9,539,760	4,159,995	(9,221,319)	4,478,436
TOTAL	11,059,171	4,176,306	(9,221,319)	6,014,158
Payables				
Value-added tax	101,633,401	116,506,655	(182,888,068)	35,251,988
Corporate income tax (Note 34.1)	64,559,662	24,457,808	(4,655,665)	84,361,805
Personal income tax	13,038,425	17,570,045	(18,983,147)	11,625,323
Others	16,419,935	98,085,226	(47,529,943)	66,975,218
TOTAL	195,651,423	256,619,734	(254,056,823)	198,214,334

22. ACCRUED EXPENSES

VND'000

	Ending balance	Beginning balance (As restated - Note 39)
Interest expenses	1,404,781,766	730,609,649
Bond issuance cost	43,414,660	54,980,000
Operating costs	770,261,297	364,816,470
TOTAL	2,218,457,723	1,150,406,119
<i>In which:</i>		
<i>Short-term</i>	<i>1,231,386,531</i>	<i>1,146,183,578</i>
<i>Long-term</i>	<i>987,071,192</i>	<i>4,222,541</i>

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23. OTHER PAYABLES

		VND'000	
		Ending balance	Beginning balance (As restated - Note 39)
Short-term		3,755,607,293	1,234,592,114
Borrowings from other companies		472,979,606	631,779,529
Capital contributed from non-controlling shareholders (*)		1,197,000,000	-
- Hung Thang Loi Gia Lai Joint Stock Company		500,000,000	-
- Mr. Nguyen Thanh Quang		232,335,000	-
- Mr. Nguyen Manh Hung		232,330,000	-
- Ms. Vu Thi Thuy Huong		232,335,000	-
Payables for business cooperation contract ("BCC")	(i)	1,282,500,000	-
Interest expense payables		397,103,920	231,986,313
Payable for land leases		133,957,484	29,593,804
Payables to individuals		109,720,058	134,750,145
Payables for apartments maintenance fee		24,585,898	24,952,942
Others		137,760,327	181,529,381
In which:			
Other parties		1,610,676,774	794,821,784
Related parties (Note 35.2)		2,144,930,519	439,770,330
Long-term		1,269,645,155	1,011,940,829
Payables for business cooperation contract ("BCC")	(iii)	550,000,000	550,000,000
Interest expense payables		332,106,423	32,688,527
Long-term deposits	(iv)	235,056,332	225,056,393
Payable for land leases		135,669,657	202,945,354
Others		16,812,743	1,250,555
In which:			
Other parties		719,567,589	461,940,829
Related parties (Note 35.2)		550,077,566	550,000,000
TOTAL		5,025,252,448	2,246,532,943

(*) According to the Resolution of Annual Shareholder General Meeting of HNG No 1909/17/NQDHD CD-HAGL Agrico on 19 September 2017, HNG had issued 119,700,000 ordinary shares to convert these debts to equity capital at the issued price at par value of 10,000 VND per share. The issuance has been completed on 9 March 2018 (Note 40).

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23. OTHER PAYABLES (CONTINUED)

- (ii) This amount represented the contribution for the BBC contracts dated on 1 September 2017 with several individuals (related parties) for investment in fruit plantation projects. These BBCs do not required to establish separate legal entity and the profits from the projects would be shared based on the business result of the projects for 1-year term from the contract dates (Note 35.2).
- (iii) This amount represented the contribution for the BCC between Highland Dairy Cattle Joint Stock Company, a subsidiary, with An Tien Co., Ltd. ("An Tien"), a related party, for investment in beef cattle project, total amounting to VND'000 963,968,249 with duration of 5 years (from 20 May 2016 to 20 May 2021). Accordingly, An Tien will contribute VND 700 billion in the project. As 31 December 2017, An Tien committed to contribute VND 700 billion and the Group committed to contribute capital of VND'000 263,968,149 into the project. The profits from the project would be shared based on the actual capital contribution of each parties.
- (iv) This amount mainly represented the long-term deposits received from customers for the rental of commercial centre and offices at Hoang Anh Gia Lai Myanmar Center Project.

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		B09-DN/HN	
		VND '000	
		Beginning balance (As restated - Note 39)	Ending balance
		Increase	Decrease
Short-term			
Convertible bonds (Note 24.1)		-	(1,100,000,000)
Short-term banks loans (Note 24.2)		1,561,591,860	(1,941,487,546)
Current portion of long-term banks loans (Note 24.4)		565,703,539	(655,334,222)
Other loans (Note 24.5)		1,124,105,410	(1,195,910,742)
Current portion of long-term bonds		186,999,087	(1,734,099,663)
<i>In which:</i>			
Exchangeable bonds (Note 24.6)		-	(1,130,000,000)
Domestic straight bonds (Note 24.3)		186,999,087	(604,099,663)
		3,438,399,896	(6,626,832,173)
Long-term			
Domestic straight bonds (Note 24.3)		328,020,598	(872,540,427)
Long-term banks loans (Note 24.4)		849,076,919	(1,336,217,758)
Other loans (Note 24.5)		5,000,000	(296,575,750)
		1,182,097,517	(2,505,333,935)
TOTAL		4,620,497,413	(9,132,166,108)
		27,336,742,400	22,825,073,705

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CONTINUED
)

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24. LOANS (CONTINUED)

24.1 CONVERTIBLE BONDS

On 11 May 2017, Northbrooks Investment (Maritius) Pte Ltd, the bondholder of this 1,100 billion VND convertible bond has agreed to transfer the entire convertible bonds to Blue Hope Co., Ltd equivalent to 1,100,000 bond at face value of 1,000,000 VND/bond.

On 30 May 2017, Blue Hope Co., Ltd has transferred all of these convertible bonds to other six individuals.

On 6 June 2017, those six individual bondholders have exercised their rights to convert entire convertible bonds to HAG shares at the ratio of 1 bond: 125 HAG shares, at the exercised price of 8,000 VND/share resulting in total 137,500,000 new shares issued. The issuance was implemented in accordance with the Resolution of General Meeting of Shareholders No. 2205/17/NQDHDCD-HAGL on 22 May 2017, the Resolution of Board of Management No. 0506/17/NQHDQT-HAGL on 5 June 2017 and other related conversion notices.

24.2 SHORT-TERM BANK LOANS

	VND '000	
	Ending balance	Beginning balance (As restated - Note 39)
Tien Phong Commercial Joint Stock Bank ("TPBank")	321,597,754	-
Bank for Investment and Development of Vietnam ("BIDV")	171,945,940	541,434,117
Laos Viet Joint Venture Bank ("Laos - Viet Bank") - Attapeu Branch	119,898,087	349,778,076
Saigon Thuong Tin Commercial Joint Stock Bank ("Sacombank") - Cambodian Branch	80,737,650	24,157,000
Bank for Investment and Development of Cambodia ("BIDC")	34,601,850	-
Ho Chi Minh City Development Joint Stock Commercial Bank ("HD Bank"), Dong Nai Branch	-	193,307,774
TOTAL	728,781,281	1,108,676,967

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

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24. LOANS (CONTINUED)

24.2 SHORT-TERM BANKS LOANS (CONTINUED)

Details of short-term banks loans are as follows:

Bank	Ending balance VND'000	Term and maturity date	Interest rate	Collateral (Notes 10, 11, 12, 13 and 14)
BIDV, Gia Lai Branch				
Loan 1	47,253,218	From 23 February 2018 to 29 September 2018	Floating rate: 9% - 11%/p.a	Unsecured 2 floors of shopping centres in Bau Thac Gian, Ham Nghi Street, Thanh Khe Ward, Da Nang City, Viet Nam owned by HAG; 7 cars owned by HAG; 3,310,000 shares of HNG held by HAG; Land use right of 1,194,74 ha rubber plantation at Po To Commune, Gia Lai Province owned by Trung Nguyen Rubber Joint Stock Company
Loan 2	124,692,722	From 2 January 2018 to 16 April 2018	USD: 7.7 - 7.9%/p.a VND: 9.3% - 11.6%/p.a	
	171,945,940			
TP Bank				
Head Office	299,597,754	From 25 January 2018 to 29 September 2018	Equal to the interest rate of TPBank's 3 months corporate savings in VND plus the margin of 3.2%/p.a (2017: 10%/p.a)	Land use right and related assets of 180.4 ha at Kon Thup Commune, Mang Yang District, Gia Lai Province owned by Gia Lai Livestock Joint Stock Company; Land use right of 925 ha and related assets at Kratie, Cambodia owned by Eastern Rubber (Cambodia) Co., Ltd 2,000 cows for meat owned by Highland Dairy Cattle Joint Stock Company, according to Collateral Contract No 1611/2017/CNGL-BSTN dated on 16 November 2017 and Appendix Contract No 2311/2017/PLHD dated on 23 November 2017
Ho Chi Minh Branch	22,000,000	To 12 December 2018	10.5%/p.a	
	321,597,754			

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24. LOANS (CONTINUED)

24.2 SHORT-TERM BANKS LOANS (CONTINUED)

Bank	Ending balance VND'000	Term and maturity date	Interest rate	Collateral (Notes 10, 11, 12, 13 and 14)
BIDC	34,601,850	From 19 October 2018 to 27 October 2018	9%/p.a	Land use right and assets attached with constructions and projects at Civ 0030-0182; Civ0031-0183; Civ0032-0184; Civ 0036-0188; Civ 0037- 0189; Civ 0038-0190; Civ 0039- 0191; Civ 0040- 0192 owned by Eastern Rubber (Cambodia) Co., Ltd
Lao - Viet Bank, Attapeu Branch	119,898,087	To 7 September 2018	8% - 10%/p.a	Land use right of 1,001.78 ha at Laman Commune, Sekong Province, Laos and all related assets aligned with cow project and cows for meat owned by Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd
TOTAL	154,499,937			
<i>Sacombank - Cambodian Branch</i>				
Loan 1	23,067,900	To 15 June 2018	9%/p.a	Land use right at Talao Commune, Ouchum District, Ratanakiri Province and land use right at Nhang Commune; An Dong Meas District, Ratanakiri Province, Cambodia owned by Hoang Anh Oyadav Co., Ltd
Loan 2 - 4	57,669,750	From 11 April 2018 to 21 June 2018	9%/p.a	Land and Rubber plantation of Land at Sre Thmay, Khsum Commune, Snol, Kro Ches Province, Cambodia owned by Eastern Rubber (Cambodia) Co., Ltd
	80,737,650			
TOTAL	728,781,281			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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24. LOANS (CONTINUED)

24.3 DOMESTIC STRAIGHT BONDS

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

VND'000		
Arrangement organizations	Ending balance	Beginning balance
BIDV and BIDV Securities Company ("BSC")	5,876,000,000	6,546,000,000
Euro Capital Security ("ECS")	1,694,000,000	1,700,000,000
Vietnam Prosperity Bank Securities Company Limited ("VPBS")	991,000,000	1,000,000,000
Phu Gia Securities Joint Stock Company ("PHUGIASC")	930,000,000	930,000,000
ACB Securities Limited Company ("ACBS")	756,649,915	1,060,108,381
FPT Securities JSC ("FPTS") and Vietnam Prosperity Bank JSC ("VPB")	594,000,000	600,000,000
IB Securities Joint Stock Company ("IBSC") and VPB	614,000,000	614,000,000
Bond issuance cost	(88,654,497)	(121,492,558)
TOTAL	11,366,995,418	12,328,615,823
In which:		
Non-current portion	10,965,896,345	11,510,416,174
Current portion	401,099,073	818,199,649

