



SUSTAINABLE AGRICULTURE DEVELOPMENT



ENHANCED VALUE



ANNUAL
REPORT 2019

ANNUAL REPORT 2019 ■ HOANG ANH GIA LAI JOINT STOCK COMPANY



“ *Clean and sustainable agriculture is the orientation that the Group has consistently pursued and developed. Accordingly, the Group is constantly researching and improving production to bring high quality agricultural products to consumers and contribute economic value to localities.* ”

SUSTAINABLE AGRICULTURE DEVELOPMENT ENHANCED VALUE



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MESSAGE FROM THE BOD CHAIRMAN



The BOD Chairman
Doan Nguyen Duc

Dear distinguished shareholders, investors, banks and partners,

In 2019, although the business situation is still facing many difficulties, Hoang Anh Gia Lai Group (“HAGL”) expended a great deal of effort to make substantial invest in developing fruit trees, continuing to restructure the Group in the direction of focus on agribusiness, and divest from non-core sectors, thus reducing loan balance.

By the end of 2019, HAGL had over 20,000 hectares of fruit plantation (excluding the area that its subsidiaries transferred to THADI Company) and more than 30,000 hectares of rubber, of which banana accounts for about half, contributing to generation of major revenue in 2019 and will continue to grow in the following years. Other fruits such as jackfruit and mango have been harvested and have good prospects, creating a foundation for revenue growth in the future.

Regarding business and financial restructuring, HAGL has completed the transfer of Hoang Anh Myanmar project and hydropower projects. In addition, the Group also transferred subsidiaries of the rubber company group of Dong Duong, Dong Penh Agrico and Trung Nguyen to solve the Group’s liquidity needs, pay bank loans and scale up investment in development of fruit plantation area. By the end of 2019, the total bank loan

balance subsided to VND 12,700 billion (the beginning of the year “was VND” 18,000 billion). The result represents remarkable efforts of all HAGL employees.

The period of late 2019 to early 2020, witnessed the outbreak of Covid-19 pandemic worldwide, causing detrimental impacts on production and business activities, from labor sources to the supply of materials, harvest, transportation, consumption etc. By the time of preparing this annual report, the pandemic was undergoing crisis and complicated development and difficult to predict the end. Therefore, HAGL set a goal for 2020 to maintain good care of existing fruit plantations, stabilize jobs and income for workers, actively control and prevent epidemics, and maintain health for the workers, to keep order and security in the project area, sustain distribution channels and foster

The fruit plantation area of

20,000 ha

generated a major source of revenue in 2019 and constant growth is expected in the coming years.



“Concerning income statement, as HAGL is in the stage of investing in industry conversion and plant structure, there arise losses due to the conversion cost and the disposal of assets attached to the previous plantations while more than half of the fruit plantation area is in basic construction. These losses will gradually diminish and HAGL will try to shift to profitable before long...”

customer relation, etc. Besides, HAGL will negotiate with banks on debt charge-off and rescheduling, cutting down on interest rates to deal with the difficulties and consequences of the epidemic. Preserving shareholders’ tremendous assets are the ultimate goal in 2020.

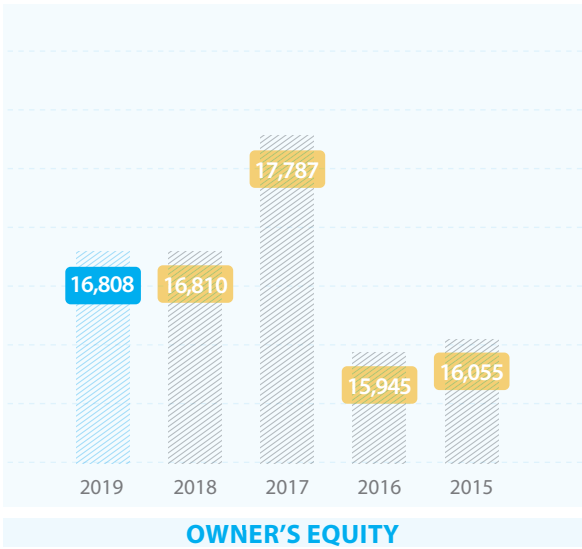
The leaders of HAGL Group believe that the Covid-19 epidemic will come to an end, and the world economy in general and Vietnam in particular will recover. Producing vital products, fruit business will get a great opportunity for good growth when the economy is restarted. With the motto of stabilizing production and business, financial restructuring to adapt to difficulties and with Government solutions to support the economy, HAGL Group will continue to exist and develop, maintaining jobs for workers and preserving immense wealth for its shareholders.

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

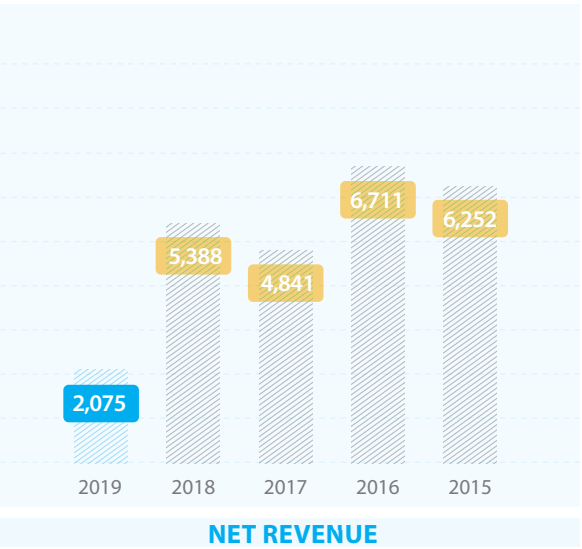
Regards,


Doan Nguyen Duc

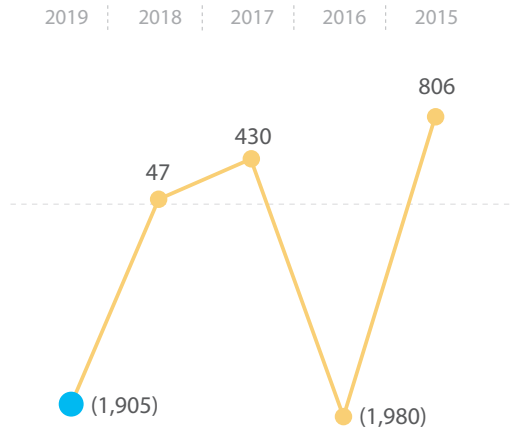
BASIC FINANCIAL INFORMATION



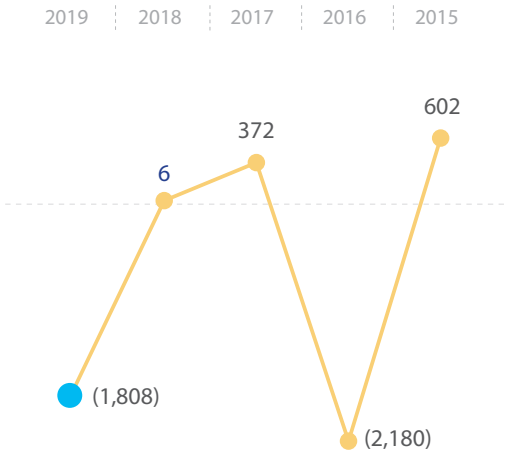
OWNER'S EQUITY
(VND BILLION)



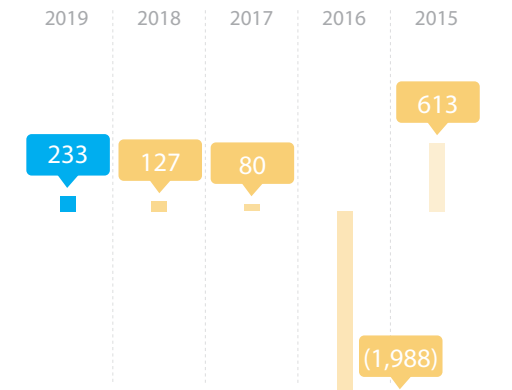
NET REVENUE
(VND BILLION)



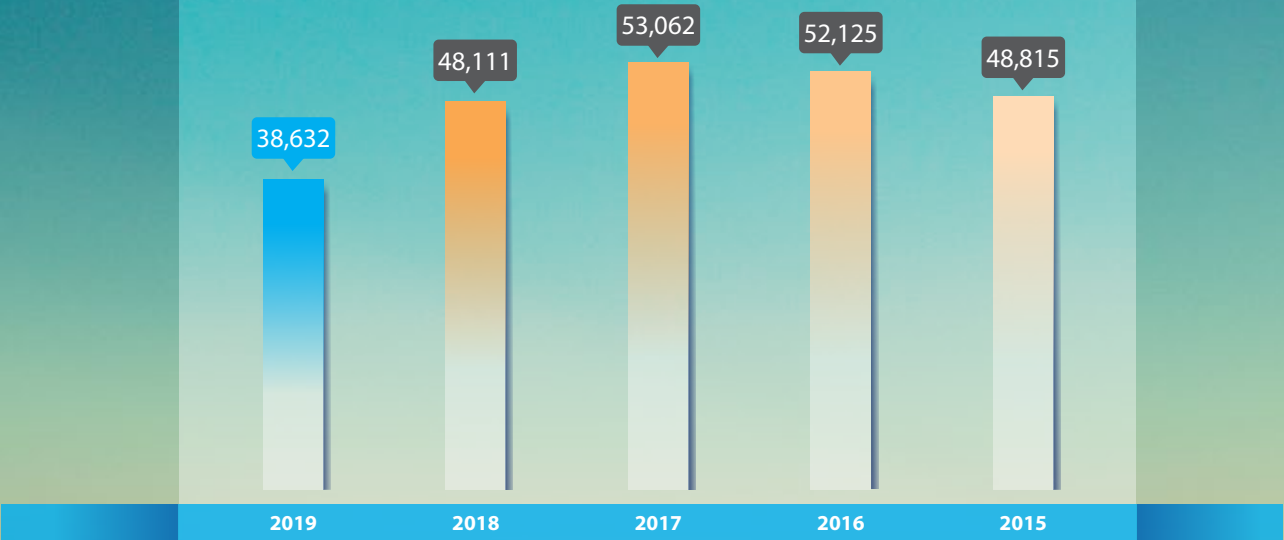
PROFIT BEFORE TAX
(VND BILLION)



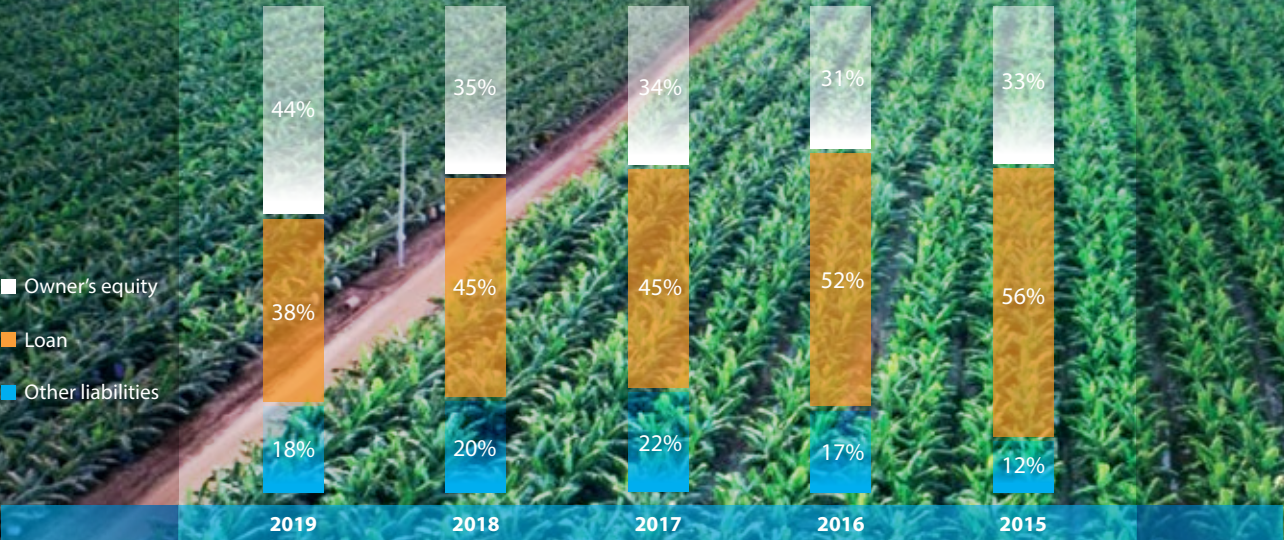
PROFIT AFTER TAX
(VND BILLION)



EARNING PER SHARE
(VND)



TOTAL ASSETS
(VND BILLION)



LIABILITIES AND OWNER'S EQUITY



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CONCENTRATING RESOURCES, UNLOCKING POTENTIAL

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GENERAL INFORMATION



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

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:
HAGL



 Charter Capital
9,274,679,470,000 VND

 Securities Code
HAG

 FACE VALUE
10,000 VND

 Total number of shares:
927,467,947 SHARE

BUSINESS REGISTRATION CERTIFICATE

Business code
5900377720

First business registration
01/06/2006

Business Registration Certificate
NO. 3903000083 dated 1st June, 2006 granted by the Department of Planning and Investment of Gia Lai Province (registered for the first)

The 30th Amended certificate
on March 30th, 2018

SIGNIFICANT MILESTONES

1990 - 1993

START-UP STAGE

Private enterprise: Woodwork

1990

A small wooden furniture workshop

1993

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



2002 - 2012

PUBLIC STAGE

Public company: Real estate was the key business while strategies of diversification were being de-veloped

2002

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

2006 - 2007

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

2008 - 2010

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

2011 - 2012

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

2013 - 2018

STAGE OF BUSINESS AND FINANCE RESTRUCTURING

Shifting business line to agribusiness including fruits, rubber, oil palm

Rubber

- Total area: **31,085 ha**

Oil palm

- Total area: **10,755 ha**

Fruits

- Total area: **18,675 ha**

From 2019 2019 - now

SUSTAINABLE AGRICULTURE DEVELOPMENT

Vigorously expanding fruit planting area from 20,559 ha to 30,000 ha in Indochina, applying up-to-date technology to achieve perfection of planting, caring, harvesting, preservation, enhancing productivity and increase yield of first-rate fruits

REMARKABLE EVENTS

DEPUTY PRIME MINISTER VUONG DINH HUE VISITED HOANG ANH MYANMAR CENTRE



In the official visit to the Federal Republic of Myanmar, in the afternoon of June 19, Deputy Prime Minister Vuong Dinh Hue visited Hoang Anh Myanmar Center project invested by HAGL Group.

Reporting to Deputy Prime Minister, Chairman of HAGL Group Doan Nguyen Duc said: Hoang Anh Gia Lai is one of the leading private Vietnamese corporations making offshore investment. It is a complex of Commercial Center, Office for rent, 5-star hotel and Apartment households. The total investment of the project was about USD 440 million. In December 2015, HAGL brought the Trade Center and two office buildings into operation. Myanmar Plaza commercial center has the total leasing area of over 32,000 m².

From the date of operation until now, we have offered jobs to nearly 1,000 local employees with stable income, generating a revenue of USD over 180 million by the end of May 2019. Myanmar Center complex is regarded as a symbol of economic cooperation and investment between Vietnam and Myanmar.

In the up-coming development strategy of HAGL Group and through strategic cooperation with THACO, we will focus on sustainable agriculture development and step by step withdraw from other businesses. Accordingly, THACO Group will support the development of Phase 2 of the Project. Two parties will work together to complete the project as committed to the Government of Myanmar, introducing Vietnamese real estate brand into this potential market.

Deputy Prime Minister Vuong Dinh Hue said that she was very proud of the HAGL Myanmar Center visting the project. HAGL has successfully developed Phase 1. And, THACO will continue to create more values during Phase 2. Deputy Prime Minister believes that the cooperation of HAGL and THACO would write many major stories and provide a bridge to the promotion of trade, tourism and investment cooperation between Vietnam and Myanmar.

ANNIVERSARY OF THE ONE-YEAR THACO AND HOANG ANH GIA LAI STRATEGIC COOPERATION

September 9, 2019 in Ho Chi Minh City, witnessed the celebration of one-year strategic cooperation between THACO and Hoang Anh Gia Lai (HAGL). The ceremony was attended by Mr. Nguyen Xuan Cuong - Member of Central Party Committee, Minister of Agriculture and Rural Development, leaders of some central agencies, provinces and cities, and partners of THACO and HAGL.

At the ceremony, Mr. Doan Nguyen Duc - Chairman of HAGL shared: the fruitful cooperation over the past year between the two businesses has achieved beneficial results and HAGL has actually escaped from the situation hanging by a hair, and entering a new steady and prosperous development. This will not only maintain jobs for more than 30,000 workers but also create jobs for more than 60,000 workers in the near future in Vietnam, Laos, Cambodia and Myanmar.

In his speech at the ceremony, THACO President Tran Ba Duong said the celebration marked the initial successful cooperation of THACO and HAGL. Over the past one year,



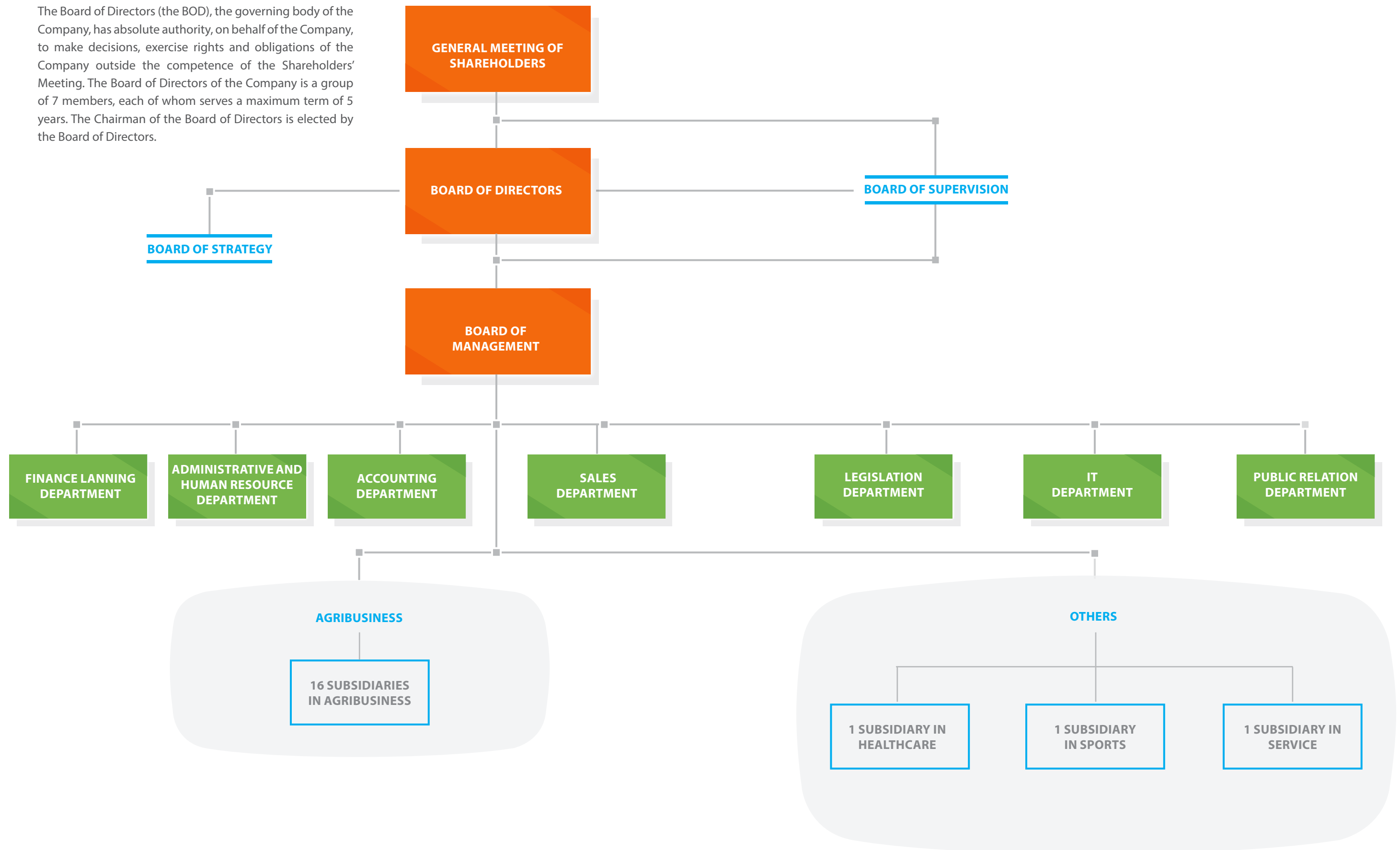
THACO has made great efforts to fulfill its commitment to achieve the highest goal that strategic cooperation has set, helping HAGL to overcome the extremely challenging period. And, it also achieved implementation of a breakthrough in the strategy for future development, in order to make HAGL International Agriculture Joint Stock Company (HNG) soon become a large-scale agricultural corporation in the industrial direction, complying with food safety standards, creating a value chain for tropical fruit trees in Vietnam's agricultural sector in its participation in the global market.