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as at and for year ended 31 December 2017

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24. LOANS (CONTINUED)

24.3 DOMESTIC STRAIGHT BONDS (CONTINUED)

Arrangement organizations	Owner	Amount VND'000	Interest rate	Maturity date	Purpose	Description of collateral
ACBS	Viet Capital Commercial Joint Stock Bank	240,000,000	The interest rate will be equal to the average interest rate of 13 months corporate savings in VND plus the margin of 3.5%/p.a (2017: 10 - 10.9%/p.a)	From 30 June 2018 to 30 December 2020	To finance the Group's investment projects including the project of planting 10,000 ha of new rubber trees (Rattanakiri Province, Cambodia); projects of thermal power, ethanol and microbial fertilizer plants in Attapeu, Lao People's Democratic Republic ("Laos"); Nam Kong 2 hydropower project	12,960,000 HAG shares held by the Chairman; 13,405,675 HNG shares held by the Company; 45,230,000 shares of Gia Lai Livestock JSC owned by An Phu Real Estate Investment Joint Stock Company
	North Asia Commercial Joint - Stock Bank (*)	216,649,915	Average interest rate of company savings deposit in VND with the term of thirteen (13) months announced plus margin of 6.5% p.a (2017:13.8%/p.a)	27 April 2017		37,021,000 HAG shares held by the Chairman; 5,500,000 HNG shares owned by the Company; Land use right 308.4 ha fruit plantations and related asset owned by CNGI
	Viet Golden Farm JSC (*)	300,000,000	13 months deposit interest rate of Tien Phong bank plus margin of 4.5%/p.a (2017: 10%/p.a)	18 June 2023	To finance investment projects of the Group and to restructure existing debts of the Group	196,368,900 HAN shares held by HAG; Properties formed from construction of Hoang Anh Gia Lai Myanmar Center project
TOTAL		756,649,915				
In which:						
Current portion		276,649,915				

(*) As at 31 December 2017 and the date of these consolidated financial statements, the bond's covenants have been violated.

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24. LOANS (CONTINUED)

24.3 DOMESTIC STRAIGHT BONDS (CONTINUED)

Arrangement organizations	Owner	Amount VND'000	Interest rate	Maturity date	Purpose	Description of collateral
BIDV and BSC	BIDV	5,876,000,000	The average of interest rate of individual saving deposit in VND with the term of twelve (12) months announced by branches of four (4) commercial banks at Gia Lai Province including Agribank, BIDV, Vietcombank and Vietinbank plus margin of 3% per annum for subsequent periods (2017: 9.7%/p.a)	30 December 2026	To finance investment projects of the Group and to restructure existing debts of the Group	Land lease right and related assets, as follows: 4,897.5 ha in Attapeu Provinces, owned by Hoang Anh - Quang Minh Rubber Industrial; 9,996.9 ha (rubber) in Attapeu; 5,588 ha (rubber) and 2,093 ha (palm oil) Attapeu owned by (15) Hoang Anh Attapeu Agriculture Development Co., Ltd. 9,380.9 ha in Rattanakiri, Campuchia owned by Hoang Anh Andong Meas Co., Ltd. 1,960.91 ha in Rattanakiri owned by Heng Brothers Co., Ltd. 3,283.66 ha in Rattanakiri, owned by C.R.D Ltd. All assets affixed to the land and all rights, interests and benefits associated with or arising from such assets related to the land; The right of ownership and compensation when insured events arise under insurance contracts for related assets as mentioned above; 44,926,000 HAG shares held by the Chairman

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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24. LOANS (CONTINUED)

24.3 DOMESTIC STRAIGHT BONDS (CONTINUED)

Arrangement organizations	Owner	Amount VND'000	Interest rate	Maturity date	Purpose	Description of collateral
PHUG/ASC	HDBank - Dong Nai Branch	930,000,000	Adjust one every three months and cost of finance rate VND twelve (12) months announced by BIDV plus margin of 3.5%/p.a (2017: 10 - 11%/p.a)	31 December 2023	To finance investment projects of the Group and to restructure existing debts of the Group	74,070,455 HNG shares held by the Company; 10,800,000 HAG shares held by Chairman; 196,368,900 shares HAN held by the Company.
VPBS	VPB	991,000,000	The interest rate of company savings deposit in VND with the term of twelve (12) months announced by VPB plus margin of 3.5% per annum and 3.25% per annum for subsequent interest periods (2017: 10.05 - 11%/p.a)	From 28 July 2019 to 28 July 2021	To co-operate business to implement beef cattle and dairy cattle breeding project with Gia Lai Livestock Joint Stock Company (VND 600 billion) in Gia Lai Province and finance working capital of Company (VND 400 billion)	110,628,505 HNG shares held by the Company and 4,700,000 HAG shares held by the Chairman, 19,940,000 HNG shares at Daun Penh JSC and Daun Penh project with total area 73,760,785 m2 at Ratarakiri Province owned by Daun Penh Agrico Co., Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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24. LOANS (CONTINUED)

24.3 DOMESTIC STRAIGHT BONDS (CONTINUED)

Arrangement organizations	Owner	Amount VND'000	Interest rate	Maturity date	Purpose	Description of collateral
IBSC	VPB	183,000,000	The interest rate of company savings deposit in VND with the term of twelve (12) months announced by VPB plus margin of 4% per annum (2017: 10.5%/p.a)	29 December 2020	To finance investment projects of the Group and to restructure existing debts of the Group	195,345,440 HNG shares held by the Company; 7,376.08 ha of oil palm planted by Daun Penh Agrico Co., Ltd. in Chey Ou Dom Commune, Lumphat District, Ratanakiri Province, Cambodia and 4,700,000 HAG shares held by Chairman
IBSC	VPB	431,000,000	The interest rate of company savings deposit in VND with the term of twelve (12) months announced by VPB plus margin of 4% per annum (2017: 10.5% - 11.5%/p.a)	From 27 March 2018 to 27 December 2020	Restructuring of bonds interest payable of VND 1,400 billion-bond	195,345,440 HNG shares held by the Company; Land use right 7,376.08 ha of oil palm planted and related asset at Lumphat District, Ratanakiri Province owned by Daun Penh Agrico Co., Ltd. in Chey Ou Dom Commune, Lumphat District, Ratanakiri Province, Cambodia and 4,700,000 HAG shares held by Chairman
TOTAL		614,000,000				
In which:						
Current portion		124,449,158				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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24. LOANS (CONTINUED)

24.3 DOMESTIC STRAIGHT BONDS (CONTINUED)

Arrangement organizations	Owner	Amount VND'000	Interest rate	Maturity date	Purpose	Description of collateral
FPTS and VPB	VPB	594,000,000	The interest rate of company savings deposit in VND with the term of twelve (12) months announced by VPB plus margin of 4%/p.a for (2017: 10.5 - 11.4%/p.a)	27 December 2021	To implement beef cattle breeding project with Highland Dairy Cattle JSC in Ia Bang, Chu Prong District, Gia Lai Province under business cooperation contract	196,368,900 shares of HAN held by the Company; assets formed from construction of the Myanmar Trade Zone belonged to Hoang Anh Gia Lai Myanmar Co., Ltd; contributed capital of USD 51 million in Hoang Anh Gia Lai Myanmar Co., Ltd held by HAN; 225,970,000 shares of Hoang Anh Gia Lai Hydropower JSC and 195,345,440 HNG shares held by the Company; 19,940,000 shares of HNG at Daun Penh Agrico JSC; 7,376.08 ha of oil palm planted by Daun Penh Agrico Co., Ltd. in Chey Ou Dom Commune, Lumphat District, Ratanakiri Province, Cambodia
ECS (*)	VPB	1,394,000,000	the interest rate of company savings deposit in VND with the term of twelve (12) months announced by VPB plus margin of 4.5% per annum (2017: 10.8-11.6%/p.a)	From 17 August 2019 to 17 December 2021	To restructure a part of matured bond - par value at VND 2,000 billion issued on December 2012; investment in the projects including rubber and palm oil plantations in Laos and Cambodia	181,717,250 HNG shares held by the Company in which 31,000,000 HNG shares were used to secure the bonds with par value at VND 600 billion
National Citizen Bank		300,000,000		From 17 February 2017 to 17 December 2021		
TOTAL		1,694,000,000				

(*) As at 31 December 2017 and the date of these consolidated financial statements, the bond's covenants have been violated.

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(CONTINUED)

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24. LOANS (CONTINUED)

24.4 LONG-TERM BANK LOANS

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

Banks	VND'000	
	Ending balance	Beginning balance (As restated - Note 39)
Bank for Investment and Development of Vietnam ("BIDV")	2,950,770,245	3,774,468,711
Saigon Thuong Tin Commercial Joint Stock Bank ("Sacombank")	2,924,753,645	994,082,605
Laos Viet Joint Venture Bank - Attapeu Branch	1,420,718,793	1,391,677,221
Ho Chi Minh City Development Joint Stock Commercial Bank ("HDBank")	1,401,510,119	1,341,912,616
Tien Phong Commercial Joint Stock Bank ("TPbank")	1,190,141,346	2,962,524,517
TOTAL	9,887,894,148	10,464,665,670
In which:		
Non-current portion	9,308,802,300	9,795,943,139
Current portion	579,091,848	668,722,531

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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24. LOANS (CONTINUED)

24.4 LONG-TERM BANK LOANS (CONTINUED)

The terms and conditions of bank loans are as follows:

Bank	Ending balance VND'000	Term and maturity date	Interest rate	Collateral (Notes 10, 11,12, 13 and 14)
TPBank, Head Office	1,190,141,346	From 10 January 2018 to 10 December 2026	Three-month LIBOR rate in USD at the first drawdown date plus 7.8%/p.a and adjusted quarterly	Total value of future finished assets from the project "Hoang Anh Gia Lai Myanmar Commercial Centre project" and other assets owned by HAGL Myanmar Co., Ltd; 196,368,900 shares of HAN owned by the Company; 51 million USD contributed capital of HAN in HAGL Myanmar
In which:				
Current portion	119,312,780			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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24. LOANS (CONTINUED)

24.4 LONG-TERM BANK LOANS (CONTINUED)

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

Bank	Ending balance VND'000	Term and maturity date	Interest rate	Collateral (Notes 10, 11, 12, 13 and 14)
<i>BIDV, Gia Lai Branch</i>				
Loan 1 (*)	724,124,641	From 31 December 2018 to 31 December 2026	12-month savings deposit interest rate paid in arrears of BIDV in USD plus 4.7%/p.a (2017: 7.05 - 7.2%/p.a)	9,996.9 ha rubber plant and land use rights in Saysetha and Phu Vong District, Attapeu Province. Laos owned by Hoang Anh Attapeu
Loan 2 (*)	217,959,830	To 31 August 2019	12-month savings deposit interest rate paid in arrears of BIDV plus 3.2%/p.a (2017: 12.3%/p.a)	Assets formed from the loans, project of beef cattle breeding in Gia Lai Province
Loan 3	80,348,514	To 26 December 2024	12-month saving interest rate by USD of BIDV plus 5%/p.a (2017: 7%/p.a)	Assets of Nam Kong 2 hydropower project; Hoang Anh Gia Lai Head Office building and Hoang Anh Gia Lai Hotel branch
Loan 4	71,776,521	To 31 August 2019	12-month fund transfer pricing rate of BIDV plus 3.2%/p.a (2017: 9.9% - 12.3%/p.a)	Assets formed from the loans, project of beef cattle breeding in Gia Lai Province owned by Highland Diary Cattle JSC
Loan 5	65,968,272	To 31 August 2019	12-month savings deposit interest rate plus 3% p.a. but not less than first interest rate, adjust for every 3 months (2017: 9.9%/p.a)	Assets formed from the loans, project of beef cattle breeding in Gia Lai Province owned by Highland Diary Cattle JSC

(*) As at 31 December 2017 and the date of these consolidated financial statements, the loan's covenants have been violated.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

as at and for year ended 31 December 2017

24. LOANS (CONTINUED)

24.4 LONG-TERM BANK LOANS (CONTINUED)

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

Bank	Ending balance VND'000	Term and maturity date	Interest rate	Collateral (Notes 10, 11, 12, 13 and 14)
<i>BIDV, Gia Lai Branch (continued)</i>				
Loan 6	595,006,682	From 17 March 2019 to 21 December 2019	USD: 7.7 - 7.82%/p.a VND: 9.3 - 11.6%/p.a	2 floors of Apartment and Shopping mall Bau Thac Gian, Thanh Khe District, Da Nang City; 7 cars owned by HAG; Assets arising in the future of 1,194.74 ha rubber plantation at la Pa District, Gia Lai Province; 3,310,000 HNG shares held by HAG
Loan 7	575,268,050	To 20 October 2020	VND: 11.6%/p.a USD: 7.72% - 7.91%/p.a	Assets arising in the future of 1,194.74 ha rubber plantation at la Pa District and legal benefit from plantations of 1,199 ha at la Pa District, Gia Lai Province owned by Trung Nguyen Rubber JSC; Complex of buildings in Hoang Anh Gia Lai - Arsenal JMG Academy; Construction working in University of Medicine and Pharmacy of HAGL; 3,310,000 HNG shares held by HAG; 7 cars owned by HAG; 1 car owned by Hoang Anh Gia Lai Hydro Power JSC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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24. LOANS (CONTINUED)

24.4 LONG-TERM BANK LOANS (CONTINUED)

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

Bank	Ending balance VND'000	Term and maturity date	Interest rate	Collateral (Notes 10, 11, 12, 13 and 14)
BIDV, Binh Dinh Branch (continued)				
Loan 8 (*)	620,317,735	For Loan of rubber: From 25 December 2018 to 25 March 2026 For Loan of palm oil: From 25 March 2020 to 25 December 2026	12-month savings deposit interest paid in arrears of BIDV in USD plus 5% p.a (2017: 7.5%/p.a)	85 apartments in HAGL-BIDV luxury building in Dak Lak Province; Land use right and related assets of 119 apartments and office at Hoang Van Thu Building, Pleiku City, Gia Lai Province; HAGL Granite Stone factory in Gia Lai Province; Land use rights 2,332 m2 in Dong Da Ecological Lake, Quy Nhon City; Land use right 6,993.2 m2 at Phu Dong Street, Pleiku City, Gia Lai Province; A part of 4,733.01 ha rubbers plantation and 3,155.79 ha palm oil plantation of land lease right and related assets in Attapeu Province, Laos
TOTAL	2,950,770,245			
In which:				
Current portion	34,139,066			

(*) As at 31 December 2017 and the date of these consolidated financial statements, the loan's covenants have been violated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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24. LOANS (CONTINUED)

24.4 LONG-TERM BANK LOANS (CONTINUED)

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

Bank	Ending balance VND'000	Term and maturity date	Interest rate	Collateral (Notes 10, 11, 12, 13 and 14)
Sacombank, Da Nang Branch				
	262,454,605	From 24 December 2021 to 24 December 2026	Since 2018 at the 13 months deposit rate plus 2%/pa, adjusted quarterly (2017: 9.5%/p.a)	23,200,000 HAG shares held by the Chairman and 14,500,000 shares of Hoang Anh Quang Minh JSC held by HNG
Sacombank, Sai Gon Branch				
Loan 1 (*)	300,000,000	From 28 June 2020 to 28 December 2021	12 months deposit rate + 2.5% per month, adjusted 3 times per annum (2017: 10%/p.a)	Land use right 3,476.58 ha rubber and related asset in Gia Lai exploited by Cao Su Trung Nguyen JSC; Land use right 687.9 ha rubber in Ea H'leo, Ea H'leo District, Dak Lak Province, owned by Hoang Anh Dak Lak Joint Stock Company. 18,570,000 shares of HAG are held by the Chairman, 15,000,000 shares of HNG are held by the Company, 4,999,000 shares of Hoang Anh Quang Minh Rubber Joint Stock Company held of HNG
Loan 2	1,896,192,440	From 10 January 2018 to 17 June 2023	3 months LIBOR interest rate for USD at the drawdown date + 7.8%/p.a, adjusted quarterly	Total value of future finished assets from the project "Hoang Anh Gia Lai Myanmar Commercial Centre project" owned by HAGL Myanmar Co., Ltd; 196,368,900 shares of HAN owned by the Company

(*) As at 31 December 2017 and the date of these consolidated financial statements, the loan's covenants have been violated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

as at and for year ended 31 December 2017

24. LOANS (CONTINUED)

24.4 LONG-TERM BANK LOANS (CONTINUED)

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

Name of banks	Ending balance VND'000	Term and maturity date	Interest rate	Collateral (Notes 10, 11,12, 13 and 14)
<i>Sacombank, Thu Duc Branch</i>				
Loan 1 (*)	250,000,000	From 25 December 2021 to 6 December 2026	Floating rate (2017: 10 - 11.85 %/p.a)	Land use right 1,328.1 ha rubber plantation and related assets in Chu Prong District, Gia Lai Province; Land use right 479.2 ha in EAH'Leo District, Gia Lai Province amounting to 95.84 billion VND and 683.33 ha in Eah'Leo District, Gia Lai Province
Loan 2 (*)	85,000,000	From 25 April 2020 to 11 October 2021	99.5%/p.a for 1st year, then at the 13 months deposit rate plus 2.5%/pa, (2017: 9.5 %/p.a)	Land use right 1,328.1 ha rubber plantation and related assets in Ia Púch, Chu Prong District, Gia Lai Province;
Loan 3	16,100,000	From 21 July 2020 to 21 July 2022		
<i>Sacombank, Cambodia Branch</i>				
Loan 1	92,271,600	23 June 2021	9%/p.a	Land use right at Talao Commune, Ouchum District, Ratanakiri Province and Xa Nhang Commune, Andong Meas District, Ratanakiri Province
Loan 2	22,735,000	From 24 January 2019 to 24 July 2022	9%/p.a	Land use right 728.24 ha at Sre Thmay, Khsum Ward, Snol District, Kro Ches Province, Cambodia, owned by Eastern Rubber Co., Ltd.
TOTAL	2,924,753,645			
<i>In which:</i>				
<i>Current portion</i>	335,737,338			

(*) As at 31 December 2017 and the date of these consolidated financial statements, the loan's covenants have been violated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

as at and for year ended 31 December 2017

24. LOANS (CONTINUED)

24.4 LONG-TERM BANK LOANS (CONTINUED)

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

Banks	Ending balance VND'000	Term and maturity date	Interest rate	Collateral (Notes 10, 11,12, 13 and 14)
<i>Laos - Viet Bank, Attapeu Branch</i>				
Loan 1	371,030,194	From 1 August 2019 to 30 August 2020	VND: 10.5% - 11%/p.a	Assets arising from Nam Kong 3 hydropower project in Phu Vong District, Attapeu Province, Laos
Loan 2	318,153,427	From 25 November 2018 to 25 August 2022	10%/p.a	Office building of Hoang Anh Attapeu Agriculture Development Co., Ltd at Km No.31; Hatxan Commune, Xaysettha District, Attpeu Province, Laos corresponding to the map No. 17 001 0008, 0.3 ha, rubber latex production factory at Hatxan Commune, Xaysettha District, Attapeu Province, Laos and imported cows of Hoang Anh Attapeu Agriculture Development Co., Ltd; Land use right of 5,588 ha of rubber and 2,093.6 ha of palm oil in Attapeu Province, Laos and attached assets owned by Hoang Anh Attapeu Agriculture Development Co., Ltd.
Loan 3 (*)	281,180,615	From 21 June 2018 to 14 March 2023	USD: Adjust twice a year (2017: 9.5 - 11%/p.a) Lak: 13 months deposit rate + 3%, adjust twice a year (2017: 12.75 - 13.75%/p.a)	
Loan 4	115,278,714	From 25 November 2018 to 25 August 2022	8.75%/p.a	

(*) As at 31 December 2017 and the date of these consolidated financial statements, the loan's covenants have been violated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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24. LOANS (CONTINUED)

24.4 LONG-TERM BANK LOANS (CONTINUED)

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

Name of banks	Ending balance VND'000	Term and maturity date	Interest rate	Collateral (Notes 10, 11,12, 13 and 14)
Laos - Viet Bank, Attapeu Branch (continued)				
Loan 5	227,596,374	From 25 January 2019 to 25 October 2022	9.5 - 10%/p.a	Land use right of land lot 1,001.78 ha located at Laman, Xekong, Lao; All assets on land are construction works, machinery and equipment for the project of raising cattle and imported cow; Land use right 420.91 ha and related asset is rubber plantation at Laman District, Sêkong Province, Laos; All imported cow owned by Hoang Anh Quang Minh Rubber All construction instruments, materials and machinery for the construction projects of palm oil processing plant
Loan 6 (*)	107,479,469	From 25 February 2018 to 30 November 2020	Floating rate (2017: 9.5% - 10%/p.a)	
TOTAL	1,420,718,793			
In which:				
Current portion	65,989,536			

(*) As at 31 December 2017 and the date of these consolidated financial statements, the loan's covenants have been violated.

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24. LOANS (CONTINUED)

24.4 LONG-TERM BANK LOANS (CONTINUED)

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

Name of banks	Ending balance VND'000	Term and maturity date	Interest rate	Collateral (Notes 10, 11,12, 13 and 14)
HDBank - Dong Nai Branch				
Loan 1 (*)	878,127,640	From 25 June 2020 to 31 December 2023	Adjust twice a year USD: 7 - 7.5%/p.a VND: 10.5 - 12%/p.a	42,880,000 HAG shares held by Chairman and Ms Hoang Thi Ngoc Bich; Land use right 7924 ha and related assets at Ratananiki, Cambodia; Contributed capital of 13.9 millions shares owned by HNG, 6 millions shares owned by Highland Dairy Cattle JSC and 100 thousands shares owned by Gia Lai Livestock JSC at An Dong Mia JSC 196,368,090 HAN shares held by HAG
Loan 2	299,706,456	From 1 August 2019 to 30 August 2020	10.5 - 11%/p.a	
HD Bank - Gia Lai Branch				
Loan 1 (*)	99,800,000	From 30 September 2019 to 30 September 2021	12.5%/p.a	All fruit tree and exploitation right in the future of fruit plantation project and its income.
Loan 2 (*)	55,308,000	From 30 June 2018 to 30 June 2020	13%/p.a	All fruit tree and exploitation right in the future of fruit plantation project and its income; Entire cows owned by Cao Su Trung Nguyen JSC
Loan 3	10,000,000	From 30 June 2018 to 30 June 2020	12.5%/p.a	All fruit tree and exploitation right in the future of fruit plantation project and its income; Commit to pledge 15 tractors, 15 semi trailer owned by Cao Su Trung Nguyen JSC
HDBank - Dak Lak Branch	58,568,023	From 26 December 2017 to 2 December 2020	10.5%/p.a	Assets formed from the loan, cows and calf of project cattle breeding
TOTAL	1,401,510,119			
In which:				
Current portion	23,913,128			

(*) As at 31 December 2017 and the date of these consolidated financial statements, the loan's covenants have been violated.