ADMINISTRATION MODEL



ADMINISTRATIVE ORGANIZATION

The Board of Directors (the BOD), the governing body of the Company, has absolute authority, on behalf of the Company, to make decisions, exercise rights and obligations of the Company outside the competence of the Shareholders' Meeting. The Board of Directors of the Company is a group of 7 members, each of whom serves a maximum term of 5 years. The Chairman of the Board of Directors is elected by the Board of Directors.



BUSINESS LINE



FRUIT SEGMENT

In 2019, the fruit tree sector played a key role in the operation structure of HAGL with more than 15 types of trees. By 2019, HAGL had grown 20,000 hectares in Vietnam, Laos and Cambodia.

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



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

Key fruit products:

- **BANANA:** The total area of banana plantations of HAGL by the end of 2018 was 10,000 ha. Fresh bananas are the key product generating the biggest revenue to the Company. With the advantage of large scale, steady year round supply, invariable quality by Global GAP standards, the product has been presented in most major supermarket chains of China. In addition, the company is also gradually expanding the market to Japan, Korea, Thailand and Singapore
- **DRAGON FRUIT:** In 2019, this fruit was grown over an area of about 1,000 ha, yielding more than 14,000 tons. Dragon fruit plantations adopt Israeli drip irrigation technology and tending process by Global GAP standards for export.



RUBBER

In the past year, HAGL maintained and tended 31,085 hectares of rubber, of which 18,200 hectares were grown in Laos, and 1,680 hectares in Vietnam and 11,205 hectares in Cambodia.

HAGL is operating a rubber latex processing factory with a capacity of 25,000 tons/year in Laos. It is expected that by 2022, the whole area of rubber will have been exploited.

PROPERTY

By the end of 2019, the Group had completed divestment of interest from property segment.

OTHERS

HAGL Medical and Pharmaceutical University Hospital in 2019 continued to bring in profit. Although it has not yet accounted for a large proportion in the total revenue of the Group, the Hospital has made important contributions to the society, helping HAGL to participate in charitable activities and also considerably enabling healthcare and treatment for personnel and employees of the Group.

Football: Sports activities continue to be maintained to contribute to the development of Vietnamese football in particular and the society in general.

RELATED COMPANIES

As at 31/12/2019

No.	Subsidiary	Address as recorded in BRC	Holding (%)
Agribusiness			
1	Hoang Anh Gia Lai Agricultural Joint Stock Company	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	47.41
2	Hoang Anh Gia Lai Import-Export Trading One Member Co., Ltd.	859 Truong Chinh, Chi Lang Ward, Pleiku City, Gia Lai Province, Vietnam	47.41
3	Hoang Anh - Quang Minh Rubber Joint Stock Company	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	46.35
4	Hoang Anh - Quang Minh Rubber Industry and Agriculture Co., Ltd.	Cha Lam May village, Tha Teng District, Xekong Province, Laos	46.35
5	Hoang Anh Dak Lak Joint Stock Company	40 Hung Vuong, Tu An Ward, Buon Me Thuoc City, Daklak Province, Vietnam	47.18
6	Hoang Anh Attapeu Agriculture Development Co., Ltd.	Km 31, Sa Mak Khi Xay District, Attapeu Province, Laos	47.41
7	Hoang Anh An Dong Meas Co., Ltd.	Village 3, Srae Angkrong, Koun Mom, Ratanakiri Province, Cambodia	46.35
8	Hoang Anh Oyadav Co., Ltd.	Tes Anlong village, Boeung Kanseng Ward, Banlung City, Rattanakiri Province, Cambodia	47.41
9	Heng Brothers Co., Ltd.	Tes Anlong village, Boeung Kanseng Ward, Banlung City, Rattanakiri Province, Cambodia	47.41
10	CRD Co., Ltd.	Tes Anlong village, Boeung Kanseng Ward, Banlung City, Rattanakiri Province, Cambodia	47.41
11	Hoang Anh Rattanakiri Co., Ltd.	Tes Anlong village, Boeung Kanseng Ward, Banlung City, Rattanakiri Province, Cambodia	47.41
12	Highland Dairy Cattle Joint Stock Company	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	46.93
13	An Dong Mia Joint Stock Company	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	47.36
14	Hoang Anh Lumphat One Member Co., Ltd.	Srepok Thum village, Serei Mongkol commune, Koun Mom district, Rattanakiri province, Cambodia	47.36
15	Hung Thang Loi Joint Stock Company	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	78.22
16	Dai Thang Agricultural Development Co., Ltd.	Nongeyoiy Village, Pakse District, Champasak Province, Laos	78.22
Construction, Trading & Services			
17	Hoang Anh Gia Lai Sports Joint Stock Company	15 Truong Chinh, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam	60.41
18	Hoang Anh Gia Lai Hospital Joint Stock Company	238 Le Duan, Tra Ba Ward, Pleiku City, Gia Lai Province, Vietnam	99.50
19	Hoang Anh Gia Lai Vientiane Co., Ltd.	Vatchan village, Chanthabouly District, Vientiane, Laos	100.00

No.	Associate	Address as recorded in BRC	Holding (%)
1	Bidiphar Rubber Associate Joint Stock Company	498 Nguyen Thai Hoc, Quang Trung Ward, Quy Nhon City, Binh Dinh, Vietnam	49.14
2	East Asia Investment and Construction Consultant Joint Stock Company	7/1 Thanh Thai, Ward 14, District 10, HCM City, Vietnam	25.00



Fruit plantation area

20,559 ha

The signing of the strategic cooperation agreement with Truong Hai Auto Corporation proves to be a vital factor to HAGL's existence and development. Truong Hai has financed the Group (HNG)'s agribusiness to invest in expanding the areas of fruit trees and paying due debts.



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ENHANCING
VALUES,
UPHOLDING
FAITH

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INFORMATION ON THE BOARD OF DIRECTORS



MR. DOAN NGUYEN DUC

The BOD Chairman
Year of birth: 1963

Working experience:

- 1992 - now:
Hoang Anh Gia Lai Joint Stock Company

Current position at HAGL:

Chairman of the BOD

Other managerial titles:

The BOD Chairman 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:

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

Current position at HAGL:

BOD member and General Director

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



MR. DOAN NGUYEN THU

BOD member
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
- 2006 - now: Hoang Anh Gia Lai JSC

Current position at HAGL:

BOD member

Other titles: none



MR. NGUYEN VAN MINH

BOD member & Deputy General Director
Year of birth: 1959

Qualifications:

Agro Engineer

Working experience:

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

Current position at HAGL:

BOD member and Deputy General Director

Other titles: The BOD Chairman of Quang Minh Rubber JSC



MS. VO THI HUYEN LAN

BOD member
Year of birth: 1971

Qualifications:

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

Working experience:

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

Current position at HAGL:

BOD member

Other titles:

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



MS. VO THI MY HANH

BOD member
Year of birth: 1977

Qualifications:

Bachelor of Law, Master of Business Administration

Working experience:

- 2001 - 2006: Sales Manager at Hoang Anh Sole Proprietorship Enterprise
- 2006 - 2008: Deputy Director at Hoang Anh Gia Lai Furniture Factory Branch
- 2009:
 - January - April 2009: Deputy of Investment planning & Project department of Hoang Anh Gia Lai
 - From 04/2009: Deputy Director at Hoang Anh Gia Lai Hydropower JSC
- December 2014 - April 2017: Deputy General Director at Hoang Anh Gia Lai Agricultural JSC
- February 2017 - May 2017: Deputy CFO at MPU Hoang Anh Gia Lai Hospital
- From May 2017: General Director at Hoang Anh Gia Lai Agricultural JSC

Current position at HAGL:

BOD member

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



MR. PHAN THANH THU

BOD member
Year of birth: 1963

Qualifications:

Hue Music arts

Working experience:

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

Current position at HAGL:

BOD member

Other titles: none

INFORMATION ON THE BOARD OF MANAGEMENT



MR. VO TRUONG SON
General Director
Year of birth: 1973
(For more information, see page 22)



MR. DOAN NGUYEN THU
BOD member (resigned from 13/06/2019)
Year of birth: 1977
(For more information, see page 22)



MR. NGUYEN VAN MINH
Deputy GD
Year of birth: 1959
(For more information, see page 22)



MS. HO THI KIM CHI
Deputy GD
Year of birth: 1976
Qualifications:
Bachelor of Business Administration
Working experience:
- 1998 - 2006: Hoang Anh Gia Lai Sole Proprietorship Enterprise
- 2006 now: Hoang Anh Gia Lai JSC
Current position at HAGL:
Deputy General Director

INFORMATION ON THE BOARD OF SUPERVISION



MS. DO TRAN THUY TRANG
Head of the Board of Supervision
Year of birth: 1970
Qualifications:
Bachelor of Economics, Bachelor of Law, Auditor Certificate
Working experience:
- 1992 - 2007: Auditor of A&C Auditing and Consulting Co., Ltd.
- 2008 - 2012: CFO of Saigon Me Kong Investment Joint Stock Company
- 2012 - 2014: Deputy Director in charge of finance of Saigon Mekong Investment Joint Stock Company
- 2015 - May, 2017: Deputy Director in charge of Finance of Indochina Cow Joint Stock Company
- From June, 2017: Chief Accountant of Heygo Food JSC
Current position at HAGL:
Head of the Board of Supervision



MR. NGUYEN TAN ANH
BOS member
Year of birth: 1970
Qualifications:
Bachelor
Working experience:
- 1995 - 2005: Journalist at Thanh Nien newspaper
- From 2005: Hoang Anh Gia Lai Joint Stock Company
- From April, 2006: Director - Hoang Anh Housing Development and Construction JSC
- From November, 2018: Director - Hoang Anh Gia Lai Sports JSC
Current position at HAGL:
Member of the Board of Supervision



MS NGUYEN THI HUYEN
BOS member
Year of birth: 1974
Qualifications:
Bachelor of Foreign Language
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 Assistan
- 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

INFORMATION ON THE BOARD OF STRATEGY

MR. LY XUAN HAI
Director of the Board of Strategy
Year of birth: 1965

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

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

ORGANIZATION AND HUMAN RESOURCES



Asserting that “Human is the key to success” and the key to the sustainable development of the business, HAGL has always placed importance on building a highly qualified and experienced management team and enthusiastic, well-trained staff members. This is the driving force which helps HAGL overcome the adversities and stay consistent on the road ahead.



ORGANIZATION AND HUMAN RESOURCES

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

Over the past years, HAGL conducted restructuring, divesting and focused on developing its major sector, agribusiness. The total number of employees in 2018 was 30,000 2/3 of whom were seasonal workers and 1/3 permanently employed.

WORKFORCE

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

RECRUITMENT AND TRAINING POLICIES

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

Recruitment is conducted under a strict procedure to 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.

Every year, the Group provides many short-term job-relate for workers in respective segments, and runs many short-term internal training to introduce new technology, working process, thus improving capability. As for managerial executives, the Company always attaches importance to enhancing their expertise, accessibility and applications of world's advanced methods of management.

The Group's total workforce force in 2019

30,000 employees

2/3 were seasonal workers & 1/3 permanently employed



As oriented towards long-term investment, students and employees are sent to National Universities of Laos, Cambodia to learn their native languages as well as professions then they will return and work at the Group's project sites.

REMUNERATION, BONUS AND WELFARE

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

Periodically at HAGL Medicine and Pharmacy University Hospital, the Group provides medical examination and treatment 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, etc. to the far-off plantations to create favorable conditions for work and entertainment of its employees.

REPORT ON OPERATIONS IN 2019

PRODUCTION AND BUSINESS RESULTS



In 2019, the Group's total revenue was only VND 2,075 billion, a decrease of 61% compared against 2018.

ITEM	2019 (VND billion)	2018 (VND billion)	Increase/ (Decrease) as compared to that of 2018 (VND billion)
Net revenue	2,075	5,388	(3,313)
Gross profit	228	2,735	(2,147)
Profit before tax	(1,905)	48	(1,953)
Profit after tax	(1,809)	6	(1,815)
Profit after tax of the Parent company	217	118	99

Revenue from fruit sales

VND **1,275** billion



Revenue from sales of fruits reached VND 1.275 billion accounting for **61.45%** of the total revenue. Gross profit reached VND 269 billion and gross profit margin 21.1%. This is HAGL's major revenue as well as gross profit in 2019 and the following years. However, during the year the Group encountered flooded plantations in Laos due to natural disasters in September 2019, resulting in a sharp decline in revenue and gross profit margin. On the other hand, when preparing the 2019 business plan the Group did not consider disposal of some subsidiaries to generate liquidity, so the revenue of these subsidiaries is included.



Revenue from rubber latex sales

VND **342** billion

Revenue from sales of rubber latex reached VND 342 billion accounting for **16.48%** of the total revenue. 2019 saw a rebound, which however, was a slight increase, in the rubber price, so it was a moderate exploitation awaiting a better increase in the price.

Revenue from rendering of other services reached VND 234 billion accounting for 11.28% of the total revenue. Gross profit reached VND 32 billion and gross profit margin reached **13.68%**, mainly from medical services of HAGL Medical and Pharmaceutical University Hospital and hotel business, v.v.

Revenue from service provision

VND **234** billion



Revenue from sales of goods reached VND 182 billion accounting for 8.77% of the total revenue. Gross profit reached VND 42 billion and gross profit margin reached **23.08%**, mainly provision of goods and materials for agribusiness.

Revenue from sales of goods

VND **182** billion



Revenue from sales of chilli, pepper and cow

VND **42** billion



Revenue from sales of chilli, pepper and cow reached VND 42 billion accounting for **2.02%** of the total revenue.

REPORT ON OPERATIONS IN 2019

(continued)

FINANCIAL POSITION



ITEM	2019 (VND billion)	2018 (VND billion)	Increase/ (Decrease)
Total assets	38,632	48,111	(9,479)
Total liabilities	21,824	31,301	(9,477)
In which:			
Short-term loans	3,752	4,733	(980)
Convertible bonds	-	2,217	(2,217)
Long-term loans	10,946	14,804	(3,858)
Other loans and debts	7,126	9,547	(2,421)

Assets

As at 31/12/2019, total asset value was VND 38,632 billion, a decrease of 19.7% accounting for VND 9,479 billion compared to that of the same period in 2018. Such a decrease was mainly because in 2019 the Group transferred a number of subsidiaries in agribusiness to Thadi Agriculture Farming Processing & Distribution Joint Stock Company. 2019 also witnessed the Group's disposal of property, hydro power and concentration on agribusiness only.

Liabilities

As at 31/12/2019, the total liabilities amounted to VND 21,824 billion, a decrease of 30.3% accounting for VND 9,477 billion compared to that of the same period in 2018. Other short-term and long-term payables decreased during the year because the Group finally settled all of its bonds before maturity to restructure its finances. In addition, in 2019, Truong Hai Auto Joint Stock Company ("THACO") also converted a bond package worth VND 2,217 billion into shares of Hoang Anh Gia Lai International Agriculture Joint Stock Company (HNG) on August 9,2019. Besides, other liabilities decreased due to the Group's completion of disposal of the hydropower resulting in decrease in advances from customers, and payables for business cooperation contracts.

FINANCIAL RATIOS

RATIO	2019	2018
Liquidity		
Current ratio	0.87	0.50
Quick ratio	0.60	0.39
Capital structure		
Total loans and debts/ Total assets	0.38	0.45
Total loans and debts/ Owner's equity	0.87	1.29
Earning power		
Profit after tax / Net revenue	(87.2%)	0.1%
Profit after tax / Owner's equity	(10.8%)	0.0%
Profit after tax / Total assets	(4.7%)	0.0%
Operating profit / Net revenue	(27.4%)	17.5%



Generally, 2019 saw definite improvement in liquidity ratios.

Current ratio increased from 0.5 time in 2018 to 0.87 time in 2019. Especially the quick ratio reaches 0.6 viewed as near safety.

The Group is also reducing loan capital to mitigate financial risks.


REPORT OF THE BOARD OF DIRECTORS



FRUIT BUSINESS

It is the Group's flagship business currently, representing the biggest proportion of the revenue structure, high earning power; and it will remain a strategic segment in the coming time.

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



RUBBER

In 2019 the Group did not accelerate exploitation of latex, tending and maintaining the plantations awaiting price rebound instead.



REAL ESTATE AND HYDROPOWER

During the year the Group completed divest-ment from Hoang Anh Myanmar project as well hydropower projects for the need of liquidity.



HOSPITAL, FOOTBALL

The Group's two key segment for publicity of the images and contribution to social work .



GOVERNANCE SYSTEM

The Group is continuing to reinforce and complete the administrative system, improve the professional competence of leadership and management.

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

Through BOD meetings, the BOD and the Board of Management exchanges the implementation and assessment of performing the tasks passed by the GMS. The Board of Management also make regular reports to the BOD on the tasks they have done as well as problems that need solutions to.

Although the Board of Management did not achieve the revenue and profit targets given, they have striven to accomplish the tasks allocated, specifically:

Completing transfer of interest and shares at a number of subsidiaries;

Carrying out financial restructuring, reducing outstanding loan balance;

Intensive investing in, tending developing the fruit and rubber plantations; promptly taking measures to cope with the incident of flooded fruit plantation in Laos caused by natural disaster in September 2019;

Continuing development of distribution system at China market, initially expanding to markets in Japan, South Korea, Singapore.

REMUNERATION OF THE BOD, BOS AND SECRETARIAL BOARD

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

	VND'000
The Board of Directors and The Board of Management	11,405,828,000
The Board of Supervision	1,113,000,000
Secretarial board	108,000,000
TOTAL	12,626,828,000

BOD PLAN AND ORIENTATION

- Production and business activities:**

Continuing to focus resources on fruit segment, ensuring stability in agricultural production and business to create stable revenue; carry out large-scale and specialized agricultural production according to crop groups, focusing on the application of advanced technology to perfect planting techniques, tending, harvesting, preserving fruit, improving productivity and increase fruits of grade 1.
- Finance:**

Balancing capital and cash flow to convert the entire area of oilpalm and part of rubber into fruit plantations to ensure future cash flow; continue performing financial restructuring.
- Governance:**

Continuing application of management software to advance toward the management technology for the entire production chain, ensuring efficient and scientific use of resources, substantially reducing the loss of resources.