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24. LOANS (CONTINUED)

24.5 OTHER LOANS

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

Name	Ending balance VND'000	Term and maturity date	Interest rate	Description of collateral
Other short-term loans				
Chaleun Sekong Energy Co., Ltd	315,491,358	1 January 2018	Nil	Unsecured
Gia Lai Livestock Joint Stock Company	298,000,000	28 September 2017	15%/p.a	Unsecured
Mr. Do Mai Anh Tuan (*)	75,801,860	1 September 2018	Nil	Unsecured
Nhat Hoa Real Estate Joint Stock Company (*)	49,326,836	30 June 2017 and 23 November 2018	5,5% - 13%/p.a	Unsecured
Ms. Tran Thi Huu Duyen (*)	33,529,000	27 August 2018 and 30 January 2018	7% - 10%/p.a	Unsecured
Hung Thang Loi Gia Lai Joint Stock Company	12,091,300	20 June 2018	4,2%/p.a	Unsecured
Other parties (*)	35,651,300	26 October 2016 to 24 August 2018	9% - 10%/p.a	Unsecured
Total other short-term loans	819,891,654			
<i>In which:</i>				
<i>Related parties (Note 35.2)</i>				
Other long-term loans				
Ms. Huynh Tran Thanh Phuong	5,000,000	29 June 2019	6,5%/p.a	Unsecured
Mr. Cao Duy Thinh	16,511,204	On demand	Nil	Unsecured
Total other long-term loans	21,511,204			

(*) As at 31 December 2017 and the date of consolidated financial statement, the Group has not yet made payment for matured loans amounting to VND'000 32,234,500.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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24. LOANS (CONTINUED)

24.6 EXCHANGEABLE BONDS

Detail of exchangeable bonds are as follows:

Owner	Ending balance VND'000	Beginning balance VND'000	Interest rate
Northbooks Investment Mauritius Pte Ltd (i)	-	697,000,000	Interest rate = 5%/p.a x (1+ Change in Exchange Rate) "Exchange Rate Exchanges" means the official exchange rate change between USD and VND issued by HSBC from the date of issuance of the Bonds by two working days to the date of payment of interest
Saigon Fund Management Joint Stock Company (ii)	-	433,000,000	
	-	1,130,000,000	

These unsecured bonds were obtained to finance the projects and working capital for HNG.

- (i) On 29 June 2017, Northbooks Investment Mauritius Pte Ltd, the bond holder of this exchangeable bond of VND 697 billion, has agreed to transfer this entire bonds to Glory Red Star Co., Ltd equivalent to 697,000 bond at face value of 1,000,000 VND/bond in accordance with the related transfer agreement.

On 14 July 2017, Glory Red Star Co., Ltd has transferred the entire exchangeable bonds to three (3) individuals in accordance with related bond transfer agreements.

Later on this date, parties including the Company, Hoang Anh Gia Lai Agriculture Joint Stock Company ("HNG") and the above individual bondholders, signed a debt swap agreement to swap the obligations of this bond to HNG by offsetting loans of HNG due to the Company at the same amount of VND 697 billion, in accordance with the Loan Transfer Agreement and Loan Swap Agreement dated on the same day. Accordingly, since that date, the payable obligations of exchangeable bonds has been switched to HNG, with a corresponding decrease in HNG's loans due to the Company.

On 5 March 2018, these debts have been completely exchanged to HNG share (Note 40).

- (ii) On 2 May 2017 and 20 June 2017, according to the requirement of Saigon Fund Management JSC, the Group has exchanged this bond of VND 433 billion by 43,300,000 shares of HNG. (Note 4.2)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

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24. LOANS (CONTINUED)

24.7 BONDS WITH WARRANTS

On 5 December 2012, Hoang Anh Gia Lai Agricultural Joint Stock Company (“HNG”), a subsidiary, announced the issuance of 20,000 bonds with a total value of VND 2,000 billion (the par value per bond is VND 100 million) which was arranged by VPBS. These bonds will be repaid after three (3) years and one year grace period. HNG repurchased 17,000 bonds with face value 1,700 billion VND 17 November 2015 and 3,000 remaining bonds with face value was 300 billion VND on 18 May 2016.

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

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

25. SHORT-TERM UNEARNED REVENUES

Short-term unearned revenues mainly represent the unearned profit in relation to sale transactions among the Group’s associates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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26. OWNERS' EQUITY

26.1 INCREASE AND DECREASE IN OWNERS' EQUITY

	Share capital	Share premium	Treasury shares	Foreign exchange differences	Investment and development fund	Undistributed earnings	Total
VND '000							
Previous year							
Beginning balance	7,899,679,470	3,539,078,784	(686,640)	555,077,253	279,895,303	2,023,903,249	14,296,947,419
Net losses for the year	-	-	-	-	-	(1,569,945,178)	(1,569,945,178)
Foreign exchange differences	-	-	-	70,841,555	-	-	70,841,555
Equity transactions inside Group with non-controlling interests	-	-	-	-	-	498,742,120	498,742,120
Ending balance	7,899,679,470	3,539,078,784	(686,640)	625,918,808	279,895,303	952,700,191	13,296,585,916
Current year							
Beginning balance (As restated - Note 39)	7,899,679,470	3,539,078,784	(686,640)	625,918,808	279,895,303	952,700,191	13,296,585,916
Issuance of new shares to exercise the convertible bond (Note 24.1)	1,375,000,000	(275,220,000)	-	-	-	-	1,099,780,000
Net profit for the year	-	-	-	-	-	69,588,012	69,588,012
Foreign exchange differences	-	-	-	(172,105,848)	-	-	(172,105,848)
Equity transactions inside Group with non-controlling interests	-	-	-	-	-	(319,479,088)	(319,479,088)
Ending balance	9,274,679,470	3,263,858,784	(686,640)	453,812,960	279,895,303	702,809,115	13,974,368,992

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

as at and for the year ended 31 December 2017

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26. OWNERS' EQUITY (CONTINUED)

26.2 SHARES

	Ending balance	Beginning balance
Shares authorised to be issued	927,467,947	789,967,947
Shares issued and fully paid		
<i>Ordinary shares</i>	927,467,947	789,967,947
Outstanding shares		
<i>Ordinary shares</i>	927,399,283	789,899,283
Treasury shares		
<i>Ordinary shares</i>	68,664	68,664

27. NON-CONTROLLING INTERESTS

	Ending balance	Beginning balance (As restated - Note 39)
Beginning balance <i>(As restated - Note 39)</i>	2,649,088,573	1,758,600,771
New shares issued by subsidiaries, transfer of existing shares of the subsidiaries	860,045,810	403,038,577
Profit (loss) during the year attributable to non-controlling interests	302,019,303	(612,720,882)
Acquisition/establishment of the subsidiaries	2,450,000	1,806,690,209
Acquisition of subsidiaries	-	(700,673,539)
Disposal of subsidiaries	-	(5,021,563)
Dividends paid to non-controlling interests	-	(825,000)
Ending balance	3,813,603,686	2,649,088,573

28. PROFIT (LOSSES) EARNINGS PER SHARE

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

	Ending balance	Beginning balance
Net profit (losses) attributable to ordinary shareholders of the Company (VND'000)	69,588,012	(1,569,945,178)
Weighted average number of ordinary shares during the year for basic earnings per share	868,255,447	789,899,283
Earnings (losses) per share (VND)		
- Basic earnings (losses) per share	80	(1,988)
- Diluted earnings (losses) per shares	80	(1,988)

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

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(CONTINUED)

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29. REVENUES

29.1 REVENUE FROM SALE OF GOODS AND RENDERING OF SERVICES

	Current year	Previous year (As restated - Note 39)
Gross revenue	4,841,225,074	6,712,718,981
of which:		
<i>Sale of fruits</i>	1,612,028,646	-
<i>Sale of cows</i>	759,269,479	3,470,788,385
<i>Rendering of rental services</i>	723,516,613	460,341,756
<i>Rendering of other services (hospital, hotel, adverstising, v.v.)</i>	606,673,377	328,665,956
<i>Sale of goods</i>	464,954,062	692,076,240
<i>Sale of rubber latex</i>	454,358,577	114,025,799
<i>Sale of sugar</i>	80,764,241	469,225,145
<i>Sale from contractual constructions</i>	80,381,541	87,964,779
<i>Sale of apartments</i>	59,278,538	206,880,422
<i>Transfer of real estate project</i>	-	746,985,749
<i>Sale of corn</i>	-	135,764,750
Less	-	(1,249,713)
<i>Sales returns</i>	-	(1,249,713)
Net revenue	4,841,225,074	6,711,469,268
of which:		
<i>Sale of fruits</i>	1,612,028,646	-
<i>Sale of cows</i>	759,269,479	3,470,788,385
<i>Rendering of rental services</i>	723,516,613	460,341,756
<i>Rendering of other services (hospital, hotel, adverstising, v.v.)</i>	606,673,377	328,665,956
<i>Sale of goods</i>	464,954,062	690,826,527
<i>Sale of rubber latex</i>	454,358,577	114,025,799
<i>Sale of sugar</i>	80,764,241	469,225,145
<i>Sale from contractual constructions</i>	80,381,541	87,964,779
<i>Sale of apartments</i>	59,278,538	206,880,422
<i>Transfer of real estate project</i>	-	746,985,749
<i>Sale of corn</i>	-	135,764,750
In which:		
<i>Sale from third parties</i>	4,542,622,306	6,324,095,340
<i>Sale from related parties</i>	298,602,768	387,373,928

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

as at and for the year ended 31 December 2017

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29. REVENUES (CONTINUED)

29.2 FINANCE INCOME

VND'000

	Current year	Previous year (As restated - Note 39)
Gain on disposal of equity and other investments (Note 4)	807,659,222	2,595,452
Of which:		
Group of Sugar cane Companies (Note 4.1)	699,085,038	-
Ban Me Rubber Joint Stock Company (Note 4.3)	107,418,184	-
Others	1,156,000	2,595,452
Interest income from loans to other parties	798,953,582	883,197,510
Foreign exchange gains	48,666,991	49,242,768
Interest income from bank deposits	5,437,010	14,661,623
Others	5,199,643	7,934,149
TOTAL	1,665,916,448	957,631,502
In which:		
Financial income from third parties	922,709,912	135,408,632
Financial income from related parties	743,206,536	822,222,870

30. COSTS OF GOODS SOLD AND SERVICES RENDERED

VND'000

	Current year	Previous year (As restated - Note 39)
Cost of fruits	761,235,134	-
Cost of cows	722,539,952	3,147,173,899
Cost of rendering other services (hospital, hotel, advertising, v.v.)	445,133,983	310,246,492
Cost of rendering of rental services	382,688,288	151,360,667
Cost of rubber latex	352,603,169	142,773,735
Cost of goods sold	207,694,554	522,334,412
Cost of sugar	121,119,862	685,420,213
Cost of apartments	58,761,526	184,114,451
Cost of contractual constructions	57,906,529	185,600,840
Cost from transfer of real estate project	-	578,073,073
Cost of corn	-	66,657,192
TOTAL	3,109,682,997	5,973,754,974

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31. FINANCE EXPENSES

VND'000

	Current year	Previous year (As restated - Note 39)
Interest expense on bank loans and bonds	1,585,315,746	1,628,401,688
Foreign exchange losses	63,397,561	62,268,275
Others	49,219,131	43,932,504
TOTAL	1,697,932,438	1,734,602,467