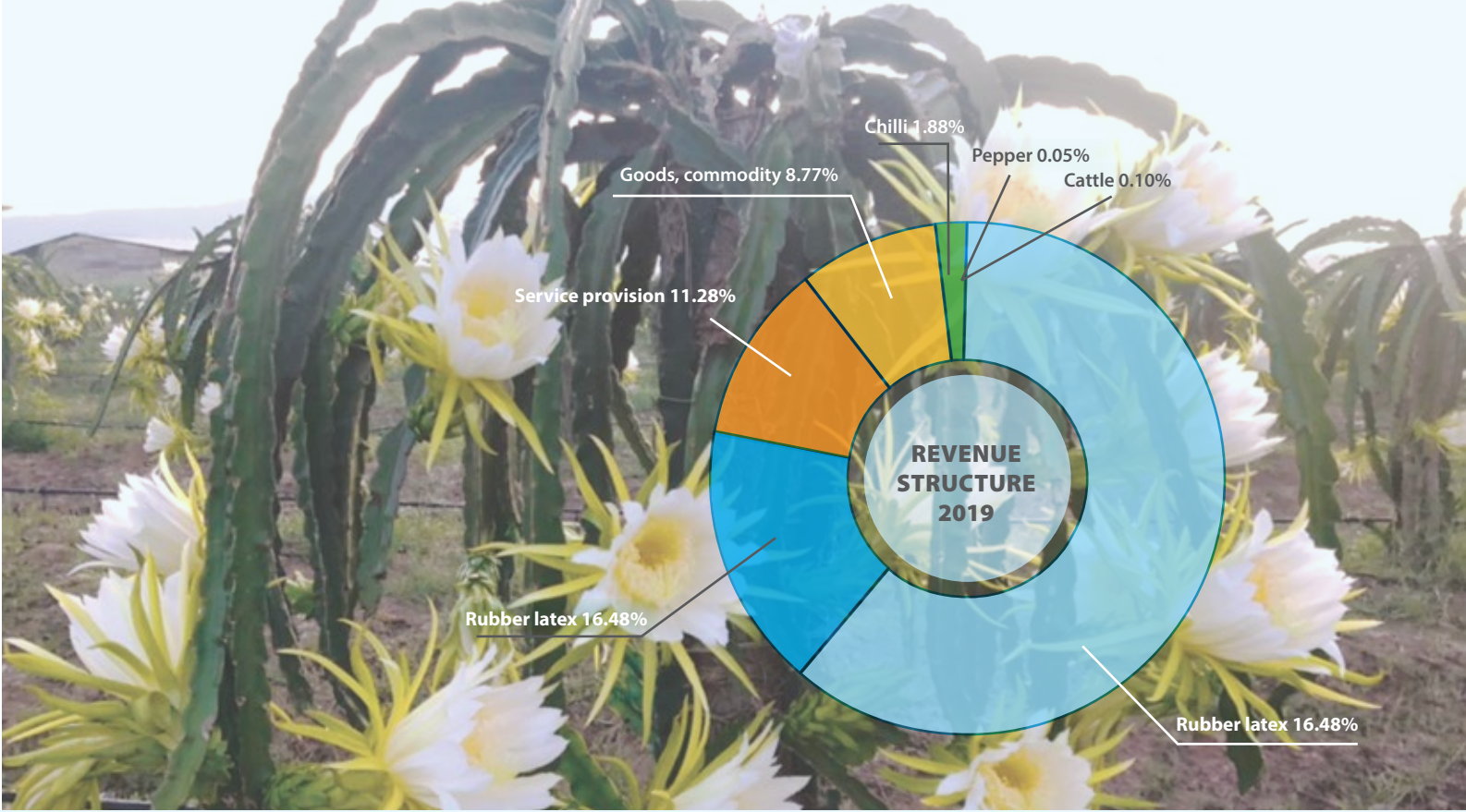
REPORT OF THE BOARD OF MANAGEMENT

ASSESSMENT OF PRODUCTION AND BUSINESS RESULTS

Production and business results

In 2019, total revenue reached VND 2,075 billion, a decrease of 61% against 2018. Revenue structure by segment is presented as follows:

Segment	2019		2018		2017	
	Revenue (VND billion)	Proportion (%)	Revenue (VND billion)	Proportion (%)	Revenue (VND billion)	Proportion (%)
Fruits	1,275	61.45	2,897	53.8	1,612	33.3
Rubber latex	342	16.48	345	6.4	454	9.4
Provision of other services	234	11.28	407	7.6	607	12.5
Goods, commodity	182	8.77	470	8.7	440	9.1
Chilli	39	1.88	514	9.5	25	0.5
Cow	2	0.10	127	2.4	759	15.7
Pepper	1	0.05	38	0.7	-	-
Leasing service	-	-	509	9.4	724	14.9
Investment property	-	-	58	1.1	59	1.2
Construction	-	-	23	0.4	80	1.7
Sugar cane	-	-	-	-	81	1.7
Total Revenue	2,075	100	5,388	100	4,841	100



Revenue from sales of fruit reached VND 1,275 billion accounting for 61.45% of the total revenue...

Total gross profit reached VND 269 billion and gross profit margin 21.1%. This is the major contribution to HAGL revenue as well as gross profit in 2019 and subsequent years. However, during the year the Group encountered the incident of flooded fruit plantations in Laos caused by natural disaster in September 2019 resulting in a sharp decline in revenue and gross profit margin. On the other hand, when preparing the 2019 business plan the Group did not consider disposal of some subsidiaries to generate liquidity, so the revenue of these subsidiaries is included.

Revenue from sales of latex reached 342 billion accounting for 16.48% of the total revenue.

2019 saw a rebound in price, which however, was a slight increase, in the rubber price, so it was a moderate exploitation awaiting a better increase in the price.

Revenue from provision of other services reached VND 234 billion accounting for 11.28% of the total revenue.

Gross profit reached 32 billion and gross profit margin reached 13.68%, mainly from medical services of HAGL Medical and Pharmaceutical University Hospital and hotel business, v.v.

Revenue from sales of goods reached VND 182 billion accounting for 8.77% of the total revenue.

Gross profit reached VND 42 billion and gross profit margin reached 23.08%, mainly provision of goods and materials for agribusiness.

Revenue from sales of chilli, pepper and cow reached VND 42 billion accounting for 2.02% of the total revenue.

REPORT OF THE BOARD OF MANAGEMENT (continued)

Factors affecting the Group's operation and business position in 2019

The Group underwent a hard time in 2019 as it had to ensure stable production and business while restructuring the Group. In addition, the Group was also affected by natural disasters. Specifically, in the early days of September 2019, two tropical depressions from the South China Sea brought heavy rains in the central provinces of Vietnam and the provinces of Southern Laos while hydropower plants carried out flood discharge to ensure dam safety, so water in Sekong river basins around Hoang Anh Attapeu Agriculture Development Co., Ltd. project area rose unusually high inundating some of the project planted areas.

This is an unpredictable weather phenomenon that has never happened in Laos, causing severe damage. The banana planted area of about 1,200 hectares of was flooded while ready to harvest. About 300 hectares of other fruit areas (mainly jackfruit trees) in the stage of fruit development was inundated.

However, the Board of Directors together with the Board of Management gave explicit directions for implementing workable solutions, limiting damage to a possible minimum.



FINANCIAL POSITION

ASSETS

Total assets in 2019 decreased by 19.7% as compared with 2018, accounting for a decrease of VND 9,479 billion. Details are as follows:

Item	Unit: billion			
	2019	2018	Fluctuation	%
Short-term assets	7,074	6,568	506	7.7
Long-term assets	31,559	41,544	(9,985)	(24.0)
Total assets	38,632	48,111	(9,479)	(19.7)

Total assets in 2019 decreased against 2018 mainly because the Group transferred some subsidiaries in agribusiness, hydropower, and mining resulting in a decrease in long-term assets. Besides, increased short-term assets was due to an increase in inventory. After transfer of the subsidiaries, the Group focused resources on further planting of banana; and the increased inventory followed the recognition of the cost of tending as the area of rubber reaching maturity for exploitation increased.

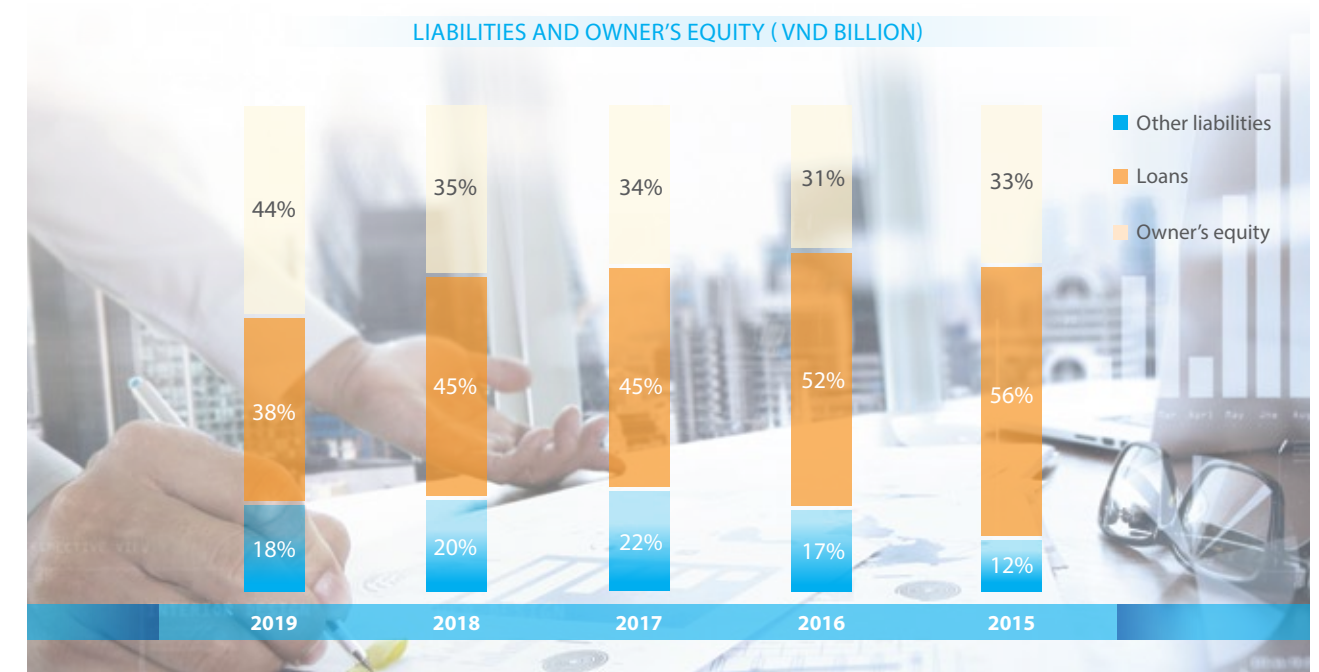
LIABILITIES

The total liabilities in 2019 decreased by 30.3% as compared with 2018, accounting for a decrease of VND 9,477 billion. Details are as follows:

Item	Unit: billion			
	2019	2018	Fluctuation	%
Current liabilities	8,090	13,137	(5,047)	(38.4)
Short-term loans	3,752	4,733	(980)	(20.7)
Convertible bonds ^(*)	-	2,217	(2,217)	(100.0)
Other short-term liabilities	4,337	6,187	(1,850)	(29.9)
Long-term liabilities	13,734	18,164	(4,430)	(24.4)
Long-term loans	10,946	14,804	(3,858)	(26.1)
Other long-term liabilities	2,788	3,360	(572)	(17.0)
Total liabilities	21,824	31,301	(9,477)	(30.3)

* On 09 August 2019 Truong Hai Auto Corporation ("THACO") as bond holder converted this bond package into HNG shares.

Total liabilities accounts for 56% the Group's total capital in 2019. Details are as follows:



The ratio of loans over total assets at 0.38 time by the end of 2019 compared to 0.45 time by the end of 2018 and the ratio of loans and debts over owner's equity at 0.87 time by the end of 2018 compared to 1.29 times by the end of the year 2018 represents a definite improvement in HAGL's liquidity ratio, showing the Group's financial position is becoming stable.

REPORT OF THE BOARD OF SUPERVISION

MEMBERS AND STRUCTURE OF THE BOARD OF SUPERVISION

No.	Member	Title	Ownership of the voting shares (December 31, 2019)
1	Ms. Do Tran Thuy Trang	Head	0.00% (Elected BOS member on 23/06/2018 and BOS Head on 18/07/2018)
2	Mr. Nguyen Tan Anh	Member	0.00%
3	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 2019, the Board of Supervision (the BOS) supervised the BOD and the BOM on the following issues:

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

RESULTS OF THE BOARD OF SUPERVISION PERFORMANCE

SUPERVISING THE IMPLEMENTATION OF THE GMS RESOLUTION IN 2019

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

- Amending and supplementing the Company Charter;
- In 2019, the Company transferred a number of subsidiaries in agribusiness to Thadi Agriculture Farming Processing & Distribution Joint Stock Company. Besides, 2019 also witnessed the Company’s disposal of property, hydro power and concentration on agribusiness only;
- Income statement 2019: Although the total consolidated profit befor tax failed to meet the planned target passed by the resolution of 2019 GMS due to unexpected circumstances, the parent company’s total profit after tax reached VND 216 billion, an increase of 84% compared with the previous year.
- Plan for profit distribution 2019: 2019 no profit distribution due to the Company’s loss in 2019.

REVIEW OF FINANCIAL POSITION 2019

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

- It was difficult to estimate the recoverability of the total receivables amounting to VND 5,668,885,058 thousand as at 31/12/2019. However, these receivables are guaranteed by the private property of the Chairman of the Board of Directors and a number of related Companies and other individuals.
- In addition, during the year, the Company recorded a reduction in expenses from the reversal of the provision for corporate income tax (“CIT”). As at December 31, 2018 with a total amount of VND 335,292,885 thousand this appropriation was made in previous years based on Clause 3, Article 8, Decree No. 20/2017 / ND-CP on tax administration for enterprises having related transactions issued by the Government on February 24, 2017 (“Decree 20”). The Company did not record similar provision for CIT for the year ended December 31, 2019 with an estimated amount of VND 147,462,571 thousand, basis of reversing the balance of provision for corporate income tax (“CIT”).



REPORT OF THE BOARD OF SUPERVISION (continued)

As at 31/12/2018, having researched existing information about the Government's direction and through mass media, the Board of Management believed Decree 20 would be amended favourably soon. As for the fiscal year ended December 31, 2019, The Board of Management also decided not to make provision for Corporate Income Tax based on judgment according to the draft amendment Decree 20 issued by the Government in 2019. Based on these amendments, the Company estimates that the total net interest expenses incurred during the year (interest expenses offset with revenue from interest income from deposits and loans) should not exceed 30% of the total net profit from operating activities plus (+) net interest expenses plus (+) depreciation expenses during the year.

In addition, the consolidated financial statements presents that the Company's short-term debt has exceeded short-term assets by VND 1,016,118,449 thousand and some short-term loans have been overdue. These conditions constitute a material uncertainty that can greatly affect the judgment on the Company's ability to continue as a going concern. However, according to the explanation of the Board of Management, in 2020, revenue from sales of fruits will continue to account for a large proportion in revenue structure. In particular, revenue from sales of banana generates the main source of money in the short term due to short construction period, bumper harvest, and stable selling prices. The Board of Directors advocates expanding the area of banana; in addition, the trees of high economic value such as jackfruit, mango, avocado, durian ... also reach the harvest age and will generate significant income. In addition, the Company is also continuing to implement financial restructuring and negotiate with creditors working out measures of rescheduling and reducing interest rates. The Board of Management therefore supposes that it is likely to continue operation normally and to prepare the Financial Statements on a going concern basis.

In addition to the above-mentioned issues, the Board of Supervision assessed the quarterly, interim and annual financial statements presented honestly, reasonably and in compliance with the laws.



Revenue from sales of banana generates the main source of money in the short term due to short construction period, bumper harvest, and stable selling prices. The Board of Directors advocates expanding the area of banana; in addition, the trees of high economic value such as jackfruit, mango, avocado, durian ... also reach the harvest age and will generate significant income.



SUPERVISION OF THE OPERATIONS OF THE BOD AND BOM

In 2019, Attending BOD meetings held quarterly and at request in 2018, the BOS could keep track of the situation of the Company's practical business as well as achievements of the target passed by the GMS.

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

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



SELECTION OF INDEPENDENT AUDIT FIRM

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

The BOS notified the BOD of the procedures to be presented to the GMS for approving of an audit firm for the fiscal year 2020 in the coming GMS.

ACTION PLAN OF THE BOARD OF SUPERVISION FOR 2020

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

- Supervising the observation of the Charter and GMS Resolutions;
- Supervising the Company's management and operation of the BOD and the BOM;
- Reviewing, assessing the quarterly, interim, and annual financial statements;
- Checking, and supervising the implementation of the Company business plan for 2020;
- Other issues.



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VALUE ACCUMULATION OPPORTUNITY CONNECTION

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CORPORATE GOVERNANCE

SHAREHOLDER STRUCTURE

SHARES

Chapter capital	: VND 9,274,679,470,000
Name of share	: Hoang Anh Gia Lai Joint Stock Company share
Type of share	: Ordinary
Securities share	: HAG
Face value	: VND 10,000 /share
Total number	: 927,467,947 shares
Total outstanding shares	: 927,399,283 shares
Treasury shares	: 68,664 shares
Restricted shares	: 0 share
Unrestricted shares	: 927,399,283 shares

SHAREHOLDER STRUCTURE (by list of shareholders finalized on 31/03/2020)

Shareholders	Number of Shareholders	Number of shares held	Holding/VĐL (%)
Domestic shareholders	21,594	913,285,915	98.47
Organization	88	40,536,584	4.37
Individual	21,506	872,749,331	94.10
Foreign shareholders	579	14,182,032	1.53
Organization	44	9,282,854	1.00
Individual	535	4,899,178	0.53
TOTAL	22,173	927,467,947	100

MAJOR SHAREHOLDERS

No.	Name of organization/ individual	ID/Passport/ BRC	Address	Number of shares	Holding/VĐL (%)
1	Mr. Doan Nguyen Duc	230046495	147 Tran Phu, Pleiku, Gia lai	326,730,533	35.23

Change in owner's equity: In 2019 the Company did not increase Charter capital

Treasury share transaction: In 2019 the Company did not trade in treasury shares

Other securities: none

ACTIVITIES OF THE BOARD OF DIRECTORS

MEMBER AND BOD STRUCTURE

No.	Full names	Position	Shares held	Holding /VĐL(%)
1	Mr. Doan Nguyen Duc	Chairman	326,730,533	35.23
2	Mr. Vo Truong Son	Member	803,654	0.09
3	Ms. Vo Thi Huyen Lan	Member	-	0.00
4	Ms. Vo Thi My Hanh	Member	1	0.00
5	Mr. Doan Nguyen Thu	Member	6	0.00
6	Mr. Nguyen Van Minh	Member	2,870,057	0.31
7	Mr. Phan Thanh Thu	Member	29,426	0.00

BOD ACTIVITIES

In 2019, Performing the tasks as required at the Company Charter, The BOD directed and supervised the BOM on the following activities:

- Directing the transfer of interest and shares at subsidiaries;
- Directing redemption of bonds before maturity to reduce the Company's debts;
- The BOD regularly supervised, inspected and assessed the activities of the Board of Directors in production and business activities, focusing on tending, developing fruit and rubber plantations. In particular, the BOD explicitly directed to promptly solve the problem of flooded plantations in Laos due to the impact of natural disasters in September 2019;
- Assessing the management, administration and measures to enhance the managerial activities of the Board of Management according to the best managerial practices to ensure the best interests of shareholders and employees of the Company;
- Presiding, directing and successfully holding the 2019 Annual General Meeting of Shareholders;
- Directing preparation of Annual Reports and Financial Reports;
- Supervising and directing the publication of information ensuring transparency and promptness as required by laws.