32. SELLING EXPENSE AND GENERAL AND ADMINISTRATIVE EXPENSES

VND'000

	Current year	Previous year (As restated - Note 39)
Selling expenses		
External services	101,156,821	128,214,766
Labour costs	27,962,791	20,749,208
Depreciation and amortization	3,456,575	1,573,818
Others	11,346,935	19,168,436
TOTAL	143,923,122	169,706,228
General and administrative expenses		
Allocation of goodwill	319,598,039	150,494,855
Labour costs	182,156,078	167,675,229
External services	76,519,841	68,271,282
Depreciation	35,605,584	40,337,776
Provision	8,620,401	-
Others	85,048,386	84,491,518
TOTAL	707,548,329	511,270,660

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

as at and for the year ended 31 December 2017

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33. OTHER INCOME AND EXPENSES

	Current year	Previous year (As restated - Note 39)
	VND'000	
Other income	267,202,683	176,256,524
Profit from disposal of assets	141,905,662	162,033,597
Tax exemption	97,162,878	-
Others	28,134,143	14,222,927
Other expenses	666,678,513	1,447,929,479
Costs of converting other business purpose	296,695,388	207,046,655
Loss from assessment of non-performing assets	148,035,123	762,561,783
Expenses from developing plantations	89,242,030	-
Loss from disposal of long-term assets	20,283,562	402,427,821
Depreciation of idle assets	19,122,206	25,629,519
Penalty expenses	9,350,809	11,525,716
Others	83,949,395	38,737,985
OTHER LOSS	(399,475,830)	(1,271,672,955)

34. CORPORATE INCOME TAX

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

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

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

34.1 CURRENT INCOME TAX

	Current year	Previous year (As restated - Note 39)
	VND'000	
Current CIT	24,802,221	10,311,463
Deferred tax expense	33,735,757	192,158,364
TOTAL	58,537,978	202,469,827

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34. CORPORATE INCOME TAX (CONTINUED)

34.1 CURRENT INCOME TAX (CONTINUED)

	Current year	Previous year (As restated - Note 39)
	VND'000	
Accounting profit (losses) before tax	430,145,293	(1,980,196,233)
<i>Adjustments to increase (decrease) accounting profit</i>		
Losses of subsidiaries	883,912,470	2,692,253,372
Amortisation of goodwill	319,598,040	150,494,855
Reverse (capitalization) of capitalized interest on consolidation	395,646,231	(89,797,577)
Unrealized profits eliminated on consolidation	79,350,474	45,204,947
Expenses inadequately substantiated	17,428,421	12,810,335
Penalties	16,469,211	20,886,781
Share of loss (profit) from associates	16,336,454	(11,710,281)
Others	151,576,224	31,486,404
(Gain) loss on disposals of subsidiaries on the consolidated financial statements	(878,438,276)	2,724,776
Provisions	(435,876,305)	(634,452,082)
Profit from activities which are tax exempted	(234,727,683)	(115,276,580)
Foreign exchange differences	(69,509,091)	44,076,656
Adjusted net profit before loss carried forward	691,911,463	168,505,373
Tax loss carried forward	(395,414,164)	(17,821,889)
Estimated current taxable profit	296,497,299	150,683,484
Estimated current CIT	23,210,016	10,928,559
Under (over) provision of CIT in previous year	1,592,205	(617,096)
Estimated current CIT expense for the year	24,802,221	10,311,463
CIT payable at beginning of the year	63,040,251	66,474,849
Other adjustments	(424,874)	11,678,693
CIT paid during the year	(4,591,515)	(25,424,754)
CIT payable at end of year	82,826,083	63,040,251
<i>In which:</i>		
CIT payables (Note 21)	84,361,805	64,559,662
CIT over payment (Note 21)	(1,535,722)	(1,519,411)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

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34. CORPORATE INCOME TAX (CONTINUED)

34.2 CURRENT TAX

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

34.3 DEFERRED TAX

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

VND'000

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance (As restated - Note 39)	Current year	Previous year (As restated - Note 39)
Deferred tax assets				
Unrealised profit eliminated on consolidation	105,125,055	91,119,227	14,005,828	8,177,840
	105,125,055	91,119,227	14,005,828	8,177,840
Deferred tax liabilities				
Interest expense capitalised on consolidation	207,259,809	248,544,686	(41,284,877)	59,038,281
Provision for the investments (*)	105,269,934	126,890,416	86,987,118	123,557,308
Income from sale type lease	24,411,774	17,740,615	2,039,344	17,740,615
	336,941,517	393,175,717	47,741,585	200,336,204
Net deferred tax charge to consolidated income statement			33,735,757	192,158,364

(*) The change is mainly due to the impact of disposal of Group of Sugar cane Companies.

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35. TRANSACTIONS WITH RELATED PARTIES

35.1 SIGNIFICANT TRANSACTIONS

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

VND'000

Related parties	Relationship	Transactions	Current year	Previous year
Gia Lai Livestock JSC	Associate	Lending	2,677,712,456	-
		Collection of loan receivables	940,262,537	-
		Interest income	301,409,740	216,854,465
		Purchase of goods and services	289,117,998	177,804,404
		Sales of goods and rendering of services	140,804,073	598,278,514
An Phu Real Estate Investment Joint Stock Company	Related company	Purchase of fixed assets	-	88,105,382
		Lending	1,060,273,015	-
		Collection of loan receivables	816,357,365	-
		Interest income	256,065,847	347,028,384
		Buying shares of Gia Lai Livestock JSC	-	550,000,000
Mr. Doan Nguyen Duc	Chairman	Collection of loan receivables	281,009,591	-
		BCC	240,000,000	-
		Interest income	28,909,696	81,762,040
Huynh De Construction JSC	Related company	Lending	199,900,328	-
		Interest income	14,109,705	2,106,001
Phu Hoang Anh JSC	Related company	Lending	123,872,977	-
		Interest income	33,797,024	30,469,444
Hoang Tho Co., Ltd.	Related company	Collection of loan receivables	115,917,134	-
		Interest income	11,893,703	15,119,538
Minh Tuan Trading and Services Co., Ltd.	Related company	Lending	68,079,071	54,140,386
		Interest income	8,012,666	2,492,768
HAGL Wooden and Furniture JSC	Related company	Lending	-	42,869,945
		Interest income	14,839,392	-

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35. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

35.1 SIGNIFICANT TRANSACTIONS (CONTINUED)

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

VND'000				
Related parties	Relationship	Transactions	Current year	Previous year
Dai Thang Agricultural Development Co., Ltd.	Related party	Lending	398,208,195	-
		Purchase of goods	180,570,736	38,785,483
		Sale of goods and services	99,243,127	59,194,401
		Disposal of project	-	173,143,070
Electric Construction Co., Ltd.	Related party	Sales of goods and services	24,564,938	14,817,045
		Purchase of goods and services	17,748,342	-
Thanh Binh Construction Investment Consultant Co., Ltd.	Related party	Sales of goods and services	27,735,918	2,822,196
		Interest income	16,661,083	5,555,334
Thang Long Agriculture Development Co., Ltd.	Related party	Interest income	17,019,244	-
Dai Loc Hung Thinh Co., Ltd.	Related party	Interest income	8,434,522	-
An Tien Co., Ltd.	Related party	Interest income	11,363,773	75,771
Hung Thang Loi JSC	Related party	Lending	30,091,300	-
		Interest expenses	10,170,174	-
Ms. Truong Thi Truc Thien Trang	Related party	Interest income	7,584,732	-

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as at and for the year ended 31 December 2017

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35. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

35.1 SIGNIFICANT TRANSACTIONS (CONTINUED)

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

VND'000				
Related parties	Relationship	Transactions	Current year	Previous year
Mr. Tu Minh Dang	Related party	Lending	676,200,000	-
Mr. Nguyen Quyen	Related party	Lending	935,057,000	-
Mr. Hoang Trong Hung	Related party	Lending	516,700,000	-
Ms. Ho Thi Kim Chi	Related party	BCC	55,500,000	-
Mr. Nguyen Thuong Trung	Related party	BCC	137,000,000	-
Mr. Thuy Ngoc Dung	Related party	BCC	135,000,000	-
Mr. Nguyen Ngoc Mai	Related party	BCC	140,000,000	-
Ms Nguyen Thi Hong Luyen	Related party	BCC	115,000,000	-
Mr. Tran Quang Dung	Related party	BCC	110,000,000	-
Mr. Duong Thanh Bich	Related party	BCC	150,000,000	-
Ms. Le Thuy Duong	Related party	BCC	50,000,000	-

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35. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

35.2 BALANCE OF RECEIVABLES AND PAYABLES

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

VND'000				
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Short-term trade receivables (Note 6)				
An Phu Group (*)	Related parties	(*)	496,649,239	344,923,894
Electric Construction Co., Ltd.	Related party	Rendering of construction service	65,325,049	-
		Sales of goods	3,628,478	-
Tay Nguyen Agriculture Service JSC	Related party	Sales of goods and rendering of services	40,079,827	-
Dai Thang Agricultural Development Co., Ltd.	Related party	Sales of goods and rendering of services	20,756,431	27,712,129
		Sales of fixed assets	-	90,147,433
Hoang Anh Ban Me JSC	Related party	Sales of goods	11,456,776	-
Others	Related party	Sales of goods and rendering of services	3,778,218	3,418,420
TOTAL			641,674,018	466,201,876

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

VND'000				
An Phu Group	Relationship	Transactions	Ending balance	Beginning balance
Gia Lai Livestock JSC	Associate	Sales of goods	439,883,209	339,172,635
		Rendering of construction services	18,084,773	-
		Sales of fixed assets	-	383,279
Thanh Binh Construction Investment Consultant Co., Ltd.	Related party	Rendering of construction services	27,595,944	236,310
Minh Tuan Trading and Services Co., Ltd.	Related party	Sales of goods	3,517,833	-
		Rendering of construction services	5,774,737	49,843
Others	Related party	Sales of goods and rendering of services	1,792,743	5,081,827
TOTAL			496,649,239	344,923,894

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35. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

35.2 BALANCE OF RECEIVABLES AND PAYABLES (CONTINUED)

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

VND'000				
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Short-term advances to suppliers (Note 7)				
An Phu Group (*)	Related parties	(*)	410,301,606	716,225,859
Electric Construction Co., Ltd.	Related party	Advances for purchasing goods	2,569,366	-
		Advances for designation works	-	15,056,000
East Asia Investment and Construction Consultant JSC	Associate			
TOTAL			412,870,972	731,281,859

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

VND'000				
An Phu Group	Relationship	Transactions	Ending balance	Beginning balance
Gia Lai Livestock JSC	Associate	Advances for purchase of goods and services	397,012,296	702,918,509
		Advances for purchase of goods and services	13,016,410	13,034,450
Hoang Tho Material Co., Ltd.	Related party			
Huynh De Construction Corporation	Related party	Advances for construction contracts	272,900	272,900
TOTAL			410,301,606	716,225,859

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35. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