BOD MEETINGS

No.	BOD Member	Position	Number of attendances	Rate	Reason for absence
1	Mr. Doan Nguyen Duc	Chairman	9	100%	N/A
2	Mr. Vo Truong Son	Member	9	100%	N/A
3	Ms. Vo Thi Huyen Lan	Member	9	100%	N/A
4	Ms. Vo Thi My Hanh	Member	9	100%	N/A
5	Mr. Doan Nguyen Thu	Member	9	100%	N/A
6	Mr. Nguyen Van Minh	Member	9	100%	N/A
7	Mr. Phan Thanh Thu	Member	9	100%	N/A

CORPORATE GOVERNANCE (continued)

BOD RESOLUTIONS IN 2019

No.	Res. No	Date	Content
1	1903/19/NQHĐQT - HAGL	19/03/2019	Passing final list of shareholders to hold General Meeting of Shareholders 2019.
2	2105/19/NQHĐQT - HAGL	21/05/2019	Passing remuneration in 2019 for members of the BOD, BOS and secretarial Board.
3	0606/19/NQHĐQT - HAGL	06/06/2019	Passing the redemption of bonds before maturity the Company issued to Vietnam Prosperity Joint Stock Commercial Bank.
4	1306/19/NQHĐQT - HAGL	13/06/2019	Passing the dismissal of the title of Deputy General Director.
5	0407/19/NQHĐQT - HAGL	04/07/2019	Passing the selection of audit firm to review the interim Financial Statements 2019.
6	2009/19/NQHĐQT - HAGL	20/09/2019	Passing the transfer of all the interest at V&H Corporation Co., Ltd. (Laos).
7	3009/19/NQHĐQT - HAGL	30/09/2019	Passing the transfer of all the interest at Hoang Anh Housing Construction and Development Joint Stock Company.
8	1610/19/NQHĐQT - HAGL	16/10/2019	Passing the appointment of person in charge of the Company governance.
9	1012/19/NQHĐQT - HAGL	10/12/2019	Passing the transfer of all the interest at Hoang Anh Gia Lai Hydropower Joint Stock Company.

LIST OF MEMBERS OF THE BOARD OF DIRECTORS, THE BOARD OF SUPERVISION, THE BOARD OF MANAGEMENT CERTIFICATED IN CORPORATE GOVERNANCE

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

3/3 members of the BOM participated in the courses and obtained the certificate of completing the corporate governance training program.

2/3 members of the BOS participated in the courses and obtained the certificate of completing the corporate governance training program.

The Company secretary participated in the courses and obtained the certificate of completing the corporate governance training program.

In the coming time, the Company will arrange for the BOD members, BOS members, secretaries and managers who have not obtained the certification to attend the courses.

Share transaction of the Board of Directors, the Board of Supervision, the Board of Management

No.	Internal person	Position in company	Number of shares owned at the beginning of the period		Number of shares owned at the end of the period		Reason for increase/decrease
1	Mr. Doan Nguyen Thu	BOD member	5,000,006	0.54%	6	0.00%	Selling shares

INVESTOR RELATION

Realizing the importance and influence of shareholders and investors on the development of the business, the Leaders of the Group proactively shares and updates information on a regular and continuous basis; thereby, creating conditions for shareholders and investors to acquire information and take a comprehensive view of the Group, from which prompt and rational decisions can be reached.

TRANSPARENCY OF INFORMATION

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

The Leaders of the Group exchange information and receive comments from shareholders and investors through Shareholder's general meeting, face-

to-face meetings, and press conferences, to give shareholders and investors a comprehensive view of the Group.

The Group arranges field trips, visiting project areas in Gia Lai, Laos, and Cambodia, providing the Group's leaders with an opportunity to directly exchange information, have informal talks, listen to opinions and answer questions from investors and partners about the business position.



CORPORATE GOVERNANCE

RISK MANAGEMENT

MARKET RISKS

Nature

Prices of the Group's like rubber, banana, dragon fruit, mango, grapefruit... All connected to global markets especially the Chinese market and subject to fluctuation by day and hour. This will directly impact the profitability, cash flow and payback period.

Risk management measures

The Group manages risks with effective cost-controlling system and adoption of Science - Technique - Technology to increase capacity, ensuring consistency of product quality. The Group could always control investment expenses and costs at the lowest rate. Therefore, the profit margin of output products is healthy enough to be maintained at a minimum rate in case of a severe decline in prices in the global market.

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

In addition, the strategy of product diversification also enables the Group to offset profit from one product against that from others when the price of one product decreases while other commodities are not affected. The Group will also gradually diversify its product consumption markets, focusing on high-consumption countries to avoid the risk of market price fluctuations.

EXCHANGE RATE RISKS

Nature

In recent years, the exchange rates between Vietnam Dong and foreign currencies (especially US Dollar) have not changed much, under the State Bank's control, and caused little effects on the Group's operations. However, The Group always places an importance

on the exchange rate risk management and gives out appropriate risk management measures to avoid negative effects of the future large fluctuations in exchange rates.

Risk management measures

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

and export activities related to foreign partners as well as payment term to minimize exchange rate risks. The Group always maintains a list of liabilities in line with the cash flow structure from its business operations in respective 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 business operation.

Risk management measures

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

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

PROJECT IMPLEMENTATION RISKS

Nature

In some business sectors, the project development periods are long, i.e. 7 years for rubber projects, 2-3 years for perennial fruit plantation projects. The implementation work includes legal procedures for land, environment, site clearance, reclamation, cultivation,

construction, nursing etc. Problems arising during any phase can significantly affect the overall implementation progress, slow down the capital turnover, and adversely impact the plant quality and yield, thus leading to negative impacts on business results.

Risk management measures

With extensive experience in project management and close relationships with relevant authorities, The Group is always proactive in the implementation of its projects. Moreover, as many of the Group's projects overlap with

each other, or short-term crops alternate with long-term ones, its business plans and capital turnover are not dependent on any single project.

LEGAL RISKS

Nature

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

have certain impacts on the management and activities of the Group.

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

Risk management measures

The Group has a legal department comprising qualified and experienced lawyers. The department regularly update legal changes and possible impacts 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 related legal risks.

OTHER RISKS

Nature

Each business has one or more unsystematic risks. The cultivation, for example, is exposed to risks of natural disasters, drought, flood or fire... Whether

they are expected or not, those risks always exist and potentially affect the Group's business operations.

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 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 self-manage the risk or take out appropriate insurance policies.



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CAPACITY ENHANCEMENT, SUSTAINABLE DEVELOPMENT

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SUSTAINABLE DEVELOPMENT



Fully aware of corporate responsibility to society building trust with investors and customers while raising awareness and encouraging social change, over the past years, HAGL Group has made great efforts in business and investment activities producing high quality agro products while creating good value from practical deeds.

As contribution to control and prevention of the Covid -19 pandemic from spreading to the community, the players of Hoang Anh Gia Lai club went down to Pleiku City Central Market to disseminate and offer free masks to people and small vendors.



RESPONSIBILITY TO COMMUNITY

"Joining hands for a better society" is the Group's community responsibility program, maintained annually and implemented over the years, including donations to the Poor, Children Patronage Funds., the Agent Orange Fund, donating to help people in flooded areas, making Tet gifts for deprived families, ... Gratitude, charity, medical treatment, and relief activities have been implemented in Vietnam, Laos, Cambodia - where the Group is investing. In the past year, DHY-HAGL Hospital has performed very well the task of improving health quality for people in the Central Highlands provinces. In addition to providing on-site medical examination and treatment, the hospital also regularly conducts social activities such as humanitarian medical examination, free eye surgery for the people in remote areas of Gia Lai province and people of Laos and Cambodia. On May 26, 2019, the Youth Union of HAGL Medical University Hospital - cooperated with the Youth Union of Duc Co - Gia Lai District Police Department to offer medical examination and treatment, free medicine and gifts for 300 ethnic people. Minorities in Ia Krieng Commune, Duc Co District, Gia Lai Province mainly suffered from diseases such as osteoarthritis, blood pressure, cardiovascular, respiratory, otolaryngology, pediatrics. Also on this occasion, the Union donated more than 300 old clothes, 300 pairs of shoes for people in the commune and more than 300 gifts for children on June 1.

In 2019, HAGL Club continues to proudly make contributions to Vietnamese football, especially players Trieu Viet Hung, Tran Thanh Son, Tran Bao Toan ... and the U23 Vietnam team won the title SEAGames after 60 years. In addition to improving professional skills, HAGL players often show their social responsibility when actively participating in community activities and charity programs to share difficulties with deprived people: Donating to help the needy people of Ia Bang commune, Dak Doa District; visiting and making gifts to disabled children, orphans, lonely elderly people at Social Patronage Center of Ho Chi Minh City, Gia Lai ...

SUSTAINABLE DEVELOPMENT (continued)

EMPLOYEE WELFARE

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



Safety, health care

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



Assurance of equality

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

Currently, the total number of female employees accounts for 40%, and female executives over 35%.



Development opportunity

In HAGL, work is assigned appropriately so that it best suits each employee's level of expertise and ability. Healthy competition is created in each department to encourage each employee to perform the best of their ability.

The company always encourages and creates the most favourable conditions for its employees to attend professional training courses to enhance working skills. Annually, HAGL runs professional training courses in agriculture, health care...; regular training courses on statistical and accounting softwares, 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.

For workers coming from remote parts nationwide like Quang nam, Da Nang, Thanh Hoa, Nghe An, Dong Thap, An Giang, Tra Vinh Can Tho... who seek employment at rubber, fruit plantations... in Vietnam, Laos, Cambodia, etc. HAGL has done some construction works for workers in the project areas such as tenement blocks, private apartments to families, toilets on the plots, complimentary shuttle service, etc. to generate feelings of security in the employees at work.

SUSTAINABLE DEVELOPMENT (continued)

ENVIRONMENTAL PROTECTION

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



Application of Israeli drip irrigation systems is always the top choice in the irrigation work at its agricultural projects. This system can save 50 -70% of irrigation water compared to ordinary irrigation systems.



Water consumption

Water is mainly used for irrigation of plants, in rubber latex and fruit processing factories in an economical and effective way to minimize detrimental impacts on water resources:

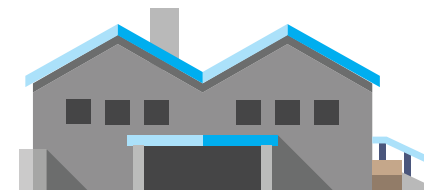
- Application of Israeli drip irrigation systems is always the top choice in the irrigation work at its agricultural projects. This system can save 50 -70% of irrigation water compared to ordinary irrigation systems.
- Waste water from rubber latex and fruit processing factories is treated and reused to irrigate crops. This cost-saving measure helps the Group minimize environmental pollution, protect water sources.



Electric power consumption

The Group has significantly reduced its power consumption in operations of processing plants, service workshops, water pumping, and 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 tanks.
- Disseminating regulations of power-saving utilization to all the employees.



The Company has built a microbiological fertilizer plant with a capacity of

50,000 tons/year



Retaining cooperation with Bureau Veritas - an international organization in testing, evaluating and certifying to implement commitments on sustainability of planning, production and development towards the communal value protection and natural value

Minimizing detrimental effects on the environment

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

Using reusable materials in production and product packing:

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

Complying with the laws on environment

The Group's investments are in compliance with the environmental laws and regulations made by the Governments of Vietnam, Laos, and Cambodia.

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

HAGL promulgates 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 projects.

With the slogan "Joining hands for the green environment", HAGL football club with specific activities such as collecting rubbish on road sides, hanging banners, slogans and signs along the way from the Academy to the top of the mountain Ham Rong has contributed to dissemination of Vietnamese people's spirit of self-discipline to protect the environment.

SUSTAINABLE DEVELOPMENT (continued)

MUTUAL DEVELOPMENT

In the context of closer and increased global economic integration, Vietnamese enterprises need each other’s support, advantages, partnership, and collaboration to improve their competitiveness. In 2018, HAGL signed a strategic cooperation with Truong Hai Group (Thaco). It can be said that this is a typical “Entrepreneur - Enterprise” model of Vietnam in the new age. First of all, it shows solidarity and reciprocal assistance, and concurrently creates the power to contribute to the development of the country’s economy. At the solemn 1 year anniversary of cooperation on 9 September 2019, HAGL Chairman Doan Nguyen Duc shared: “The effective cooperation in the past year between the two companies has delivered satisfactory results and HAGL has really escaped the situation “hang by a thread”, and entered a new stage of stable development, step by step firmer and more prosperous. This will not only secure employment for more than 30,000 workers, but also create jobs for more than 60,000 workers in the near future in

Vietnam, Laos, Cambodia and Myanmar. “THACO Group’s Chairman Tran Ba Duong emphasized that the celebration marked the first successful cooperation of THACO and HAGL; accordingly, THACO had made more efforts to fulfill its commitment to achieve the ultimate goal defined in the strategic cooperation, helping HAGL overcome particularly difficult period; and it also implemented a breakthrough strategy for future development, making HAGL Agricultural Joint Stock Company (HNG) soon become a large-scale agricultural corporation in the direction of industry, strictly complying with food safety standards, creating a tropical fruit value chain in Vietnam’s agriculture to participate in the global market...

The close cohesion with related parties as well as the refinement of feedback interactions throughout the Group’s development journey has enabled HAGL to identify issues that are of interest to create a basis for orientation towards sustainable development.



SHAREHOLDER & INVESTORS

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

The Group leaders exchange and welcome comments from shareholders and investors through direct meetings, press conferences and Shareholders’ general meeting.

Regular field trips to Group’s projects in Vietnam, Laos, Cambodia are organized.

CUSTOMERS & PARTNERS

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

EMPLOYEES

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

Promoting unity among the employees through informal gatherings, birthday and year-end parties, teambuilding, etc.

Running training courses to improve professional skills of the staff.

SOCIETY AND COMMUNITY

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

Funding construction of basic facilities such as housing, roads, wells, hospitals, schools, etc., improving the people’s livelihood. Conducting charitable work, providing free health examinations, and donating food to deprived people.

STATE AND GOVERNMENT

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

SUPPLIERS

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

MASS MEDIA AGENCIES

Exchanging and sharing information with press agencies via press releases, press conferences and seminars on agriculture.

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



ACCUMULATE
VALUE

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GENERAL INFORMATION

THE COMPANY

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

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

At 31 December 2019, the Group has five (5) direct subsidiaries, fourteen (14) indirect subsidiaries and two (2) associates.

Although the Company’s interest ownership and voting rights in HNG has decreased to 47.41%, the Company still controls HNG when Mr Doan Nguyen Duc is holding the position of Chairman of HNG and the number of representative members of the Company which representing the Company in HNG’s Board of Director still occupies the majority (4 members out of 7 members). Accordingly, in accordance with the current local regulations, HNG is still a subsidiary of the Company and HNG’s subsidiaries are still indirect subsidiaries of the Company.

The current principal activities of the Company and its subsidiaries are developing and operating rubber, palm oil, fruit and other tree plantations; warehouse services, processing of agricultural products and services; operating hotels and resorts; and sport and entertainment activities.

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

BOARD OF DIRECTORS

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

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

BOARD OF SUPERVISORS

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

Name	Position
Mrs Do Tran Thuy Trang	Head
Mrs Nguyen Thi Huyen	Member
Mr Nguyen Tan Anh	Member

MANAGEMENT

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

Name	Position
Mr Vo Truong Son	General Director
Mr Doan Nguyen Thu	Deputy General Director resigned on 13 June 2019
Mr Nguyen Van Minh	Deputy General Director
Mrs Ho Thi Kim Chi	Deputy General Director

LEGAL REPRESENTATIVE

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

AUDITOR

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

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 2019.

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 2019 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

9 April 2020

INDEPENDENT AUDITORS' REPORT

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"), as prepared on 9 April 2020 and set out on pages 66 to 141 which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

MANAGEMENT'S RESPONSIBILITY

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

AUDITORS' RESPONSIBILITY

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

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

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

BASIS FOR QUALIFIED OPINION

As disclosed at Note 34.3 in the accompanying consolidated financial statements, as at 31 December 2019, the Group had outstanding short-term and long-term receivables with total value of VND'000 10,504,891,360 (31 December 2018: VND'000 7,594,857,478). Based on available information, we have not been able to obtain sufficient appropriate evidence to determine the recoverability of the total balance of VND'000 5,668,885,058 as at 31 December 2019 (31 December 2018: VND'000 2,593,250,868) which was included in these balances. Accordingly, we cannot determine whether any adjustment may have been found necessary in respect of these balances and the possible effects to the Group's consolidated financial statements for the year ended 31 December 2019.

In addition, as disclosed at Note 32, during the year, the Group decreased other expense account from reversal of the provisional Current Income Tax expense ("CIT expense") as at 31 December 2018 amounting to VND'000 335,292,885 which was made in prior years according to Item 3, Article 8 of Decree No. 20/2017/ND-CP, prescribing tax administration for enterprises engaged in transfer pricing, issued by the Government on 24 February 2017 ("Decree 20").

For the year ended 31 December 2019, the Group has neither accrued similar CIT expenses amounting to VND'000 147,462,571 because the Group applied the new guidance of the draft amendment of Decree 20 although it was not officially approved by the relevant local authorities as at the date of this report.

Had the Group recognized CIT expense according to Decree 20 for the year ended 31 December 2019 and no reversal of CIT expenses accrued in the said prior fiscal years, the "Other expenses" would have increased by VND'000 335,292,885, the "CIT expense" would have increased by VND'000 147,462,571, and the "Loss before tax" and "Loss after tax" would have increased by VND'000 335,292,885 and VND'000 482,755,456, respectively. At the same time, the "Accumulated losses" and "Statutory obligations" as at 31 December 2019 would have increased by the same amount of VND'000 482,755,456.

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 2019, 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 described that as at 31 December 2019, the Group's current liabilities exceeded its current assets by VND'000 1,016,118,449. These conditions together with other matters as mentioned in Note 2.1 indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Our qualified opinion is not modified in respect of this matter.

Ernst & Young Vietnam Limited



Duong Le Anthony
Deputy General Director
Audit Practicing Registration Certificate
No: 2223-2018-004-1

Ho Chi Minh City, Vietnam
9 April 2020

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

CONSOLIDATED BALANCE SHEET

as at 31 December 2019

B01-DN/HN

VND'000

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		7,073,675,026	6,567,906,781
110	I. Cash	5	254,431,616	337,736,719
111	1. Cash		254,431,616	337,736,719
130	II. Current accounts receivables		4,569,330,218	4,747,120,864
131	1. Short-term trade receivables	6	1,551,364,334	2,976,376,936
132	2. Short-term advances to suppliers	7	374,650,728	427,114,472
135	3. Short-term loan receivables	8	2,267,368,418	724,888,836
136	4. Other short-term receivables	9	467,023,910	656,027,274
137	5. Provision for short-term doubtful receivables	6,8,9	(91,077,172)	(37,286,654)
140	III. Inventories	10	2,201,556,690	1,397,223,406
141	1. Inventories		2,223,128,790	1,409,194,346
149	2. Provision for obsolete inventories		(21,572,100)	(11,970,940)
150	IV. Other current assets		48,356,502	85,825,792
151	1. Short-term prepaid expenses		5,242,656	42,012,128
152	2. Value-added tax deductible		38,898,934	33,782,839
153	3. Tax and other receivables from the State		4,214,912	10,030,825
200	B. NON-CURRENT ASSETS		31,558,812,063	41,543,534,835
210	I. Long-term receivables		8,261,530,824	6,531,099,389
215	1. Long-term loan receivables	8	7,513,945,466	6,188,425,931
216	2. Other long-term receivables	9	747,838,961	342,673,458
219	3. Provision for doubtful long-term receivables	9	(253,603)	-
220	II. Fixed assets		10,280,435,755	11,017,632,749
221	1. Tangible fixed assets	11	10,247,239,903	10,956,868,379
222	Cost		12,614,467,250	13,006,191,850
223	Accumulated depreciation		(2,367,227,347)	(2,049,323,471)
227	2. Intangible fixed assets	12	33,195,852	60,764,370
228	Cost		48,444,043	115,343,472
229	Accumulated amortisation		(15,248,191)	(54,579,102)
230	III. Investment properties	13	67,867,999	37,104,803
231	1. Cost		74,075,831	42,073,202
232	2. Accumulated depreciation		(6,207,832)	(4,968,399)
240	IV. Long-term assets in progress		11,229,762,864	17,431,289,542
242	1. Construction in progress	14	11,229,762,864	17,431,289,542
250	V. Long-term investments		284,237,784	2,788,206,391
252	1. Investments in associates	16	273,113,133	2,771,892,520
253	2. Investments in other entities		11,124,651	16,313,871
260	VI. Other long-term assets		1,434,976,837	3,738,201,961
261	1. Long-term prepaid expenses	17	381,576,859	418,455,993
262	2. Deferred tax assets	33.2	74,528,409	98,599,120
269	3. Goodwill	18	978,871,569	3,221,146,848
270	TOTAL ASSETS		38,632,487,089	48,111,441,616

VND'000

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		21,823,683,301	31,300,554,930
310	I. Current liabilities		8,089,793,475	13,136,735,456
311	1. Short-term trade payables	19	1,014,993,762	473,908,598
312	2. Short-term advances from customers	20	239,268,824	2,411,088,952
313	3. Statutory obligations	21	32,597,878	57,716,523
314	4. Payables to employees		109,501,022	67,209,973
315	5. Short-term accrued expenses	22	2,020,469,752	2,045,910,162
318	6. Short-term unearned revenues		60,667	228,667
319	7. Other short-term payables	23	920,339,356	1,130,795,710
320	8. Short-term loans	24	3,752,458,704	6,949,803,327
322	9. Bonus and welfare fund		103,510	73,544
330	II. Non-current liabilities		13,733,889,826	18,163,819,474
333	1. Long-term accrued expenses	22	1,990,123,829	2,029,868,704
337	2. Other long-term liabilities	23	570,972,657	980,019,908
338	3. Long-term loans	24	10,945,607,569	14,803,739,630
341	4. Deferred tax liabilities	33.2	221,472,405	344,457,866
342	5. Long-term provisions		5,713,366	5,733,366
400	D. OWNERS' EQUITY		16,808,803,788	16,810,886,686
410	I. Equity		16,808,803,788	16,810,886,686
411	1. Share capital	25.1	9,274,679,470	9,274,679,470
411a	- Shares with voting rights		9,274,679,470	9,274,679,470
412	2. Share premium	25.1	3,263,858,784	3,263,858,784
415	3. Treasury shares	25.1	(686,640)	(686,640)
417	4. Foreign exchange differences	25.1	(424,458,674)	485,237,344
418	5. Investment and development fund	25.1	281,668,774	280,644,763
421	6. Undistributed earnings (accumulated losses)	25.1	290,839,236	(36,434,976)
421a	- Undistributed earnings (accumulated losses) by the end of prior year		74,321,521	(153,941,745)
421b	- Undistributed earnings of current year		216,517,715	117,506,769
429	7. Non-controlling interests	26	4,122,902,838	3,543,587,941
440	TOTAL LIABILITIES AND OWNERS' EQUITY		38,632,487,089	48,111,441,616



Tran Thi Thanh Hieu
Preparer

9 April 2020



Le Truong Y Tram
Chief Accountant



Vo Truong Son
General Director

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2019

B02-DN/HN

Ngàn VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	28.1	2,091,833,174	5,388,200,400
02	2. Deductions	28.1	(16,389,150)	-
10	3. Net revenues from sale of goods and rendering of services	28.1	2,075,444,024	5,388,200,400
11	4. Costs of goods sold and rendering of services	29	(1,847,659,651)	(3,013,495,226)
20	5. Gross profit from sale of goods and rendering of services		227,784,373	2,374,705,174
21	6. Finance income	28.2	2,137,143,442	1,404,799,179
22	7. Finance expenses	30	(1,963,934,151)	(1,721,684,164)
23	- In which: Interest expenses		(1,263,369,664)	(1,532,928,450)
24	8. Shares of profit of associates		12,562,347	64,840,488
25	9. Selling expenses	31	(308,856,859)	(192,446,215)
26	10. General and administrative expenses	31	(672,601,510)	(989,336,089)
30	11. Operating (loss) profit		(567,902,358)	940,878,373
31	12. Other income	32	42,577,126	21,546,363
32	13. Other expenses	32	(1,380,140,330)	(914,727,898)
40	14. Other loss	32	(1,337,563,204)	(893,181,535)
50	15. Accounting (loss) profit before tax		(1,905,465,562)	47,696,838
51	16. Current corporate income tax expenses	33.1	(2,253,490)	(2,998,375)
52	17. Deferred tax income (expenses)	33.2	98,914,750	(38,454,058)
60	18. Net (loss) profit after tax		(1,808,804,302)	6,244,405
61	19. Net profit after tax attributable to shareholders of the parent		216,517,715	117,506,769
62	20. Net loss after tax attributable to non-controlling interests		(2,025,322,017)	(111,262,364)
70	21. Basic earning per share (VND)	27	233	127
71	22. Diluted earning per share (VND)	27	233	127

Tran Thi Thanh Hieu
Preparer

9 April 2020

Le Truong Y Tram
Chief Accountant



Vo Truong Son
General Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2019

B03-DN/HN

Ngàn VND

Code	ITEMS	Notes	Current year	Previous year
I. CASH FLOWS FROM OPERATING ACTIVITIES				
01	Accounting (loss) profit before tax		(1,905,465,562)	47,696,838
Adjustments for:				
02	Depreciation of tangible fixed assets and investment properties and amortisation of intangible fixed assets (including amortization of goodwill)	11, 12 13, 18	1,207,452,901	1,137,274,221
03	Provisions		63,625,281	19,682,377
04	Losses foreign exchange differences arisen from the revaluation of monetary accounts denominated in foreign currencies		58,008,292	44,675,852
05	Profits from investing activities		(165,792,637)	(1,435,670,677)
06	Interest expenses	30	1,263,369,664	1,532,928,450
08	Operating profit before changes in working capital		521,197,939	1,346,587,061
09	Decrease in receivables		77,839,787	1,511,655,755
10	Increase in inventories		(878,775,630)	(695,030,279)
11	Decrease in payables		(1,233,712,837)	(3,837,314,700)
12	Decrease (increase) in prepaid expenses		120,173,500	(215,749,814)
14	Interest paid		(1,128,584,792)	(971,481,036)
15	Corporate income tax paid	33.1	(12,947,293)	(54,584,465)
17	Other cash outflows for operating activities		(2,767,027)	(1,758,964)
20	Net cash flows used in operating activities		(2,537,576,353)	(2,917,676,442)
II. CASH FLOWS FROM INVESTING ACTIVITIES				
21	Purchases and construction of fixed assets and other long-term assets		(4,679,597,082)	(2,597,907,012)
22	Proceeds from disposals of fixed assets and other long-term assets		1,492,108,659	531,497,895
23	Loans to other entities		(4,183,656,108)	(3,041,376,766)
24	Collections from borrowers		1,327,282,202	3,903,352,004
25	Payments for investments in other entities		(708,435,715)	(7,783,830)
26	Proceeds from sale of investments in other entities		12,446,724,361	74,975,161
27	Interest and dividends received		537,820,566	783,659,345
30	Net cash flows from (used in) investing activities		6,232,246,883	(353,583,203)

CONSOLIDATED INCOME STATEMENT (continued)

for the year ended 31 December 2019

B03-DN/HN

Code	ITEMS	Notes	Current year	Previous year
II. CASH FLOWS FROM FINANCING ACTIVITIES				
33	Borrowings received		4,568,150,621	7,594,866,696
34	Borrowings repaid		(8,346,126,254)	(4,127,343,823)
40	Net cash flows (used in) from financing activities		(3,777,975,633)	3,467,522,873
50	Net (decrease) increase in cash for the year		(83,305,103)	196,263,228
60	Cash at beginning of the year	5	337,736,719	141,473,491
70	Cash at end of the year	5	254,431,616	337,736,719

Tran Thi Thanh Hieu
Preparer

9 April 2020

Le Truong Y Tram
Chief Accountant



Vo Truong Son
General Director

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2019 and for the year then ended

B09-DN/HN

1. THE COMPANY

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

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

At 31 December 2019, the Group has five (5) direct subsidiaries, fourteen (14) indirect subsidiaries and two (2) associates, as below:

Name of subsidiaries	Location	Status of operation	% holding
Agriculture plantation Sector			
(1) Hoang Anh Gia Lai Agricultural Joint Stock Company (“HNG”)	Gia Lai, Vietnam	Operating	47.41
(2) Hoang Anh Gia Lai Import - Export Trading One member Co., Ltd.	Gia Lai, Vietnam	Operating	47.41
(3) Hoang Anh - Quang Minh Rubber Joint Stock Company	Gia Lai, Việt Nam	Operating	46.35
(4) Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd.	Attapeu, Laos	Operating	46.35
(5) Hoang Anh Dak Lak Joint Stock Company	Dak Lak, Vietnam	Operating	47.18
(6) Hoang Anh Attapeu Agriculture Development Co., Ltd. (“HAA”)	Attapeu, Laos	Operating	47.41
(7) Hoang Anh An Dong Meas Co., Ltd.	Ratanakiri, Campuchia	Operating	46.35
(8) (8) Hoang Anh Oyadav Co., Ltd.	Ratanakiri, Campuchia	Operating	47.41
(9) (9) Heng Brothers Co., Ltd.	Ratanakiri, Campuchia	Operating	47.41
(10) CRD Co., Ltd.	Ratanakiri, Campuchia	Pre-operating	47.41
(11) Hoang Anh Rattanakiri Co., Ltd.	Ratanakiri, Campuchia	Pre-operating	47.41
(12) Highland Dairy Cattle Joint Stock Company (“BSTN”)	Gia Lai, Vietnam	Operating	46.93
(13) An Dong Mia Joint Stock Company	Gia Lai, Vietnam	Operating	47.36
(14) Hoang Anh Lumphat Co., Ltd.	Ratanakiri, Campuchia	Operating	47.36
(15) Hung Thang Loi Gia Lai Co., Ltd. (“Hung Thang Loi”)	Gia Lai, Vietnam	Operating	78.22
(16) Dai Thang Agricultural Development Co., Ltd.	Champasak, Lao	Operating	78.22

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2019 and for the year then ended

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1. THE COMPANY (continued)

	Name of subsidiaries	Location	Status of operation	% holding
Construction, trading and services sector				
(17)	Hoang Anh Gia Lai Sport Joint Stock Company	Gia Lai, Vietnam	Operating	60.41
(18)	Hoang Anh Gia Lai Medical and Pharmaceutical University Hospital Joint Stock Company ("HAGL Hospital")	Gia Lai, Vietnam	Operating	99.00
(19)	Hoang Anh Gia Lai Vientiane Co., Ltd.	Vientiane, Laos	Pre-operating	100.00

Pre-operating status means the subsidiaries are still under investment stage and have not yet started their commercial operations as at 31 December 2019.

The current principal activities of the Group are developing and operating rubber, oil palm, fruit and other tree plantations; developing apartments; warehouse services, processing of agricultural products and services; operating hotels and resorts; and sport and entertainment activities.

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

The number of the Group's employees as at 31 December 2019 was 3,175 (31 December 2018: 3,199).

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 2019, the Group's current liabilities exceeded its current assets by VND'000 1,016,118,449. In addition, as of that date, certain bond and loan were overdue for payment as mentioned in Note 24.4 to the consolidated financial statements. These conditions indicate a material uncertainty about the Group's ability to continue as a going concern.

As at the date of these consolidated financial statements, the Group has prepared projected cash flows for the next 12 months expected to be generated from operating activities, restructure debts and negotiate with lenders to amend some breached terms and conditions relating to loan and attached mortgage contracts and accordingly, the Group is able to settle on due payables and continue to operate in the next fiscal year. Based on this basic, the management still prepared the consolidated financial statements on 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 Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

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

2.3 APPLIED ACCOUNTING DOCUMENTATION SYSTEM

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

2.4 FISCAL YEAR

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

2.5 ACCOUNTING CURRENCY

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

2.6 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2019.

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 CASH

Cash comprises cash on hand and cash in banks.

3.2 RECEIVABLES

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

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administration expense in the consolidated income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 INVENTORIES

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

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

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

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

Inventory properties

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

Cost includes:

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

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

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

Provision for obsolete inventories

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

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

3.4 TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

3.5 INTANGIBLE FIXED ASSETS

Intangible fixed assets are stated at cost less accumulated amortisation.

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

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

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

Land use rights

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

Computer software

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

3.6 DEPRECIATION AND AMORTISATION

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

Buildings and structures	4 - 50 years
Machinery and equipment	3 - 25 years
Means of transportation	2 - 30 years
Office equipment	2 - 10 years
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.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2019 and for the year then ended

B09-DN/HN

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 DEPRECIATION AND AMORTIZATION (continued)

Depreciation of plantations

The details are as follows:

Year	Rate (%)			
	Rubber plantations (i)	Dragon fruit plantations (ii)	Jackfruit plantations (iii)	Mango plantations (iv)
First year	2.50	1.00	0.82	0.30
Second year	2.80	3.40	1.75	1.00
Third year	3.50	5.00	4.08	2.20
Fourth year	4.40	6.70	5.83	4.30
Fifth year	4.80	8.40	5.83	5.80
Sixth year	5.40	8.40	5.83	5.80
Seventh year	5.40	8.40	5.83	5.80
Eighth year	5.10	8.40	5.83	5.80
Ninth year	5.10	8.40	5.83	5.80
Tenth year	5.00	8.40	5.83	5.80
Eleventh year	7.00	6.70	5.83	5.80
Twelfth year	6.60	6.70	5.83	5.80
Thirteenth year	6.20	6.70	5.83	5.80
Fourteenth year	5.90	6.70	5.83	5.80
Fifteenth year	5.50	Carrying amount	5.83	5.80
Sixteenth year	5.40		4.67	5.80
Seventeenth year	5.00		4.67	5.80
Eighteenth year	5.50		4.67	5.80
Nineteenth year	5.20		4.67	5.80
Twentieth year	Carrying amount		Carrying amount	Carrying amount

Rubber plantations

Management estimated the condition to record plantations as fixed assets and start to depreciate when portion of plant which is suitable for exploitation (trunk circumference at one meter from the ground reaching 45 cm and the bark thickness at one meter from the ground reaching 6mm) are over 70 percent of the plantation.

Fruit plantations

Management estimated the condition to record plantations as fixed assets and start to depreciate when rate of producing has reached 50 percent of the plantation from harvesting year.

Palm oil plantations

According to the research of the Group's palm oil plantations carried out by the Vietnamese Academy of Forest Science of South Central Coast and Central Highlands on August 2017, the management estimated to start harvesting the palm oil plantation after six (6) years, which were suitable to development features of the Group's oil palm plantations in Cambodia and Laos.

Accordingly, the Group's palm oil plantations would be transferred from construction in progress to tangible fixed assets after such mentioned years and depreciation will be started accordingly.

- (i) Depreciation of rubber plantations are calculated in accordance with Official Letter No. 1937/BTC-TCDN on 9 February 2010 issued by Department of Business Finance - Ministry of Finance providing guidance on depreciation of rubber plantations and Decision No. 221/QD-CSVN issued on 27 April 2010 by Vietnam Rubber Group providing guidance on the depreciation rates applicable to rubber plantations within twenty (20) years of exploitation cycle.
- (ii) Depreciation of dragon fruits plantations are calculated in accordance with Decision No. 115/17/QD-HAGL Agrico dated 8 August 2017 of Management providing guidance on depreciation of dragon fruits over its exploitation cycle.
- (iii) Depreciation of jackfruit plantations are calculated in accordance with Decision No. 0111/QD-HAGL Agrico dated 1 November 2018 of Management providing guidance on depreciation of jackfruit plantation over its exploitation cycle.
- (iv) Depreciation of mango plantations are calculated in accordance with Decision No. 0101/18/QD-HAGL Agrico dated 2 January 2018 of Management providing guidance on depreciation of mango over its exploitation cycle.
- (v) Depreciation of banana plantations are calculated in accordance with Decision No. 0205/19/TB-HAGL Agrico dated 2 May 2019 of Management providing guidance on banana plantations depreciation by straight-line method.

3.7 INVESTMENT PROPERTIES

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

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

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

Buildings 23 - 43 years

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

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

3.8 CONSTRUCTION IN PROGRESS

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

Building and structures

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

Plantation costs

Plantation costs include costs directly attributable to the rubber, palm oil, fruit and other 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 LEASED ASSETS

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

Where the Group is the lessee

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

Where the Group is the lessor

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

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

3.10 BORROWING COSTS

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

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

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

3.11 PREPAID EXPENSES

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

- Prepaid land and office rentals are amortised over the lease year;
- Tools and consumables with large value issued into production and can be used for more than one year, amortised no more than three (3) years and recognised in the consolidated income statement;
- Fruit, other plantations, exploitation cost include: seed, land preparation, planting and caring costs. The costs are amortised over the lifetime of these trees. Land preparation and planting costs are amortised over the year, in which economic benefits are generated in connection to the costs incurred; and
- Costs of training footballers include costs of training and development which belong to Hoang Anh Gia Lai - Arsenal JMG Academy ("HAGL-JMG"). The costs of trainings are amortised eight (8) years according to the contract between HAGL-JMG and footballers.

3.12 BUSINESS COMBINATIONS AND GOODWILL

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

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortisation. Goodwill is amortised over ten (10) years on a straight-line basis. The parent company conducts the yearical 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 year.

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

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

3.13 INVESTMENTS

Investments in associates

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

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

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

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

Investments in other entities

Investments in other entities are stated at their acquisition costs.

Provision for diminution in value of investments

Provision of the investment is made when there are reliable evidences of the diminution in value of those investments at the balance sheet date.

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2019 and for the year then ended

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 PAYABLES AND ACCRUALS

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

3.15 ACCRUAL FOR SEVERANCE PAY

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

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

3.16 PROFIT EARNINGS PER SHARE

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

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

3.17 FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

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

3.18 TREASURY SHARES

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

3.19 APPROPRIATION OF NET PROFIT

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

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

- *Investment and development fund*

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

- *Welfare fund*

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

3.20 REVENUE RECOGNITION

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

Sale of goods

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

Rendering of services

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

Sale of apartments

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 REVENUE RECOGNITION (continued)

Interest

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

Rental income

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

Dividend income

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

Income from disposal of investments

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

3.21 TAXATION

Current income tax

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

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

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

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 year when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

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

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

3.22 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.

3.23 RELATED PARTIES

Parties are considered to be related parties of the Group if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Group and other party are under common control or under common significant influence. Related parties above can be enterprises or individuals, including close members of their family.

3.24 SEGMENT INFORMATION

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

4. SIGNIFICANT EVENTS DURING THE YEAR

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

During the year, Hung Thang Loi acquired 43,145,000 shares in HNG from non-controlling interest investors. Accordingly, Hung Thang Loi increased its ownership in HNG from 5.64% to 10.50% and the Group increased its ownership in HNG from 63.33% to 68.10%.

The difference between consideration transferred and the value of transferred net assets in HNG as at the transaction date amounting to VND’000 174,104,459 was recorded as a deduction to undistributed earnings in the consolidated balance sheet.

Partial acquisition and disposal of interests in An Dong Mia Joint Stock Company (“ADM”)

On 1 March 2019, HNG acquired 80,000 shares in ADM from BSTN and at the same date, BSTN disposed the remaining of 20,000 shares in ADM to other individual investors. Accordingly, HNG’s ownership in ADM increased from 99.50% to 99.90% and the Group’s ownership in ADM increased from 63.02% to 63.27%.

The difference between consideration transferred and the value of transferred net assets in ADM as at the transaction date amounting to VND’000 1,156,463 was recorded as a deduction to undistributed earnings in the consolidated balance sheet.