35.2 BALANCE OF RECEIVABLES AND PAYABLES (CONTINUED)

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

VND'000				
Related parties	Relationship	Interest	Ending balance	Beginning balance
Short-term loan receivables (Note 8)				
An Phu Group (*)	Related parties	(*)	1,090,388,994	1,760,073,732
Mr. Nguyen Quyen	Related party		935,057,000	-
Mr. Tu Minh Dang	Related party		676,200,000	-
Mr. Hoang Trong Hung	Related party		516,700,000	-
Dai Thang Agricultural Development Co., Ltd.	Related party	10,81% - 15%	445,627,940	-
Thang Long Agriculture Development Co., Ltd.	Related party		49,900,700	61,397,808
Mr. Doan Nguyen Duc	Chairman	10%	33,990,410	-
Long Thinh JSC	Related party	12%	4,170,750	-
Hoang Anh Ban Me JSC	Related party	12%	2,925,526	-
Hoang Anh Real Estate Administrative Services Corporation	Related party		-	500,000
Truc Thinh Trading and Services Co., Ltd.	Related party		-	126,017,532
Van Phuc Hung Co., Ltd.	Related party		-	14,130,278
Others	Related parties		-	14,500,000
TOTAL			3,754,961,320	1,976,619,350

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35. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

35.2 BALANCE OF RECEIVABLES AND PAYABLES (CONTINUED)

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

VND'000				
An Phu Group	Relationship	Interest %/p.a	Ending balance	Beginning balance
An Phu Real Estate Investment JSC	Related party	12% - 15%	626,466,204	726,516,211
Gia Lai Livestock JSC	Associate	9.75% - 12%	185,994,550	660,000,000
Thanh Binh Construction and Investment Consultant Co., Ltd.	Related party	12%	123,299,907	-
An Tien Co., Ltd.	Related party	11,29% - 15,73%	93,000,000	14,500,000
Dai Loc Hung Thinh Co., Ltd.	Related party	10%	61,628,333	-
Phu Hoang Anh JSC	Related party		-	189,000,000
Hoang Tho Material Co., Ltd.	Related party		-	115,917,134
Minh Tuan Trading and Services Co., Ltd.	Related party		-	54,140,387
TOTAL			1,090,388,994	1,760,073,732

Related parties	Relationship	Transactions	Ending balance	Beginning balance
Other short-term receivables (Note 9)				
An Phu Group (*)	Related parties	(*)	497,088,437	1,247,505,988
Mr. Doan Nguyen Duc	Chairman	Interest income	33,288,967	3,894,640
Dai Thang Agricultural Development Co., Ltd.	Related party	Lending	19,016,297	132,565,744
Thang Long Agriculture Development Co., Ltd.	Related party	Payment on behalf	7,005,910	-
Mr. Phan Thanh Thu	Council's member	Advance	1,853,367	1,600,000
Ms. Nguyen Thi Nga	Related party	Interest income	-	2,329,167
Ms. Nguyen Thi Kim Loan	Related party	Interest income	-	2,329,167
Ms. Truong Thi Truc Thien Trang	Related party	Interest income	-	1,501,070
Others	Related party	Interest income and lending	611,627	693,553
TOTAL			558,864,605	1,392,419,329

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35. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

35.2 BALANCE OF RECEIVABLES AND PAYABLES (CONTINUED)

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

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

VND'000				
An Phu Group	Relationship	Transaction	Ending balance	Beginning balance
Phu Hoang Anh JSC	Related party	Interest income	159,626,905	143,698,819
		Payment on behalf	-	2,440,389
Gia Lai Livestock JSC	Associate	Interest income	156,386,695	35,315,529
		Lending	28,124,334	3,759,760
		Payment on behalf	31,807,278	20,976,758
An Phu Real Estate Investment JSC	Related party	Interest income	44,353,801	925,412,956
An Tien Co., Ltd.	Related party	Interest income	21,806,304	18,058,649
Dai Loc Hung Thinh Co., Ltd.	Related party	Interest income	21,557,241	13,122,719
Thanh Binh Construction and Investment Consultant Co., Ltd.	Related party	Interest income	18,228,000	11,110,667
Hoang Anh Me Kong JSC	Related party	Payment on behalf	12,624,059	12,624,059
HAGL Wooden and Furniture JSC	Related party	Payment on behalf	2,556,565	2,530,531
		Interest income	-	14,452,574
Huynh De Construction JSC	Related party	Interest income	17,255	2,728,820
Hoang Tho Material Co., Ltd.	Related party	Interest income	-	23,465,186
Minh Tuan Trading and Services Co., Ltd.	Related party	Interest income	-	10,406,208
		Payment on behalf	-	7,402,364
TOTAL			497,088,437	1,247,505,988

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35. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

35.2 BALANCE OF RECEIVABLES AND PAYABLES (CONTINUED)

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

VND'000				
Related parties	Relationship	Interest %/p.a	Ending balance	Beginning balance
Long-term loan receivables (Note 8)				
An Phu Group (*)	Related companies	(*)	7,435,714,993	4,485,825,825
Dai Thang Agricultural Development Co., Ltd.	Related party	8% -15%	54,052,853	-
Hoang Anh Ban Me JSC	Related party	12%	23,193,100	-
Mr. Doan Nguyen Duc	Chairman		-	300,000,000
Ms. Nguyen Thi Nga	Related party		-	150,000,000
Ms. Nguyen Thi Kim Loan	Related party		-	125,340,957
Ms. Truong Thi Truc Thien Trang	Related party		-	96,670,000
Van Phuc Hung Co., Ltd.	Related party		-	30,048,554
TOTAL			7,512,960,946	5,187,885,336

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35. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

35.2 BALANCE OF RECEIVABLES AND PAYABLES (CONTINUED)

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

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

VND'000				
An Phu Group	Relationship	Interest %/p.a	Ending balance	Beginning balance
Gia Lai Livestock JSC	Associate	9.75% - 12%	3,491,345,993	1,229,890,624
An Phu Real Estate Investment JSC	Related party	12% - 15%	1,834,926,927	1,490,961,271
Dai Loc Hung Thinh Co., Ltd.	Related party		710,000,000	771,628,333
Saigon Mekong Investing JSC	Related party	6,5% - 10,5%	381,703,227	381,703,227
Phu Hoang Anh JSC	Related party	12%	358,488,312	45,615,335
Huynh De Construction JSC	Related party	13%	196,731,113	14,651,980
Hoang Anh Gia Lai Wooden Furniture JSC	Related party	10%	136,261,796	141,231,796
Hoang Tho Material Co., Ltd.	Related party		105,110,065	105,110,065
Minh Tuan Trading and Services Co., Ltd.	Related party	10%	75,481,435	-
Thanh Binh Construction and Investment Consultant Co., Ltd.	Related party		75,000,000	212,033,194
Phuc Bao Minh Trading and Services Co., Ltd.	Related party	10%	50,000,000	-
An Tien Co., Ltd.	Related party		20,666,125	93,000,000
TOTAL			7,435,714,993	4,485,825,825

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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35. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

35.2 BALANCE OF RECEIVABLES AND PAYABLES (CONTINUED)

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

VND'000				
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Other long-term receivables (Note 9)				
An Phu Group	Related parties	(*)	639,920,595	191,007,172
Thang Long Agricultural Development Co., Ltd.	Related party	Lending	130,284,692	295,543,906
Dai Thang Agricultural Development Co., Ltd.	Related party	Lending	117,720,096	102,439,202
		Interest income	2,551,686	-
TOTAL			890,477,069	588,990,280

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

VND'000				
An Phu Group	Relationship	Transactions	Ending balance	Beginning balance
Gia Lai Livestock JSC	Associate	Interest income	260,327,064	60,368,691
		BCC receivable	125,750,980	109,650,981
An Phu Real Estate Investment JSC	Related party	Interest income	161,975,432	20,987,500
Hoang Anh Gia Lai Wooden Furniture JSC	Related party	Interest income	31,061,435	-
Phu Hoang Anh JSC	Related party	Interest income	20,488,121	-
Phuc Bao Minh Trading and Services Co., Ltd.	Related party	Interest income	12,905,556	-
Huynh De Construction JSC	Related party	Interest income	12,522,211	-
Thanh Binh Construction and Investment Consultant Co., Ltd.	Related party	Interest income	9,543,750	-
Minh Tuan Trading and Services Co., Ltd.	Related party	Lending	4,099,189	-
An Tien Co., Ltd.	Related party	Lending	1,246,857	-
TOTAL			639,920,595	191,007,172

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as at and for the year ended 31 December 2017

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35. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

35.2 BALANCE OF RECEIVABLES AND PAYABLES (CONTINUED)

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

VND'000				
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Short-term trade payables (Note 19)				
Gia Lai Livestock JSC	Associate	Purchase of goods and services	(102,076,936)	(57,589,718)
Hoang Anh Gia Lai Wooden Furniture JSC	Related party	Purchase of goods and services	(84,221,566)	(4,172,853)
Dai Thang Agricultural Development Co., Ltd.	Related party	Purchase of goods and services	(83,166,966)	(3,195,941)
Hoang Tho Material Co., Ltd.	Related party	Purchase of goods and services	(9,328,145)	-
Others related parties	Related parties	Purchase of goods and services	(268,067)	(65,000)
TOTAL			(279,061,680)	(65,023,512)
Short-term advances from customers (Note 20)				
Gia Lai Livestock JSC	Associate	Advance for construction services	(194,864,544)	(193,716,544)
Dai Thang Agricultural Development Co., Ltd.	Related party	Advance for sales of goods and services	(128,617,878)	(24,395,000)
Others related parties	Related parties	Advance for sales of construction contract and goods	(621,570)	(23,560)
TOTAL			(324,103,992)	(218,135,104)

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35. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

35.2 BALANCE OF RECEIVABLES AND PAYABLES (CONTINUED)

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

VND'000				
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Short-term other payables (Note 23)				
Hung Thang Loi Gia Lai JSC	Related company	Temporary borrowings	(500,000,000)	-
		Interest expense	(10,120,174)	-
Gia Lai Livestock JSC	Associate	Temporary borrowings	(250,098,890)	(404,622,014)
		Interest expense	(40,329,333)	-
Mr Doan Nguyen Duc	Chairman	BCC	(240,000,000)	-
Tay Nguyen Agriculture Service JSC	Related company	BCC	(150,000,000)	-
		Temporary borrowings	(4,100,000)	-
Mr. Duong Thanh Bich	Related party	BCC	(150,000,000)	-
Mr. Nguyen Ngoc Mai	Related party	BCC	(140,000,000)	-
Mr. Nguyen Thuong Trung	Related party	BCC	(137,000,000)	-
Mr. Thuy Ngoc Dung	Related party	BCC	(135,000,000)	-
Ms. Nguyen Thi Hong Luyen	Related party	BCC	(115,000,000)	-
Mr. Tran Quang Dung	Related party	BCC	(110,000,000)	-
Ms. Ho Thi Kim Chi	Related party	BCC	(55,500,000)	-
Ms. Le Thuy Duong	Related party	BCC	(50,000,000)	-
East Asia Investment and Construction Consultant JSC	Related party	Temporary borrowings	(10,666,989)	-
Saigon Mekong Investment JSC	Related party	Temporary borrowings	(6,450,000)	(6,450,000)
Hoang Anh Ban me JSC	Related party	Temporary borrowings	(5,711,421)	-
An Phu Real Estate Investment JSC	Related party	Temporary borrowings	(3,000,000)	-
An Tien Co., Ltd.	Related party	Temporary borrowings	(2,654,276)	(4,688,276)
		Dividend	(2,034,000)	-
Mr. Duong Hoang Bac	Related party	Temporary borrowings	(1,958,300)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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35. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