Dong Penh Company Limited (“Dong Penh”) issued an addition 28,125,000 shares to HNG

On 19 April 2019, Dong Penh completed the private issuance of 28,125,000 shares to HNG. Accordingly, Dong Penh’s share capital increased from VND’000 200,000,000 to VND’000 481,250,000, HNG’s ownership in Dong Penh was increased from 99.70% to 99.875% and the Group’s ownership in Dong Penh was increased from 63.27% to 63.31%.

Dissolution of Eastern Europe Investment Company Limited (“CSDA”)

On 2 May 2019, CSDA completely necessary legal procedures to liquidate their operations. Accordingly, an amount of VND’000 8,268,957 was recognised as finance expenses in the consolidated income statement, as a loss from such dissolution.

Divestment of 60 million shares in HNG

On 7 August 2019, the Company sold 60 million shares in HNG. Accordingly, the Group’s ownership in HNG decreased from 68.10% to 61.34%. The difference between the consideration transferred and the value of transferred net assets in HNG as at the transaction date amounting to VND’000 200,574,518 was recorded as an increase in undistributed earnings in the consolidated balance sheet.

HNG converted of convertible bonds into ordinary shares

On 9 August 2019, HNG issued additional 221,710,000 ordinary shares to convert 221,710 bonds amounting to VND’000 2,217,100,000 (Note 24.1) to share capital. The issuance was approved by the Shareholders’ Resolution No. 0605/18/NQDHDCT-HAGL Agrico dated 6 May 2018, the Board of Directors’ Resolution No. 0605-1/18/NQHDQT-HAGL Agrico dated 6 May 2018 and the Board of Directors’ Resolution No. 3007/19/NQHDQT-HAGL Agrico dated 30 July 2019.

Accordingly, HNG’s registered share capital has been increased from VND’000 8,868,438,950 to VND’000 11,085,538,950. Accordingly, the Group decreased its ownership in HNG from 61.34% to 49.07%.

Fully disposal of interests in Indochina Rubber Investment and Development Co., Ltd. and its subsidiaries (“Indochina Rubber Group”); Dong Penh Co., Ltd. and its subsidiaries - (“Dong Penh Group”) and Trung Nguyen Rubber Limited Company (“Trung Nguyen Rubber”)

On 24 September 2019, HNG had completed to transfer all contributed share capital in Indochina Rubber Group and Dong Penh Group and Trung Nguyen Rubber to Thadi Agriculture Farming Processing & Distribution Joint Stock Company (“Thadi”) in accordance with Promised Sale and Purchase of Share Agreement dated 4 April 2019, for a total consideration of VND’000 6,993,691,293. Such transactions were approved by the Board of Directors’ Resolutions No. 1706/19/NQ-HDQT HAGL Agrico dated 17 June 2019, No. 1908/19/NQ-HDQT HAGL Agrico dated 19 August 2019 and No. 0909/19/NQ-HDQT HAGL Agrico dated 9 September 2019. Accordingly, a gain resulting from this disposal of VND’000 1,047,276,345 was recognised as finance income in the consolidated income statement.

Fully disposal of interests in Hoang Anh Housing Development and Construction Joint Stock Company (“HAN”)

On 30 September 2019, the Board of Directors approved Resolution No. 3009/19/NQHDQT-HAGL to the transfer of all shares, accounted for 47.89% of the charter capital in HAN to Dai Quang Minh Real Estate Investment Joint Stock Company. The difference between the disposal value and the carrying amount corresponding to the Group’s net asset value in HAN is VND’000 277,017,218 has been recorded as financial income in the consolidated income statement.

Partial disposal of Hung Thang Loi

During the year, the Company sold 15,527,300 shares representing a 19.78% ownership in Hung Thang Loi to a third party. Accordingly, the Company’s ownership in Hung Thang Loi decreased from 98.00% to 78.22%, and the Group’s ownership in HNG decreased from 49.07% to 47.41%. The difference between consideration transferred and the value of transferred net assets in Hung Thang Loi as at the transaction date amounting to VND’000 55,244,444 was recorded as an increase in undistributed earnings in the consolidated balance sheet.

Fully disposal of interests in Hoang Anh Gia Lai Hydropower Co., Ltd.

On 10 December, the Company transferred the contributed capital with total value of VND’000 2,532,179,575, equivalent to 99.40% of the Company’s ownership in Hoang Anh Gia Lai Hydropower Co.,Ltd. to a third party. The difference between the disposal value and the carrying amount corresponding to the Group’s net asset value is VND’000 589,318,492 has been recorded as expense in the consolidated income statement

5. CASH

	VND’000	
	Ending balance	Beginning balance
Cash on hand	8,826,812	14,888,915
Cash in transit	18,544,000	-
Cash in banks	227,060,804	322,847,808
TOTAL	254,431,616	337,736,719

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6. SHORT-TERM TRADE RECEIVABLES

VND'000

	Ending balance	Beginning balance
Receivables from construction services	777,223,573	784,539,432
In which:		
<i>Receivable from Laos Government for construction of Airports (*)</i>	<i>743,082,757</i>	<i>748,511,168</i>
<i>Other customers</i>	<i>34,140,816</i>	<i>36,028,264</i>
Receivables from sales of goods and rendering of services	493,726,186	1,640,202,928
In which:		
<i>Tay Nguyen Agriculture Service Co., Ltd.</i>	<i>79,448,210</i>	<i>71,906,701</i>
<i>Daun Penh Agrico Co., Ltd.</i>	<i>80,108,487</i>	<i>51,830,676</i>
<i>Thanh An Trading Co., Ltd.</i>	<i>58,758,858</i>	<i>62,137,736</i>
<i>Other customers</i>	<i>275,410,631</i>	<i>1,454,327,815</i>
Receivables from sale of apartments	5,349,575	9,044,677
Receivables from disposal of assets and investment properties	275,065,000	542,589,899
In which:		
<i>Hoang Anh Gia Lai Hydropower Co., Ltd.</i>	<i>249,045,000</i>	-
<i>Heygo Food Joint Stock Company</i>	-	<i>516,200,000</i>
<i>Other customers</i>	<i>26,020,000</i>	<i>26,389,899</i>
TOTAL	1,551,364,334	2,976,376,936
In which:		
<i>Related parties (Note 34.2)</i>	<i>99,460,182</i>	<i>307,145,551</i>
<i>Other parties</i>	<i>1,451,904,152</i>	<i>2,669,231,385</i>

Details of movements of provision for doubtful receivables:

VND'000

	Ending balance	Beginning balance
Beginning balance	37,286,654	21,721,909
Provision made during the year	18,242,767	21,320,234
Reversal created during the year	(27,086,498)	(5,755,489)
Ending balance	28,442,923	37,286,654

(*) Receivable from Laos Government represents the construction cost of Attapeu International Airport and Nongkhang International Airport. This receivable will be offset with tax payable to the Laos Government in the future.

7. SHORT-TERM ADVANCE TO SUPPLIERS

VND'000

	Ending balance	Beginning balance
Advance for acquisition of land and project (*)	240,311,324	248,679,631
Advance to suppliers for purchase of goods and services	108,160,565	117,068,745
Advance to contractors for construction and purchasing of machineries and equipment	25,671,177	60,177,999
Others	507,662	1,188,097
TOTAL	374,650,728	427,114,472
In which:		
<i>Related parties (Note 34.2)</i>	<i>2,299,803</i>	<i>33,621,109</i>
<i>Other parties</i>	<i>372,350,925</i>	<i>393,493,363</i>

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

8. LOAN RECEIVABLES

VND'000

		Ending balance	Beginning balance
Short-term			
Short-term loans to related parties (Note 34.2)	(i)	2,052,173,055	633,710,952
Short-term loans to other parties	(ii)	215,195,363	91,177,884
		2,267,368,418	724,888,836
Long-term			
Long-term loans to related parties (Note 34.2)	(i)	7,453,259,203	6,130,524,711
Long-term loans to Laos Government - Attapeu International Airport project	(iii)	17,305,361	15,020,312
Long-term loans to other parties	(ii)	43,380,902	42,880,908
		7,513,945,466	6,188,425,931
TOTAL		9,781,313,884	6,913,314,767

Details of movements of provision for doubtful loan receivables:

VND'000

	Current year	Previous year
Beginning balance	-	-
Provision made during the year	34,759,378	-
Ending balance	34,759,378	-

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8. LOAN RECEIVABLES (continued)

- (i) These loans given to related parties are unsecured, and repayment terms to 2023.
- (ii) These short-term and long-term loans are unsecured which have repayments terms to 2023 and bearing interest rates from 9.00% to 12.50% per annum, details are as follows:

	VND'000	
	Ending balance	Beginning balance
Hoang Anh Housing Development and Construction Joint Stock Company	101,612,388	-
Ban Me Rubber Joint Stock Company	36,340,405	36,340,405
Mrs Kieu Ngoc Hoa	30,000,000	-
Heygo Food Joint Stock Company	5,075,431	5,075,431
Tay Nguyen Agriculture Service Co., Ltd. (*)	4,647,519	-
Others	80,900,522	92,642,956
TOTAL	258,576,265	134,058,792

(*) From 1 January 2019, Tay Nguyen Agriculture Service Co., Ltd. was not a related party under the Group.

- (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
Ending balance (USD)	748,826	648,826
Ending balance (VND'000)	17,305,361	15,020,312

9. OTHER RECEIVABLES

	VND'000	
	Ending balance	Beginning balance
Short-term	467,023,910	656,027,274
Lending to other companies	320,503,405	226,611,576
Advances to employees	55,608,929	163,893,229
Interest from lending to companies	54,427,339	227,438,092
Others		38,084,377
In which:		
Related parties (Note 34.2)	268,744,714	457,258,949
Other parties	198,279,196	198,768,325
Long-term	747,838,961	342,673,458
Interest from lending to companies	735,099,245	329,230,801
Others	12,739,716	13,442,657
In which:		
Related parties (Note 34.2)	734,688,234	329,540,303
Other parties	13,150,727	13,133,155
TOTAL	1,214,862,871	998,700,732

Details of movements of provision for doubtful other receivables:

	VND'000	
	Current year	Previous year
Beginning balance	-	-
Provision made during the year	28,128,474	-
Ending balance	28,128,474	-
In which:		
Provision for doubtful short-term receivables	27,874,871	-
Provision for doubtful long-term receivables	253,603	-

10. INVENTORIES

	VND'000	
	Ending balance	Beginning balance
Work in process	1,711,671,121	1,062,575,678
In which:		
Manufacturing activities	856,080,345	428,160,396
Construction contracts (i)	855,590,776	629,555,879
Beef cattle breeding	-	4,859,403
Raw materials	282,336,032	172,407,850
Finished goods	156,551,372	55,406,832
Merchandise goods	42,046,510	35,320,022
Tools and supplies	30,523,755	47,088,667
Apartments available for sales	-	36,395,297
TOTAL	2,223,128,790	1,409,194,346
Provision for obsolete inventories	(21,572,100)	(11,970,940)
NET	2,201,556,690	1,397,223,406

- (i) This mainly represented the on-going construction cost of Nongkhang International Airport in Huaphanh Province, Laos People's Democratic Republic under the Contract No. LAO - NKP01 on 15 June 2013 with the first acceptance value of USD 25,584,644 up to 31 December 2019 (31 December 2018: USD 25,584,644). According to the Minutes No. 16453/GTVT on 12 July 2019 of the Ministry of Public Works and Transport of Laos People's Democratic approved for the extension of construction period to 31 December 2019.

On 4 February 2020, the Group received Notification Letter No. 818/DASP issued by the Civil Aviation Department, the Ministry of Public Works and Transport of Laos People's Democratic, requested the Group to send Official letter to ask for the extension to 30 November 2020 in order to complete the project. At the date of this report, the Group is in the process of preparing the Official letter.

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11. TANGIBLE FIXED ASSETS

VND'000

	Buildings, structures (*)	Machinery and equipment	Means of transportations	Office equipment	Perennial tress and livestock	Other assets	Total
Cost							
Beginning balance	2,097,943,242	580,320,202	2,373,421,739	7,245,456	7,893,627,697	53,633,514	13,006,191,850
Transfer from construction in progress	456,749,414	23,379,189	294,608,325	-	2,371,691,642	4,065,627	3,150,494,197
Newly purchases	82,048,315	77,178,773	70,424,872	2,733,085	-	5,730,550	238,115,595
Foreign exchange differences	(57,563,116)	(10,798,419)	(66,464,644)	(49,842)	(242,948,800)	(439,183)	(378,264,004)
Disposals	(173,218,181)	(37,690,131)	(7,103,386)	(206,330)	(1,087,992,633)	(42,208)	(1,306,252,869)
Disposals of subsidiaries	(195,462,114)	(41,970,131)	(511,513,305)	(2,928,320)	(1,343,666,869)	(4,181,861)	(2,099,722,600)
Others	1,307,691	1,379,156	166,702	-	1,051,532	-	3,905,081
Ending balance	2,211,805,251	591,798,639	2,153,540,303	6,794,049	7,591,762,569	58,766,439	12,614,467,250
Accumulated depreciation							
Beginning balance	(499,540,164)	(304,967,450)	(606,329,670)	(6,481,628)	(600,015,654)	(31,988,905)	(2,049,323,471)
Depreciation for the year	(162,720,140)	(67,750,662)	(191,245,878)	(758,817)	(452,263,649)	(5,714,689)	(880,453,835)
Foreign exchange differences	13,769,102	6,370,136	17,202,143	33,595	20,903,545	285,929	58,564,450
Disposals	91,109,839	34,301,648	6,477,415	205,197	92,761,898	42,209	224,898,206
Disposals of subsidiaries	61,327,938	21,361,861	84,717,457	2,303,261	109,666,597	1,089,343	280,466,457
Others	-	(1,379,154)	-	-	-	-	(1,379,154)
Ending balance	(496,053,425)	(312,063,621)	(689,178,533)	(4,698,392)	(828,947,263)	(36,286,113)	(2,367,227,347)
Net carrying amount							
Beginning balance	1,598,403,078	275,352,752	1,767,092,069	763,828	7,293,612,043	21,644,609	10,956,868,379
Ending balance	1,715,751,826	279,735,018	1,464,361,770	2,095,657	6,762,815,306	22,480,326	10,247,239,903
In which:							
Fully depreciation	23,454,764	51,086,781	65,243,672	3,628,552	6,689,440	8,847,015	158,950,224
Pledged/mortgaged as loan's security (Note 24)	1,239,773,422	242,606,878	1,408,741,752	28,305	5,649,883,681	14,762,308	8,555,796,346

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12. INTANGIBLE FIXED ASSETS

VND'000

	Land use rights	Computer software	Total
Cost			-
Beginning balance	32,373,674	82,969,798	115,343,472
Disposals of subsidiaries	(447,420)	(18,254,824)	(18,702,244)
Written off an asset	-	(47,863,975)	(47,863,975)
Written off fully amortised assets	-	(333,210)	(333,210)
Ending balance	31,926,254	16,517,789	48,444,043
Accumulated amortization			
Beginning balance	(1,414,297)	(53,164,805)	(54,579,102)
Amortisation for the year	(332,404)	(9,490,093)	(9,822,497)
Disposals of subsidiaries	167,783	13,253,017	13,420,800
Written off an asset	-	35,399,398	35,399,398
Written off fully amortised assets	-	333,210	333,210
Ending balance	(1,578,918)	(13,669,273)	(15,248,191)
Net carrying amount			
Beginning balance	30,959,377	29,804,993	60,764,370
Ending balance	30,347,336	2,848,516	33,195,852
In which:			
Fully depreciated	-	295,816	295,816
Pledged/mortgaged as loans' security (Note 24)	25,278,179	-	25,278,179

13. INVESTMENT PROPERTIES

VND'000

	Land use righ	Buildings, structures	Total
Cost			
Beginning balance	27,072,022	15,001,180	42,073,202
Transfer from inventories	-	32,002,629	32,002,629
Ending balance	27,072,022	47,003,809	74,075,831
Accumulated depreciation			
Beginning balance	(2,218,183)	(2,750,216)	(4,968,399)
Depreciation for the year	(739,394)	(500,039)	(1,239,433)
Ending balance	(2,957,577)	(3,250,255)	(6,207,832)
Net carrying amount			
Beginning balance	24,853,839	12,250,964	37,104,803
Ending balance	24,114,445	43,753,554	67,867,999
In which:			
Pledged/mortgaged as loan security (Note 24)	24,114,445	43,753,554	67,867,999

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	3,366,332	509,461,750
Direct operating expenses of investment properties that generated rental income during the year	1,239,432	227,734,536

The fair value of the investment properties was not formally assessed and determined as at 31 December 2019. 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.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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14. CONSTRUCTION IN PROGRESS

	VND'000	
	Ending balance	Beginning balance
Fruit plantations	4,672,843,963	3,450,277,699
Rubber plantations	3,168,482,172	5,957,078,605
Palm oil plantations	2,554,744,875	3,523,865,660
Buildings, plants and factories	647,942,539	917,377,456
HAGL-JMG Academy	41,937,787	56,679,237
Hydropower plants	-	3,379,400,885
Pepper plantations	-	30,405,295
Other construction works	143,811,528	116,204,705
TOTAL	11,229,762,864	17,431,289,542

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

15. CAPITALISED BORROWING COSTS

During the year, the Group has capitalised borrowing costs amounting to VND'000 421,936,078 (the year ended 31 December 2018: VND'000 688,769,817). These are costs incurred on the bank loans and bonds used to finance the construction and development of fixed assets, rubber, palm oil and other projects.

16. INVESTMENTS IN ASSOCIATES

Name of associates	Business activity	Ending balance		Beginning balance	
		Interest	Carrying value	Interest	Carrying value
		(%)	VND'000	(%)	VND'000
Bidiphar Rubber Joint Stock Company (*)	Rubber plantation	49.14	265,503,612	49.14	263,399,088
East Asia Investment and Construction Consultant Joint Stock Company	Design and consultancy	25.00	7,609,521	25.00	7,609,521
Hoang Anh Housing Development and Construction Joint Stock Company	Real estate	-	-	47.89	2,500,883,911
TOTAL			273,113,133		2,771,892,520

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

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

Details of carrying value of the investment in associates on 31 December 2019 were as follows:

	VND'000
	Amount
Cost of investment	
Beginning balance	2,697,196,178
Disposal	(2,429,842,267)
Ending balance	267,353,911
Accumulated share in post-acquisition profit	
Beginning balance	74,696,342
Share of profit from associates during the year	12,562,347
Disposal	(71,041,644)
Dividends for the year	(10,457,823)
Ending balance	5,759,222
Net carrying amount	
Beginning balance	2,771,892,520
Ending balance	273,113,133

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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17. LONG-TERM PREPAID EXPENSES

VND'000

	Ending balance	Beginning balance
Land clearance costs	240,352,484	209,442,959
Land rental fees	69,091,972	76,019,489
Training costs of HAGL-JMG	39,802,957	29,512,341
Tools and supplies	15,677,456	23,719,114
Office rental fee	5,102,262	5,333,584
Fruit plantations	-	62,327,182
Others	11,549,728	12,101,324
TOTAL	381,576,859	418,455,993

18. GOODWILL

VND'000

	Amount
Cost	
Beginning balance	4,086,295,173
Disposal	(2,507,005,191)
Ending balance	1,579,289,982
Accumulated amortisation	
Beginning balance	(865,148,325)
Amortisation for the year	(315,937,136)
Disposal	580,667,048
Ending balance	(600,418,413)
Net carrying amount	
Beginning balance	3,221,146,848
Ending balance	978,871,569

19. SHORT-TERM TRADE PAYABLES

VND'000

	Ending balance	Beginning balance
Payables to purchase of goods and services	991,975,634	463,476,493
- Thadi Agriculture Farming Processing & Distribution Joint Stock Company	207,569,777	-
- Others	784,405,857	463,476,493
Payables to construction contractors	19,491,735	10,293,479
Others	3,526,393	138,626
TOTAL	1,014,993,762	473,908,598
In which:		
Other parties	939,356,892	436,058,220
Related parties (Note 34.2)	75,636,870	37,850,378

20. SHORT-TERM ADVANCES FROM CUSTOMERS

VND'000

	Ending balance	Beginning balance
Advances from trade customers	238,750,940	105,842,347
Chaleun Sekong Group advances for purchasing hydropower	-	2,258,871,961
Others	517,884	46,374,644
TOTAL	239,268,824	2,411,088,952

21. STATUTORY OBLIGATIONS

VND'000

	Beginning balance	Increase in year	Decrease in year	Ending balance
Corporate income tax (TM số 33.1)	30,664,436	2,253,490	(12,947,293)	19,970,633
Personal income tax	10,310,609	6,953,935	(8,094,023)	9,170,521
Value-added tax	7,524,975	29,448,702	(35,744,592)	1,229,085
Others	9,216,503	3,361,470	(10,350,334)	2,227,639
TOTAL	57,716,523	42,017,597	(67,136,242)	32,597,878

22. ACCRUED EXPENSES

VND'000

	Ending balance	Beginning balance
Interest expenses	3,133,743,647	2,965,310,282
Operating costs	833,435,274	1,067,053,924
Bond issuance cost	43,414,660	43,414,660
TOTAL	4,010,593,581	4,075,778,866
In which:		
Short-term	2,020,469,752	2,045,910,162
Long-term	1,990,123,829	2,029,868,704

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23. OTHER PAYABLES

VND'000

	Ending balance	Beginning balance
Short-term	920,339,356	1,130,795,710
Payables to other companies and other individuals (i)	556,542,089	1,009,733,136
Payables to land leases	69,533,695	78,988,748
Payables to business cooperation contracts (ii)	36,000,000	-
Payables to interest business cooperation contracts	17,989,667	-
Payables to apartment maintenance fee	-	9,573,496
Others	240,273,905	32,500,330
In which:		
<i>Related parties (Note 34.2)</i>	<i>275,123,017</i>	<i>202,914,128</i>
<i>Other parties</i>	<i>645,216,339</i>	<i>927,881,582</i>
Long-term	570,972,657	980,019,908
Payables to business cooperation contracts (iii)	285,000,000	835,000,000
Payables to land leases	112,751,757	109,415,187
Others	173,220,900	35,604,721
In which:		
<i>Related parties (Note 34.2)</i>	<i>285,000,000</i>	<i>844,725,774</i>
<i>Other parties</i>	<i>285,972,657</i>	<i>135,294,134</i>
TOTAL	1,491,312,013	2,110,815,618

- (i) This balance represents free interest and unsecured borrowings from other companies and other individuals, the Group's related parties and individuals outside the Group for the purpose of financing its working capital requirement.
- (ii) This amount represented the contribution of partners in the BCCs dated 24 September 2018 and 23 October 2019 with individuals for investment in fruit plantation projects of the Company. These BCCs do not require to establish separate legal entity and profit from the projects will be shared based on the business result of the projects but not less than 12% on the total investment amount for three-year (3-year) or six-month (6-month) from the contract date.

24. LOANS

	Beginning balance	Increase	Decrease	Converted into shares	Reclassify	Ending balance
Short-term						
Convertible bonds (Note 24.1)	2,153,212,703	63,887,297	-	(2,217,100,000)	-	-
Short-term bank loans (Note 24.2)	912,868,528	1,184,209,819	(1,199,573,468)	-	-	897,504,879
Current portion of long-term bank loans (Note 24.4)	1,537,972,526	-	(788,659,718)	-	787,221,818	1,536,534,626
Current portion of long-term bonds (Note 24.3)	913,992,913	61,696	(1,469,949,231)	-	675,894,622	120,000,000
Other short-term loans (Note 24.5)	1,431,756,657	2,509,781,792	(2,743,119,250)	-	-	1,198,419,199
	6,949,803,327	3,757,940,604	(6,201,301,667)	(2,217,100,000)	1,463,116,440	3,752,458,704
Long-term						
Domestic straight bonds (Note 24.3)	10,069,320,859	9,813,869	(2,358,552,945)	-	(675,894,622)	7,044,687,161
Long-term bank loans (Note 24.4)	4,604,709,171	-	(721,827,779)	-	(787,221,818)	3,095,659,574
Other long-term loans (Note 24.5)	129,709,600	805,260,834	(129,709,600)	-	-	805,260,834
	14,803,739,630	815,074,703	(3,210,090,324)	-	(1,463,116,440)	10,945,607,569
TOTAL	21,753,542,957	4,573,015,307	(9,411,391,991)	(2,217,100,000)	-	14,698,066,273

VND'000

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2019 and for the year then ended

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24. LOANS (continued)

24.1 CONVERTIBLE BONDS

On 9 August 2019, HNG issued additional 221,710,000 ordinary shares to convert 221,710 bonds to Truong Hai Auto Corporation and others amounting to VND'000 2,217,100,000 to share capital. The issuance was approved by the Shareholders' Resolution No. 0605/18/NQDHDCD-HAGL Agrico dated 6 May 2018, the Board of Directors' Resolution No. 0605-1/18/NQHDQT-HAGL Agrico dated 6 May 2018 and the Board of Directors' Resolution No. 3007/19/NQHDQT-HAGL Agrico dated 30 July 2019.

Accordingly, HNG's registered share capital has been increased from VND'000 8,868,438,950 to VND'000 11,085,538,950. Accordingly, the Company decreased its ownership in HNG from 61.34% to 49.07%.

Details of short-term bank loans are as follows:

	VND'000
	Amount
Value of convertible bonds	2,217,100,000
Equity component	(105,576,190)
Liability component at initial recognition	2,111,523,810
Add: Accumulated amortisation of discount	105,576,190
Beginning balance	41,941,226
Amortisation for the period	63,634,964
Ending balance	105,576,190
Liability component at as the converted date	2,217,100,000
Transfer convertible bonds to ordinary shares	(2,217,100,000)
Value of convertible bonds at as year end	-

24.2 SHORT-TERM BANK LOANS

	VND'000	
	Ending balance	Beginning balance
Tien Phong Commercial Joint Stock Bank ("TPBank")	599,732,982	599,911,828
Laos Viet Joint Venture Bank ("Laos - Viet Bank")	273,664,995	207,207,636
Saigon Thuong Tin Commercial Joint Stock Bank - Cambodia Branch ("Sacombank")	18,962,528	83,346,445
Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV")	5,144,374	22,402,619
TOTAL	897,504,879	912,868,528

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; rubber and palm oil plantations.

Details of short-term bank loans are as follows:

Banks	Ending balance (VND'000)	Term and maturity date	Interest rate (% p.a)	Collateral (Notes 11, 12, 13 and 14)
TPBank, Head Office in Hanoi	599,732,982	From 10 March 2020 to 30 September 2020	Equal to the interest rate of TPBank's 3 months corporate savings in VND plus the margin of 3.20 (2019: 10.50)	The right to use and exploit on the area of 925 ha belongs to Eastern Rubber (Cambodia) Co., Ltd.; 32,829,686 HNG shares owned by the Company; The right to use and exploit 453.7 ha of plantation land owned by Dai Thang Agricultural Development Co., Ltd.
Laos - Viet Bank, Attapeu Branch (*)	273,664,995	From 8 May 2020 to 23 October 2020	From 8.00 to 9.00	Head office of Dai Thang Agricultural Development Co., Ltd. at NongYoi Village, Paksong District, Champasak Province, Laos on parcel No. 03; The whole project is planting 853 ha of passion fruit plantation in Phanoundong Village, Nongkhuong Village, Huoi Kong Village, Paksong District, Champasak Province, Laos and the entire construction of 26.7 ha pepper area in Nongkhuong Village, Paksong District, Province Champasak, Laos and 66,623 ha in La Man District, Se Kong Province, Laos owned by Dai Thang Agricultural Development Co., Ltd.
Sacombank, Cambodian Branch	18,962,528	29 February 2020	9.00	All assets (movable properties and real estates) attached to the land and all rights, and benefits associated with or arising from such assets related to the land owned by Hoang Anh Andong Meas Co., Ltd.; The right to use and exploit on the area of 463.4 ha belongs to the project of Hoang Anh Oyadav Co., Ltd.
BIDV, Gia Lai Branch	5,144,374	From 8 April 2020 to 9 May 2020	From 9.00 to 9.50	Machineries and equipment, 3 cars with lincene plates 81A-015.78; 81B-004.56; 81B-002.48 Hoang Anh Gia Lai Medical University Hospital and construction of Hoang Anh Gia Lai Medical University Hospital

(*) As at 31 December 2019 and the date of these consolidated financial statements, passion fruit and pepper plantation at Phanoundong Village, Nongkhuong Village, Ban Huoi Kong, Paksong District, Champasak Province, Laos were removed.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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24. LOANS (continued)

24.3 DOMESTIC STRAIGHT BONDS

Outstanding domestic straight bonds comprised as detailed below:

Arrangement organizations	VND'000	
	Ending balance	Beginning balance
BIDV and BIDV Securities Company ("BSC")	5,876,000,000	5,876,000,000
Phu Gia Securities Joint Stock Company ("PHUGIASC")	930,000,000	930,000,000
ACB Securities Limited Company ("ACBS")	300,000,000	300,000,000
Viet Capital Bank	120,000,000	180,000,000
Eurocapital Securities Joint Stock Company ("ECS")	-	1,694,000,000
VPS Securities	-	991,000,000
FPT Securities Joint Stock Company ("FPTS") and Vietnam Prosperity Joint Stock Commercial Bank ("VPB")	-	594,000,000
IB Securities Joint Stock Company ("IBSC")	-	489,502,177
Bond issuance cost	(61,312,839)	(71,188,405)
TOTAL	7,164,687,161	10,983,313,772
In which:		
Non-current portion	7,044,687,161	10,069,320,859
Current portion	120,000,000	913,992,913

Arrangement organizations	Owner	Amount VND'000	Interest rate % p.a.	Maturity date	Purpose	Collateral (Notes 11, 12, 13 and 14)
BIDV and BSC	BIDV (*)	5.876.000.000	The average of interest rate of individual saving deposit in VND with the term of 12 months announced by branches of 4 commercial banks at Gia Lai Province including Agribank, BIDV, Vietcombank and Vietinbank plus margin of 3.00 (2019: 9.82)	30 December 2026	To finance investment projects of the Group and to restructure existing debts of the Group	Land lease right and related assets, as follows: 4,852.74 ha of rubber in Attapeu Province, Laos, owned by Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd.; 9,996.9 ha (rubber) in Attapeu Province, Laos; 4,733.01 ha (rubber) and 3,155.79 ha (palm oil) in Attapeu Province, Laos owned by Hoang Anh Attapeu Agriculture Development Co., Ltd.; 9,380.9 ha (planting 7,102 ha palm oil) in Ratanakiri Province, Cambodia owned by Hoang Anh Andong Meas Co., Ltd.; 1,960.91 ha in Ratanakiri Province, Cambodia owned by Heng Brothers Co., Ltd.; 3,283.66 ha in Ratanakiri Province, Cambodia, owned by CRD Co., Ltd.; All assets (movable properties and real esates) attached to the land and all rights, interests and benefits associated with or arising from such assets related to the land; The right of ownership and compensation when insured events arise under insurance contracts for related assets as mentioned above; 44,926,000 HAG shares held by the Chairman.

(*) As at 31 December 2019 and the date of these consolidated financial statements, the Group's ownership at HNG is 47.41%, less than the committed percentage of fifty-one percentage (51%) in the bond contract. Additionally, the actual area of rubber plantation and palm oil plantation of the Group are 4,486 ha and 5,233 ha, respectively, which is lower than the commitment in Loan Agreement which is 4,852.74 ha and 7,102 ha, respectively.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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24. LOANS (continued)

24.3 DOMESTIC STRAIGHT BONDS (continued)

Arrangement organizations	Owner	Amount VND'000	Interest rate % p.a.	Maturity date	Purpose	Collateral (Notes 11, 12, 13 and 14)
PHUGIASC	Ho Chi Minh City Development Joint Stock Commercial Bank – Dong Nai Branch (*)	930,000,000	Adjust one every three months and cost of finance rate VND 12 months announced by Ho Chi Minh City Development Joint Stock Commercial Bank plus margin of 3.50 (2019: 12.51 – 12.57)	31 December 2023	To finance investment projects of the Group and to restructure existing debts of the Group	172,070,455 HNG shares held by the Company;
ACBS	Viet Golden Farm Joint Stock Company (**)	300,000,000	13 months deposit interest rate of TP bank plus margin of 4.50 (2019: 10.00)	18 June 2023	To finance investment projects of the Group and to restructure existing debts of the Group	40,000,000 HNG shares held by the Company.
Viet Capital Bank	Viet Capital Bank	120,000,000	The interest rate will be equal to the average interest rate of 13 months corporate savings in VND plus the margin of 3.50 (2019: 11.20)	30 December 2020	To finance the Group's investment projects including the project of planting 10,000 ha of new rubber trees (Ratanakiri Province, Cambodia); Nam Kong 2 hydropower project (Attapeu Province, Laos) and to restructure existing debts of the Group	12,960,000 HAG shares held by the Chairman; 13,405,675 HNG shares held by the Company; 45,230,000 shares of Gia Lai Livestock Joint Stock Company owned by An Phu Real Estate Investment Joint Stock Company.
In which:						
Non-current portion		-				
Current portion		120,000,000				

(*) As at 31 December 2019 and the date of these consolidated financial statements, the Group's ownership at HNG is the Group's ownership at HNG is 47.41%, less than the committed percentage of fifty-one percentage (51%) in the bond contract.

(**) As at 31 December 2019 and the date of these consolidated financial statements, the Group's current ratio is less than one (1), while the committed ratio of the current payment ratio must be greater than one (1).

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (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
Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV")	2,126,870,427	2,522,768,438
Ho Chi Minh City Development Joint Stock Commercial Bank ("HDBank")	1,029,352,918	1,334,047,633
Laos Viet Joint Venture Bank (Laos-Viet Bank) - Attapeu Branch	822,882,260	1,031,033,107
Saigon Thuong Tin Commercial Joint Stock Bank ("Sacombank")	553,088,595	1,004,832,519
Tien Phong Commercial Joint Stock Bank ("TPBank")	100,000,000	250,000,000
TOTAL	4,632,194,200	6,142,681,697
In which:		
<i>Non-current portion</i>	<i>3,095,659,574</i>	<i>4,604,709,171</i>
<i>Current portion</i>	<i>1,536,534,626</i>	<i>1,537,972,526</i>

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

The terms and conditions of bank loans are as follows:

Banks	Ending balance (VND'000)	Term and maturity date	Interest rate (% p.a.)	Collateral (Notes 11, 12, 13 and 14)
BIDV, Gia Lai Branch				
Loan 1 (*)	734,611,164	From 31 December 2019 to 31 December 2026	12-month savings deposit interest rate paid in arrears of BIDV plus 4.70 (2019: 7.20)	9,996.9 ha rubber plantation and land use rights in Saysetha and Phu Vong District, Attapeu Province, Laos owned by Hoang Anh Attapeu Agriculture Development Co., Ltd.
Loan 2 (*)	249,631,125	From 9 June 2019 to 20 October 2019	VND: 11.60 USD: 8.60 - 9.28	7 cars owned by the Company; 1 car owned by DHA; 3,310,000 HNG shares held by the Company; Land use right and exploitation of 1,199 ha rubber plantation at Po To Commue, Ia Pa District, Gia Lai Province, Vietnam owned by CSTN; Complex of buildings in Hoang Anh Gia Lai - Arsenal JMG Academy; Construction working in HAGL Hospital; Office building of Group at 15 Truong Chinh St, Phu Dong Ward, Pleiku City, Gia Lai province, Viet Nam; Hoang Anh Gia Lai Hotel owned by the Company.
Loan 3 (*)	576,965,337	From 1 June 2019 to 28 December 2019	VND: 11.60 USD: 9.28	2 floors of Apartment and Shopping mall Bau Thac Gian, Thanh Khe District, Da Nang City, Vietnam owned by the Company; 7 cars owned by the Company; 13,310,000 HNG shares held by the Company; Hoang Anh Gia Lai Hotel owned by the Company; Land use right and exploitation of 1,199 ha rubber plantation at Po To Commue, Ia Pa District, Gia Lai Province, Vietnam owned by CSTN; Office building of Group at 15 Truong Chinh St, Phu Dong Ward, Pleiku City; Hoang Anh Gia Lai Hotel, Vietnam.

(*) As at the date of these consolidated financial statements, the Group has not paid current portion from those loans at the due date amounting to VND'000 831,876,014.

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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)

Banks	Ending balance (VND'000)	Term and maturity date	Interest rate (% p.a.)	Collateral (Notes 11, 12, 13 and 14)
BIDV, Binh Dinh Branch				
Loan 4 (**)	565,662,801	From 25 March 2021 to 25 December 2026	12-month savings deposit interest paid in arrears of BIDV in USD plus 5.00 (2019: 6.70 - 7.00)	Land use right of the HAGL luxury apartment project included 37 apartments, block A, B, C at 40 Hung Vuong Street, Buon Ma Thuot City, Dak Lak Province, Vietnam owned by Hoang Anh Dak Lak Joint Stock Company; 119 apartments belong to HAGL luxury residence are and office building at 6 Hoang Van Thu Street, Pleiku City, Gia Lai Province, Vietnam owned by the Company; HAGL Granite Stone factory in beside National Route 14, Ia Bang Commue, Dak Doa District, Gia Lai Province, Vietnam owned by the Company; 6,993.2 m2 land use right at Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam; Right to use and exploit of 4,733.01 ha rubbers plantation and 3,155.79 ha palm oil plantation in Attapeu Province, Laos owned by Hoang Anh Attapeu Agriculture Development Co., Ltd.
TOTAL	2,126,870,427			

In which:

<i>Non-current portion</i>	1,289,714,861
<i>Current portion</i>	837,155,566

(**) As at 31 December 2019 and the date of these consolidated financial statements, the actual area of rubber plantation of the Group is 13,714 ha, which is lower than the commitment in Loan Aggrement which is 17,950 ha. Additionally, the actual area of palm oil plantation of the Group is 1,449.2 ha, which is lower than the commitment in Loan Aggrement of 3,155.79 ha.

VND'000

Banks	Ending balance (VND'000)	Term and maturity date	Interest rate (% p.a.)	Collateral (Notes 11, 12, 13 and 14)
HDBank - Dong Nai Branch				
Loan 1 (*)	887,352,918	From 25 June 2020 to 25 December 2023	USD: 8.50 VND: 12.57	172,070,455 HNG shares held by the Company; 7,924 ha land use right and attached assets at Ratanakiri Province, Cambodia owned by Hoang Anh Lumphat Co., Ltd.; 20,000,000 shares of An Dong Mia held by HNG, Mrs. Le Thi Ngoc Bich and Mrs. Vo Thi Le Thu.
Loan 2	77,000,000	31 August 2020	From 11.57 to 11.67	98,000,000 HNG shares held by the Company.
HDBank - Gia Lai Branch				
Loan 1	65,000,000	From 31 March 2020 to 31 November 2020	From 11.50 to 11.80	All fruit tree and exploitation right in the future of fruit and savory plantation project in Ea H'leo Commue, Ea H'leo District, Dak Lak Province, Vietnam owned by Hoang Anh Dak Lak Joint Stock Company.
TOTAL	1,029,352,918			
In which:				
<i>Non-current portion</i>	665,514,697			
<i>Current portion</i>	363,838,221			

(*) As at 31 December 2019 and the date of these consolidated financial statements, the actual area of palm oil plantation of the Group is 4,074 ha, which is lower than with the commitment in Loan Agreement of 6,653 ha.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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24. LOANS (continued)

24.4 LONG-TERM BANK LOANS (continued)

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

Banks	Ending balance (VND'000)	Term and maturity date	Interest rate (% p.a.)	Collateral (Notes 11, 12, 13 and 14)
Laos - Viet Bank, Attapeu Branch				
Loan 1 (i)	310,331,845	From 25 November 2019 to 25 August 2022	10.00	Office building of Hoang Anh Attapeu Agriculture Development Co., Ltd. at Km No. 31, Hatxan Commune, Xaysettha District, Attapeu Province, Laos corresponding to the map No. 17 001 0008; with an area of 0.3 ha of Rubber latex production factory in Xaysettha District, Attapeu Province, Laos and whole imported cows (14,219 cows) of Hoang Anh Attapeu Agriculture Development Co., Ltd.
Loan 2 (ii)	272,699,134	From 25 December 2019 to 25 December 2026	LAK: 12.75 USD: 10.00	Land use right and exploitation 4,733.01 ha rubber and 3,155.79 ha palm oil in Attapeu Province, Laos owned by Hoang Anh Attapeu Agriculture Development Co., Ltd.