35.2 BALANCE OF RECEIVABLES AND PAYABLES (CONTINUED)

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

VND'000				
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Other short-term payables (continued) (Note 23)				
Ms. Vo Thi My Hanh	Council's member	Temporary borrowings	(1,883,196)	(23,204,111)
Huynh De Construction JSC	Related party	Temporary borrowings	(22,147,125)	-
Others related parties	Related parties	Others	(1,276,815)	(805,929)
TOTAL			(2,144,930,519)	(439,770,330)
Other long-term payables (Note 23)				
An Tien Co., Ltd.	Related company	BCC	(550,000,000)	(550,000,000)
Saigon Mekong Investment JSC	Related company	Long-term deposit	(77,566)	-
TOTAL			(550,077,566)	(550,000,000)
Short-term loans (Note 24)				
Gia Lai Livestock JSC	Associate	Loan	(298,000,000)	-
Hung Thang Loi	Related party	Loan	(12,091,300)	(12,091,300)
Gia Lai JSC	Related party			
Mr Duong Hoang Bac	Related party	Loan	(7,823,000)	(7,823,000)
TOTAL			(317,914,300)	(19,914,300)
Long-term loans (Note 24)				
Gia Lai Livestock JSC	Associate	Loan	-	(298,000,000)

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35. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

35.3 AN PHU GROUP RECEIVABLES

Amounts due to from An Phu Group were as follows (Extracted from Note 35.2):

VND'000		
	Ending balance	Beginning balance
Short-term trade receivables	496,649,239	344,923,894
Short-term advance to suppliers	410,301,606	716,225,859
Short-term loan receivables	1,090,388,994	1,760,073,732
Other short-term receivables	497,088,437	1,247,505,988
Long-term loan receivables	7,435,714,993	4,485,825,825
Other long-term receivables	639,920,595	191,007,172
TOTAL	10,570,063,864	8,745,562,470

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

35.4 REMUNERATION FOR THE MEMBER OF THE BOARD OF MANAGEMENT, THE BOARD OF SUPERVISORS, THE BOARD OF DIRECTORS AND THE BOARD'S SECRETARY

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

VND'000		
	Current year	Previous year
<i>Board of Management and Board of Directors</i>		
Salary	10,309,200	9,950,242
<i>Board of Supervisors</i>		
Salary	1,548,000	2,292,856
<i>Board's secretary</i>		
Salary	132,000	545,858
TOTAL	11,989,200	12,788,956

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36. COMMITMENTS

Operating lease commitments

As a lease

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

	Ending balance	Beginning balance
Less than one year	98,021,128	106,719,092
From one to five years	709,537,635	465,335,080
More than five years	7,397,081,714	9,237,157,505
TOTAL	8,204,640,477	9,809,211,677

As lessor

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

	Ending balance	Beginning balance
Less than one year	503,493,109	518,841,583
From one to five years	1,408,159,977	1,101,680,953
More than five years	751,033,002	366,713,252
TOTAL	2,662,686,088	1,987,235,788

Capital commitments for construction works

At 31 December 2017, the Group has contractual commitments for the construction works for its real estates projects as follows:

	Commitment amount	Recognised amount	Remaining commitment
Real estate			
Myanmar Center project	9,810,680,000	4,948,240,616	4,862,439,384

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36. COMMITMENTS (CONTINUED)

The significant commitment in the yea

According to the Share Transfer Agreement and the related Agreement Minute dated on 22 May 2017 and 15 June 2017, respectively, between the Group and the acquirers, the Group is committed to unconditional and irrevocable liability, fines, indemnities, financial obligations and /or any guarantee commitments, debt acknowledgment and other security measures (whether existing or not yet reflected or contingent) that the Sugar Cane Group. It is obligatory for any third party (including the Government of Laos and/or the Government of Vietnam) arising on or before 31 August 2016 but not yet recognized in the consolidated financial statements for the period ended at 31 August 2016 of the Sugar Cane Group, including but not limited to those liabilities:

- (a) Taxes, charges and fees on profit remittance from Sugar Cane Group in Laos to its parent companies located in Vietnam in accordance with the laws of Laos and Vietnam;
- (b) Foreign contractor tax or similar tax on construction and site clearance works related to sugar cane mill and sugar cane plantations area of the Sugar Cane Group;
- (c) Social insurance, health insurance and personal income tax of employees working for the Sugar Cane Group;
- (d) Value-added tax relating to the transfer of assets of grassroots and cattle operation of the Group of Sugar cane Companies; and

Other potential financial obligations, tax obligations, liability and lawsuit, litigation related to the business activities of the Sugar Cane Group prior to 31 August 2016.

Warranty provision for the airport projects

As at 31 December 2017, the Group is in progress to construct and complete remaining works of two airport projects namely The Attapeu Airport Construction Project at Attapeu Province and The Nongkhang Airport Construction Project at Huaphan Province, Lao People’s Democratic Republic. The Group did not recognise provision for warranty for the two projects, because these projects have not been handed-over to contractors.

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

37. OFF BALANCE SHEET ITEMS

ITEM	Ending balance	Beginning balance
Foreign currencies:		
- Laos KIP (LAK)	1,307,232,151	10,435,442,239
- Myanmar Kyat (MMK)	525,633,509	1,901,281,258
- Cambodia Riels (KHR)	215,851,975	111,306,843
- Thai Baht (THB)	3,093,096	7,078,908
- United States Dollar (USD)	3,083,091	7,610,333
- Euro (EUR)	7,143	1,864

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38. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the Group’s risks and rates of return are affected predominantly by differences in the products and services provided. Secondary information is reported geographically. The Group’s operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Transfer prices between business segments are set on an arm’s length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment results of its operations include transfers between business segments. Those transfers are eliminated in preparation of the consolidated financial statements.

The Group’s geographical segments are based on the location of the Group’s assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

38.1 BUSINESS SEGMENT

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

as at and for year ended 31 December 2017

38. SEGMENT INFORMATION (CONTINUED)

38.1 BUSINESS SEGMENT (CONTINUED)

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VND '000

	Real estate	Production	Trading and services	Construction	Agriculture	Power	Eliminations	Total
For the year ended 31 December 2016								
Revenue								
External customers	953,866,171	665,878,781	789,007,713	87,964,779	4,214,751,824	-	-	6,711,469,268
Inter-segment elimination	-	416,293,248	54,029,012	42,484,635	429,817,238	-	(942,624,133)	-
Total	953,866,171	1,082,172,029	843,036,725	130,449,414	4,644,569,062	-	(942,624,133)	6,711,469,268
Segment results	191,678,647	166,450,008	327,400,554	(97,636,061)	149,821,146	-	-	737,714,294
Unallocated expenses								(1,952,649,843)
Loss before income tax, financial income and financial expense								(1,214,935,549)
Financial income								957,631,502
Financial expense								(1,734,602,467)
Share loss from associates								11,710,281
Losses before tax								(1,980,196,233)
Current income tax expense								(10,311,463)
Deferred income tax expense								(192,158,364)
Loss after tax for the year								(2,182,666,060)
As at 31 December 2016								
Assets and liabilities								
Segment assets	9,068,581,022	5,232,962,907	388,182,296	92,703,352	28,805,213,026	3,402,022,433	-	46,989,665,036
Cash of the Group								794,326,175
Investments in associates								865,766,030
Unallocated assets								3,475,954,789
Total assets								52,125,712,030
Segment liabilities								(39,809,500,186)
Unallocated liabilities	(5,798,123,703)	(7,606,733,577)	(363,576,683)	(952,269,847)	(21,936,000,629)	(3,152,795,747)	-	3,629,462,645
Total liabilities								(36,180,037,541)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

as at and for year ended 31 December 2017

38. SEGMENT INFORMATION (CONTINUED)

38.1 BUSINESS SEGMENT (CONTINUED)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

as at and for year ended 31 December 2017

38. SEGMENT INFORMATION (CONTINUED)

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38.2 GEOGRAPHICAL SEGMENT

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

	Vietnam	Laos	Cambodia	Myanmar	Others	Total
VND '000						
For the year ended 31 December 2016						
Revenue						
Sales to external customers	3,232,724,397	2,515,150,041	64,613,336	791,097,759	107,883,735	6,711,469,268
Capital expenditure	1,615,131,773	941,132,740	363,692,108	457,265,687	-	3,377,222,308
As at 31 December 2016						
Other segment information						
Segment assets	15,862,889,549	16,487,184,492	8,246,170,760	6,376,451,163	49,986,162	47,022,682,126
Cash						794,326,175
Investment in associates						865,766,030
Unallocated assets						3,442,937,699
Total assets						52,125,712,030
For the year ended 31 December 2017						
Revenue						
Sales to external customers	2,095,062,446	1,331,396,451	185,986,793	1,108,579,730	120,199,654	4,841,225,074
Capital expenditure	236,117,052	711,056,002	320,878,133	30,068,437	7,019	1,298,126,643
As at 31 December 2017						
Other segment information						
Segment assets	16,833,346,285	15,622,303,647	9,765,409,189	6,301,084,842	55,124,130	48,577,268,093
Cash						141,473,491
Investment in associates						847,332,517
Unallocated assets						3,496,053,555
Total assets						53,062,127,656

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

as at and for the year ended 31 December 2017

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

Completion of the transfer of entire equity interest in Sugar Cane Group

The Group transferred the key management positions of Hoang Anh Gia Lai Sugar Cane Joint Stock Company and Hoang Anh Attapeu Sugar Cane Company Limited (“Sugar cane Group”) together with the operation rights of the sugar cane mill, sugar cane plantations and other related assets in Laos to another third party since 31 August 2016. As at the date of 31 December 2016 consolidated financial statements of the Group, the legal and administrative process was still in progress, however the Group’s management confirmed that it has lose control over the Sugar Cane Group after 31 August 2016. Accordingly, the Group’s management has included the balance sheet as at 31 August 2016, income statement and cash flow statement for the 8-month period then ended of the Sugar Cane Group into the Group’s consolidated financial statements for the year ended 31 December 2016.

During the current year, the legal and administrative process of the above transaction has been completed on 22 May 2017. Accordingly, the Group’s management re-assessed and confirmed that the Group has effectively lost all control over the Sugar Cane Group from this date and decided to make restatements to the Group’s consolidated financial statements for the year ended 31 December 2016 by the inclusion of the financial statements of Sugar Cane Group for the year ended as at 31 December 2016 into the Group’s consolidated financial statements for the same period.

After receiving the key management positions, operation rights of sugar cane mill, sugar cane plantation and other related assets since 31 August 2016, the Board of Directors of the Sugar Cane Group has performed the inventory stock-take and revaluation on other assets in conformity to its new business model. Accordingly, some assets have been written-down or written-off as appropriate.

Recognition of Sale type lease at Hoang Anh Gia Lai Myanmar Center project

During the current year, the Group’s management restated the impact resulting from the change in accounting policy on revenue recognition of certain long-term lease contracts at Hoang Anh Gia Lai Myanmar Center project, from recognizing on a straight-line basis over the lease terms in the preceding years to the one-time recognition of the entire amount received in advance in accordance with the prevailing guidance in Circular 200. Accordingly, these restatements resulted in the recognition of additional sales of VND’000 263,508,149; increasing cost of goods sold of VND’000 184,660,970 and deferred tax expense of VND’000 17,740,615 on the Group’s consolidated income statement for the year ended 31 December 2016, with corresponding increase in the Group’s consolidated undistributed earnings as at 31 December 2016 amounting to VND’000 61,106,564 and several other impacted accounts on the Group’s consolidated balance sheet as at 31 December 2016.

In addition, certain corresponding figures on the Group’s consolidated balance sheet as at 31 December 2016 have been reclassified to reflect the presentation of the current year’s consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

as at and for the year ended 31 December 2017

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39. RESTATEMENT AND RECLASSIFICATION OF PRIOR YEAR’S CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Details of such restatements and reclassification of corresponding figures are as follows:

	31 December 2016 (Previously presented)	Restatement and reclassification	31 December 2016 (After restated and reclassified)
VND’000			
Consolidated balance sheet			
A Current assets	9,394,220,363	(224,530,590)	9,169,689,773
I. Cash	791,208,293	3,117,882	794,326,175
II. Current accounts receivable	6,768,206,227	(56,852,541)	6,711,353,686
Short-term trade receivables	1,772,653,862	(1,180,432)	1,771,473,430
Short-term advances to suppliers	1,316,838,516	(8,510,142)	1,308,328,374
Short-term loans receivables	2,034,357,256	(16,528,881)	2,017,828,375
Other short-term receivables	1,672,681,113	(29,834,784)	1,642,846,329
Provision for short-term receivables	(28,324,520)	(798,302)	(29,122,822)
III. Inventories	1,789,466,577	(176,355,025)	1,613,111,552
Inventories	1,822,154,682	(23,918,187)	1,798,236,495
Provision for obsolete inventories	(32,688,105)	(152,436,838)	(185,124,943)
IV. Other current assets	45,339,266	5,559,094	50,898,360
Short-term prepaid expenses	7,961,305	5,041,183	13,002,488
Value-added tax deductible	26,318,790	517,911	26,836,701

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

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39. RESTATEMENT AND RECLASSIFICATION OF PRIOR YEAR'S CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

VND'000

	31 December 2016 (Previously stated)	Restatement and reclassification	31 December 2016 (after restated and reclassified)
Consolidated balance sheet (continued)			
B Non-current assets	43,369,249,238	(413,226,981)	42,956,022,257
I. Long-term receivables	6,350,659,266	32,971,989	6,383,631,255
Other long-term receivables	633,288,523	32,971,989	666,260,512
II. Fixed assets	10,017,094,697	(259,438,936)	9,757,655,761
Tangible fixed assets	8,664,993,197	(223,766,943)	8,441,226,254
- Cost	10,076,814,951	(193,374,161)	9,883,440,790
- Accumulated depreciation	(1,411,821,754)	(30,392,782)	(1,442,214,536)
Intangible fixed assets	1,352,101,500	(35,671,993)	1,316,429,507
- Cost	1,429,539,847	(36,581,445)	1,392,958,402
- Accumulated amortisation	(77,438,347)	909,452	(76,528,895)
III. Investment properties	3,510,539,222	(121,749,573)	3,388,789,649
- Cost	3,567,861,308	(123,110,213)	3,444,751,095
- Accumulated depreciation	(57,322,086)	1,360,640	(55,961,446)
IV. Long-term assets in progress	17,983,864,412	9,874,415	17,993,738,827
Construction in progress	17,983,864,412	9,874,415	17,993,738,827
VI. Other long-term assets	4,629,203,708	(74,884,876)	4,554,318,832
Long-term prepaid expenses	1,497,175,881	(74,884,876)	1,422,291,005
Total assets	52,763,469,601	(637,757,571)	52,125,712,030
A Liabilities	36,113,695,179	66,342,362	36,180,037,541
I. Current liabilities	12,676,074,032	462,707,762	13,138,781,794
Short-term trade payables	1,319,409,776	101,260,184	1,420,669,960
Short-term advances from customers	3,546,000,509	(205,192,861)	3,340,807,648
Statutory obligations	195,748,396	(96,973)	195,651,423
Payables to employees	74,235,298	(1,640,193)	72,595,105
Short-term accrued expenses	846,456,575	299,727,003	1,146,183,578
Other short-term payables	1,485,617,649	(251,025,535)	1,234,592,114
Short-term loans	5,197,619,996	519,676,137	5,717,296,133
II. Non-current liabilities	23,437,621,147	(396,365,400)	23,041,255,747
Other long-term liabilities	1,424,575,759	(412,634,930)	1,011,940,829
Long-term loans	21,444,223,545	175,222,722	21,619,446,267
Deferred tax liabilities	287,204,877	105,970,840	393,175,717
Long-term provisions	277,394,425	(264,924,032)	12,470,393
B Owners' equity	16,649,774,422	(704,099,933)	15,945,674,489
I. Equity	16,649,774,422	(704,099,933)	15,945,674,489
Foreign exchange differences	650,139,359	(24,220,551)	625,918,808
Undistributed earnings	1,391,155,127	(438,454,936)	952,700,191
- Undistributed earnings up to Previous year	2,527,805,613	(5,160,244)	2,522,645,369
- Accumulated losses	(1,136,650,486)	(433,294,692)	(1,569,945,178)
Non-controlling interests	2,890,513,019	(241,424,446)	2,649,088,573

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

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39. RESTATEMENT AND RECLASSIFICATION OF PRIOR YEAR'S CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

VND'000

	31 December 2016 (Previously stated)	Restatement and reclassification	31 December 2016 (after restated and reclassified)
Consolidated income statement			
Revenue from sale of goods and rendering of services	6,441,028,981	271,690,000	6,712,718,981
Net revenue from sale of goods and rendering of services	6,439,779,268	271,690,000	6,711,469,268
Cost of goods sold and services rendered	(5,430,638,742)	(543,116,232)	(5,973,754,974)
Gross profit from sale of goods and rendering of services	1,009,140,526	(271,426,232)	737,714,294
Finance income	947,916,097	9,715,405	957,631,502
Finance expenses	(1,674,519,826)	(60,082,641)	(1,734,602,467)
- In which: Interest expense	(1,579,381,993)	(49,019,695)	(1,628,401,688)
Selling expenses	(169,154,415)	(551,813)	(169,706,228)
General and administrative expenses	(501,564,190)	(9,706,470)	(511,270,660)
Operating loss	(376,471,527)	(332,051,751)	(708,523,278)
Other income	176,199,117	57,407	176,256,524
Other expenses	(1,206,015,281)	(241,914,198)	(1,447,929,479)
Other loss	(1,029,816,164)	(241,856,791)	(1,271,672,955)
Accounting loss before tax	(1,406,287,691)	(573,908,542)	(1,980,196,233)
Deferred income tax expense	(86,187,524)	(105,970,840)	(192,158,364)
Net loss after tax	(1,502,786,678)	(679,879,382)	(2,182,666,060)
- Non-controlling interests	(366,136,192)	(246,584,690)	(612,720,882)
- Shareholders of the parent	(1,136,650,486)	(433,294,692)	(1,569,945,178)
Basic loss per share and diluted loss per share			
- Basic loss (VND)	(1,439)	(549)	(1,988)
- Diluted loss (VND)	(1,439)	(549)	(1,988)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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39. RESTATEMENT AND RECLASSIFICATION OF PRIOR YEAR'S CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	31 December 2016 (Previously stated)	Restatement and reclassification	VND'000 31 December 2016 (after restated and reclassified)
Consolidated cashflow statement			
I. Cash flows from operating activities			
Accounting loss before tax	(1,406,287,691)	(573,908,542)	(1,980,196,233)
Depreciation and amortisation of fixed assets	774,966,464	30,761,890	805,728,354
Provisions	45,528,933	159,536,601	205,065,534
Foreign exchange gains arising from revaluation of monetary accounts	33,309,004	(6,203,999)	27,105,005
Gain from investing activities	(767,018,139)	(78,848,367)	(845,866,506)
Interest expense	1,579,381,993	49,019,695	1,628,401,688
Operating profit (loss) before changes in working capital	259,880,564	(419,642,722)	(159,762,158)
Increase in receivables	1,119,197,170	(655,814,993)	463,382,177
Increase in inventories	1,293,921,678	60,546,736	1,354,468,414
Increase in payables	1,067,210,872	148,858,193	1,216,069,065
Decrease in prepaid expenses	(120,577,118)	69,843,693	(50,733,425)
Interest paid	(1,417,691,509)	(28,711,891)	(1,446,403,400)
Net cash flows from operating activities	2,176,460,345	(824,920,984)	1,351,539,361
II. Cash flows from investing activities			
Purchase, construction of fixed assets and other long-term assets	(3,895,058,904)	170,177,268	(3,724,881,636)
Proceeds from disposals of fixed assets and other long-term assets	1,711,964,916	(539,165)	1,711,425,751
Loans to other entities	(3,351,481,274)	16,528,881	(3,334,952,393)
Net cash flows used in investing activities	(3,361,757,153)	186,166,984	(3,175,590,169)
III. Cash flows from financing activities			
Drawdown of borrowings	4,868,173,006	666,092,433	5,534,265,439
Net cash flows from financing activities	913,476,300	666,092,433	1,579,568,733
Net cash flows used in the year	(271,820,508)	27,338,433	(244,482,075)
Impact of exchange rate fluctuation	95,062,106	(24,220,551)	70,841,555
Cash at end of the year	791,208,293	3,117,882	794,326,175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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40. EVENTS AFTER THE BALANCE SHEET DATE

Acquisition of subsidiaries/ disposal of subsidiaries

On 26 January 2018, the Group's Board of Management had approved the establishment of Hoang Anh Sai Gon Hydropower Joint Stock Company ("TDSG") with the registered ownership of 99% and authorized capital amounting to 50 billion VND.

On 31 January 2018, the Group transferred the entire share capital in Heygo Food Joint Stock Company, formerly a subsidiary, to Ms. Nguyen Thi Minh Hien. Accordingly, Heygo Food Joint Stock Company is no longer a subsidiary of the Group since that date.

Subsequently, on 20 March 2018, Highland Dairy Cattle Joint Stock Company, the Group's subsidiary, transferred entire its investment in an associate - Gia Lai Livestock Joint Stock Company (at interest of 23.46%) to Heygo Food Joint Stock Company. Accordingly, Gia Lai Livestock Joint Stock Company is no longer the Group's associate since that date.

New share issuance of Hoang Anh Gia Lai Agriculture Joint Stock Company - HNG

On 9 March 2018, HNG, the Group's subsidiary, completed the issuance of 119,700,000 ordinary shares to swap the debts to non-controlling shareholders at the price of VND 10,000 per share (par value 10,000 VND/share) in accordance with the Resolutions of the General Meeting of Shareholders and related Board of Directors. Accordingly, the registered share capital of HNG increased from VND'000 7,671,438,950 to VND'000 8,868,438,950. As at the reporting date, HNG has received the 16th amended Business Registration Certificate issued by the Department of Planning and Investment of Gia Lai Province approving such increase of HNG's share capital.

Acquisition of Hung Thang Loi Gia Lai Joint Stock Company and its subsidiary - Developing Agriculture Dai Thang One Member Limited Company

On 16 March 2018, the Group has acquired 98% equity interest in Hung Thang Loi Gia Lai Joint Stock Company ("HTLGL") from its existing shareholders for a total consideration of VND'000 2,477,146,000. Thereafter, HTLGL has become a subsidiary of the Group since that date.

HTLGL is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Enterprise Registration Certificate No. 5901046432, issued by the Department of Planning and Investment of Gia Lai Province on 12 October 2016. The current principal activities of HTLGL is planting and trading fruits.

On the acquisition date, HTLGL is holding 100% of ownership in Dai Thang Agriculture Development One Member Limited Company ("DT"), a limited liability company with one member incorporated under the Law of Laos in accordance with the Permanent Enterprise Registration Certificate No. 026-16/TT.CPS on 19 December 2016. The current principal activities of DT is developing 1,625 ha of fruit trees in Champasak Province, Laos.

Except for the above events, there has been no other significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the accompanying consolidated financial statements.



NNguyen Van Tien
Preparer
30 March 2018



Duong Hoang Bac
Chief Accountant



Vo Truong Son
General Director



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