- (i) As at 31 December 2019 and the date of these consolidated financial statements, the Group has liquidated all cows, accordingly, the Group does not guarantee a sufficient number of cows importing 14,219 cows in accordance with this Loan Agreement. Additionally, the Group has not paid the loan of KVNĐ 12,255,343 at the due date.
- (ii) As at 31 December 2019 and the date of these consolidated financial statements, the actual area of palm oil plantation of the Group is 1,449.2 ha, which is lower than with the commitment in Loan Agreement of 3,155.79 ha. Additionally, the Group has not paid the loan of VNĐ'000 1,542,000 at the due date.

Banks	Ending balance (VND'000)	Term and maturity date	Interest rate (% p.a.)	Collateral (Notes 11, 12, 13 and 14)
Laos - Viet Bank, Attapeu Branch (continued)				
Loan 3 (iii)	62,964,514	From 25 May 2019 to 25 November 2020	10.00	All construction tools, machineries and equipment supply for the construction of oil palm processing plant arise after the investment capital owned by Hoang Anh Attapeu Agriculture Development Co., Ltd.
Loan 4 (iv)	176,886,767	From 25 October 2019 to 25 October 2022	10.00	Land use right of 3 land lots 1,001.78 ha at Laman District, Sekong Province, Laos and all assets on land belonging to the project of raising cows and imported cows are valued at USD 26,460,000 owned by Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd.; all assets attached on rubber plantation with area of 420.91 ha in Laman District, Sekong Province, Laos owned by Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd.
TOTAL	822,882,260			

In which:

Non-current portion	564,430,747
Current portion	258,451,513

- (iii) As at 31 December 2019 and the date of these consolidated financial statements, the Group has not paid the loan of VNĐ'000 26,984,793 at the due date.
- (iv) As at 31 December 2019 and the date of these consolidated financial statements, the Group has not secured enough value for cattle of USD 26,460,000 as required by this Loan Agreement. Besides, the Group has not paid the loan of VNĐ'000 5,130,445 at the due date.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2019 and for the year then ended

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24. LOANS (continued)

24.4 LONG-TERM BANK LOANS (continued)

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

Banks	Ending balance (VND'000)	Term and maturity date	Interest rate (% p.a.)	Collateral (Notes 11, 12, 13 and 14)
Sacombank, Da Nang Branch (*)	262,454,605	From 24 December 2021 to 24 December 2026	13 months deposit rate of Sacombank plus 2.00 and adjusted each 3-months (2019: 9.80)	23.2 million HAG shares held by the Chairman and 14.5 million shares of Hoang Anh Quang Minh Joint Stock Company held by HNG.
Sacombank, Thu Duc Branch (**)	250,000,000	From 25 December 2021 to 6 December 2026	9.80	Land use right 1,328.1 ha rubber plantation and related assets in Chu Prong District, Gia Lai Province, Vietnam owned by Highland Rubber; Land use right 479.2 ha in Ea H'leo Ward, Ea H'leo District, Dak Lak Province, Vietnam owned by Hoang Anh Dak Lak Joint Stock Company and 683.33 ha in Ea H'leo Ward, Ea H'leo District, Dak Lak Province, Vietnam owned by Ban Me Rubber Joint Stock Company.
Sacombank, Cambodia Branch	40,633,990	From 21 June 2020 to 21 June 2021	9.00	Land use right: Project 1 at Talao Ward, Ouchum District, Ratanakiri Province, Cambodia and Project 2 at Nhang Ward, Andong Meas District, Ratanakiri Province, Cambodia owned by Hoang Anh Oyadav Co., Ltd.;
TOTAL	553,088,595			
In which:				
Non-current portion	525,999,269			
Current portion	27,089,326			
TPBank - Head Office	100,000,000	From 25 May 2020 to 25 November 2021	11.40	Securities with yeild, dividends, rights and benefits arising from 15,000,000 HNG shares held by the Company.
TOTAL	100,000,000			
In which:				
Non-current portion	50,000,000			
Current portion	50,000,000			

(*) As at 31 December 2019 and the date of these consolidated financial statements, the actual area plantation of the Group is 2,429 ha, which is lower than the commitment in Loan Agreement of 9,000 ha. Besides, the Group has not purchased insurance for collateral.

(**) As at 31 December 2019 and the date of these consolidated financial statements, the actual area of palm oil plantation of the Group is 5,233 ha which is lower than the commitment in Loan Agreement of 9,470 ha.

24.5 OTHER SHORT-TERM AND LONG-TERM LOANS

The terms and conditions of loan payables are as follows:

Names	Ending balance (VND'000)	Term and maturity date	Interest rate (% p.a.)	Collateral
Other short-term loans				
Truong Hai Auto Corporation	897,464,625	From 12 July 2020 to 11 December 2020	From 8.00 to 9.50	Unsecured
Mr Nguyen Xuan Quang	99,650,107	26 June 2020	14.00	20,000,000 shares HNG held by Hung Thang loi
Trustlink Investment and Service Joint Stock Company	93,304,467	26 June 2020	14.00	13,750,000 shares HNG held by Hung Thang Loi.
Hakuba Co., Ltd	58,000,000	6 March 2020	14.00	10,000,000 shares HNG held by Hung Thang Loi.
Ms Kieu Ngoc Hoa	50,000,000	4 February 2020	14.00	Unsecured
TOTAL	1,198,419,199			
Other long-term loans				
Truong Hai Auto Corporation	805,260,834	10 June 2021	10.50	Unsecured

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2019 and for the year then ended

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25. OWNERS' EQUITY

25.1 INCREASE AND DECREASE IN OWNERS' EQUITY

VND'000

	Share capital	Share premium	Treasury shares	Foreign exchange differences	Investment and development fund	Undistributed earnings (accumulated losses)	Total
Previous year							
Beginning balance	9,274,679,470	3,263,858,784	(686,640)	453,812,960	279,895,303	702,809,115	13,974,368,992
Net profit for the year	-	-	-	-	-	117,506,769	117,506,769
Foreign exchange differences	-	-	-	31,424,384	-	-	31,424,384
Remuneration for members of Board of Directors, Board of Supervisions and secretary	-	-	-	-	-	(1,737,000)	(1,737,000)
Fund appropriation	-	-	-	-	749,460	(749,460)	-
Disposal of subsidiaries	-	-	-	-	-	(426,403,248)	(426,403,248)
Equity transactions inside Group with non-controlling interests	-	-	-	-	-	(427,861,152)	(427,861,152)
Ending balance	9,274,679,470	3,263,858,784	(686,640)	485,237,344	280,644,763	(36,434,976)	13,267,298,745
Current year							
Beginning balance	9,274,679,470	3,263,858,784	(686,640)	485,237,344	280,644,763	(36,434,976)	13,267,298,745
Net profit for the year	-	-	-	-	-	216,517,715	216,517,715
Foreign exchange differences	-	-	-	(909,696,018)	-	-	(909,696,018)
Remuneration for members of BOD, Board of Supervisions and secretary	-	-	-	-	-	(2,797,000)	(2,797,000)
Fund appropriation	-	-	-	-	1,024,011	(1,024,011)	-
Equity transactions inside Group with non-controlling interests	-	-	-	-	-	114,577,508	114,577,508
Ending balance	9,274,679,470	3,263,858,784	(686,640)	(424,458,674)	281,668,774	290,839,236	12,685,900,950

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2019 and for the year then ended

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25. OWNERS' EQUITY (continued)

25.2 SHARES

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

26. NON-CONTROLLING INTERESTS

	Ending balance	Beginning balance
Beginning balance	3,543,587,941	3,813,603,686
Capital transactions in the Group with non-controlling interests of subsidiaries	2,875,304,500	(499,402,722)
Loss during the year attributable to non-controlling interests	(2,025,322,017)	(111,262,363)
Disposal of subsidiaries	(264,516,161)	(848,934,538)
Dividends paid to non-controlling interests	(6,151,425)	(7,416,122)
New shares issued by subsidiaries to non-controlling interests	-	1,197,000,000
Ending balance	4,122,902,838	3,543,587,941

27. EARNINGS PER SHARE

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

	Ending balance	Beginning balance
Net profit attributable to ordinary shareholders of the Company (VND'000)	216,517,715	117,506,769
Weighted average number of ordinary shares during the year for basic earnings per share	927,399,283	927,399,283
Loss per share (VND)		
Basic earning per share	233	127
Diluted earning per shares	233	127

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.

28. REVENUES

28.1 REVENUE FROM SALE OF GOODS AND RENDERING OF SERVICES

	Current year	Previous year
Gross revenue	2,091,833,174	5,388,200,400
In which:		
<i>Sale of fruits</i>	1,290,876,230	2,897,277,177
<i>Sale of rubber latex</i>	341,922,012	345,077,184
<i>Rendering of other services (hospital, hotel, advertising, v.v.)</i>	234,260,834	406,544,334
<i>Sale of goods</i>	185,196,895	470,270,787
<i>Sale of chilli</i>	38,704,084	513,949,664
<i>Sale of pepper</i>	873,119	38,214,271
<i>Rendering of rental services</i>	-	509,461,750
<i>Sale of cows</i>	-	126,827,550
<i>Revenue from investment property</i>	-	57,910,339
<i>Sale from contractual constructions</i>	-	22,667,344
Less	(16,389,150)	-
<i>Sales return</i>	(16,389,150)	-
Net revenue	2,075,444,024	5,388,200,400
In which:		
<i>Sale of fruits</i>	1,275,351,600	2,897,277,177
<i>Sale of rubber latex</i>	341,922,012	345,077,184
<i>Rendering of other services (hospital, hotel, advertising, v.v.)</i>	234,260,834	406,544,334
<i>Sale of goods</i>	184,332,375	470,270,787
<i>Sale of chilli</i>	38,704,084	513,949,664
<i>Sale of pepper</i>	873,119	38,214,271
<i>Rendering of rental services</i>	-	509,461,750
<i>Sale of cows</i>	-	126,827,550
<i>Revenue from investment property</i>	-	57,910,339
<i>Sale from contractual constructions</i>	-	22,667,344
In which:		
<i>Sale from related parties</i>	12,047,940	29,832,490
<i>Sale from third parties</i>	2,063,396,084	5,358,367,910

28.2 FINANCE INCOME

	Current year	Previous year
Gain on disposal of investments	1,325,083,129	563,609,679
Interest income from loans to other parties	779,225,691	755,262,551
Foreign exchange gains	31,346,993	81,224,545
Interest income from bank deposits	1,407,350	4,089,505
Others	80,279	612,899
TOTAL	2,137,143,442	1,404,799,179
In which:		
<i>Financial income from related parties</i>	758,210,383	749,845,449
<i>Financial income from third parties</i>	1,378,933,059	654,953,730

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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29. COSTS OF GOODS SOLD AND SERVICES RENDERED

VND'000

	Current year	Previous year
Cost of fruits	1,005,948,511	1,298,285,319
Cost of rubber latex	451,431,843	371,389,292
Cost of rendering other services (hospital, hotel, advertising, etc.)	202,192,049	368,041,139
Cost of goods sold	144,185,834	159,796,549
Cost of chilli	43,130,128	353,339,846
Cost of pepper	771,286	35,011,542
Cost of rendering of rental services	-	227,734,536
Cost of cows	-	135,954,566
Cost of investment property	-	38,476,544
Cost of contractual constructions	-	25,465,893
TOTAL	1,847,659,651	3,013,495,226

30. FINANCE EXPENSES

VND'000

	Current year	Previous year
Interest expenses on bank loans and bonds	1,263,369,664	1,532,928,450
Loss on disposal of investments	597,592,450	-
Foreign exchange losses	94,509,128	152,734,178
Others	8,462,909	36,021,536
TOTAL	1,963,934,151	1,721,684,164

31. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

VND'000

	Current year	Previous year
Selling expenses		
External services	288,324,842	152,008,417
Labour costs	15,493,345	22,660,977
Depreciation and amortization	2,412,294	1,794,026
Others	2,626,378	15,982,795
TOTAL	308,856,859	192,446,215
General and administrative expenses		
Allocation of goodwill	315,937,136	390,318,070
Labour costs	152,029,212	144,510,009
External services	72,024,456	44,248,405
Provision	75,578,113	21,272,492
Depreciation	30,758,900	34,318,490
Others	26,273,693	354,668,623
TOTAL	672,601,510	989,336,089

32. OTHER INCOME AND EXPENSES

VND'000

	Current year	Previous year
Other income	42,577,126	21,546,363
Gain from disposal of fixed assets	593,673	-
Others	41,983,453	21,546,363
Other expenses	1,380,140,330	914,727,898
Costs of developing plantation	1,164,006,774	488,191,538
Written off assets	209,177,686	240,498,860
BCC contract supportive fees	185,750,000	-
Depreciation of idle assets	44,549,697	17,349,380
Penalty expenses	30,834,638	44,461,528
Loss from disposal of long-term assets	17,041,036	68,166,122
Loss from revaluation of devalued assets	16,824,254	12,636,991
Reversal of accrued expenses (*)	(335,292,885)	-
Others	47,249,130	43,423,479
OTHER LOSS	(1,337,563,204)	(893,181,535)

(*) This amount represented CIT expense accrued in prior years' consolidated financial statements accumulated up to 31 December 2018. In prior years, due to the introduction of Decree 20 just new launched and the Group has not clarified the interpretations with the local tax authorities, so based on prudence principle, the Group has temporarily accrued CIT expenses according to Item 3, Article 8, Decree No. 20/2017/ND-CP ("Decree 20") proscribing tax administration for enterprises engaged in transfer pricing, issued by the Government on 24 February 2017 and effectively applied from 1 May 2017 to determine taxable income including the total loan interest cost arising in tax year not qualified as a deduction from income which exceeded 20% of total net profit generated from business activities plus loan interest costs and amortization costs during the year. During the year ended 31 December 2019, the Group researched all relevant information and reversed CIT expenses accrued in prior years' consolidated financial statements.

For the year ended 31 December 2019, the Board of Directors also decided not to recognize provision for CIT due to the Group's application of the draft amendments to Decree 20 issued by the Government in 2019. According to the amendments, the Group estimates the total net interest expenses incurred in the year (interest expenses are offset with interest income) shall not exceed 30% of the total net profit from operating activities plus (+) net interest expenses plus (+) depreciation expenses during the years at the date of these consolidated financial statements, the official document to amend Decree 20 has not been officially issued.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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33. CORPORATE INCOME TAX

The Company and its subsidiaries located in Vietnam have the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits (2018: 20%).

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

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

	VND'000	
	Current year	Previous year
Current CIT expenses	2,253,490	2,998,375
Deferred tax (income) expenses	(98,914,750)	38,454,058
TOTAL	(96,661,260)	41,452,433

33.1 CURRENT INCOME TAX

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

	VND'000	
	Current year	Previous year
Accounting (loss) profit before tax	(1,905,465,562)	47,696,838
<i>Adjustments to increase (decrease) accounting profit</i>		
Losses of subsidiaries	4,096,620,067	1,257,732,317
Amortisation of goodwill	315,937,136	390,318,070
Reverse of capitalized interest on consolidation	82,805,391	34,147,473
Unrealised profit eliminated on consolidation	(31,070,098)	(32,629,674)
Expenses inadequately documented	39,197,043	10,190,354
Penalties	15,108,406	4,974,838
Share of profit from associates	(12,562,347)	(64,840,488)
Difference gain on disposals of investments in consolidated financial statement	(2,805,287,927)	(563,609,679)
Provisions (reverse of provisions)	483,220,642	(468,891,480)
Profit from subsidiaries which are tax exempted	(32,681,914)	(945,808,547)
Foreign exchange differences	64,232,377	58,559,227
Others	(269,085,545)	296,257,819
Adjusted net profit before loss carried forward	40,967,669	24,097,068
Tax loss carried forward	(23,903,208)	-
Estimated current taxable profit	17,064,461	24,097,068
Estimated current CIT	4,300,785	2,035,545
CIT of real estate activities	-	4,066,941
Under (over) provision of CIT in previous year	440,861	(3,104,111)
CIT exemption, deduction	(2,488,156)	-
Estimated current CIT expense for the year	2,253,490	2,998,375
CIT payable at beginning of the year	29,128,714	82,826,083
Other adjustments	158,992	(2,111,279)
CIT paid during the year	(12,947,293)	(54,584,465)
CIT payable at end of year	18,593,903	29,128,714
In which:		
CIT payable (Note 21)	19,970,633	30,664,436
CIT over payment	(1,376,730)	(1,535,722)

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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33. CORPORATE INCOME TAX (continued)

33.2 DEFERRED TAX

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

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
Deferred tax assets				
Unrealised profit eliminated on consolidation	74,528,409	98,599,120	(24,070,711)	(6,525,935)
	74,528,409	98,599,120	(24,070,711)	(6,525,935)
Deferred tax liabilities				
Interest expense capitalised on consolidation	111,211,562	203,715,780	(92,504,218)	(3,544,029)
Gain from disposal of investments	-	103,208,182	(103,208,182)	103,208,182
Provision for the investments	110,260,843	37,533,904	72,726,939	(67,736,030)
	221,472,405	344,457,866	(122,985,461)	31,928,123
Deferred tax (income) expenses charged to consolidated income statement			(98,914,750)	38,454,058

VND'000

34. TRANSACTIONS WITH RELATED PARTIES

34.1 SIGNIFICANT TRANSACTIONS

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

VND'000				
Related parties	Relationship	Transactions	Current year	Previous year
Mr Doan Nguyen Duc	Chairman	Borrowing	1,157,156,964	1,794,900,000
		Loans repayment	136,000,000	24,675,000
		Lending	20,120,000	3,920,000
		Repayment of borrowing	-	1,658,900,000
		Short-term loans	-	612,995,000
		Long-term loans	-	129,709,600
		BCC contribution	-	370,000,000
		Repayment of BCC	-	380,395,244
		Interest income	-	2,967,516
		Interest expense	-	6,391,122
Le Me Joint Stock Company	Related company	Lending	3,018,362,659	2,256,438,360
		Collection of lending	462,372,222	729,091,049
		Interest income	258,230,035	70,281,828
		Collection of interest income	46,045,700	-
Gia Lai Livestock Joint Stock Company	Related company	Lending	1,018,678,321	384,715,112
		Interest income	439,112,672	429,875,118
		Collection of interest income	100,000,000	537,838,276
		Sales of goods and rendering of services	23,237,769	23,054,084
		Collection of lending	15,300,000	115,727,133
		Purchase of goods and services	10,110,766	73,686,063
		Offset debt	4,280,831	262,044,833
HAGL Wooden Furniture Joint Stock Company	Related company	Lending	102,909,929	100,000,000
		Collection of lending	98,700,000	-
		Interest income	22,231,760	21,758,487
Phu Hoang Anh Joint Stock Company	Related company	Interest income	11,504,781	7,836,947
		Collection of lending	155,827,977	-
		Collection of interest income	194,680,913	-
Thanh Binh Construction Investment Consultant Co., Ltd.	Related company	Collection of lending	147,000,000	-
		Interest income	12,846,896	15,269,167

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34. TRANSACTIONS WITH RELATED PARTIES (continued)

34.1 SIGNIFICANT TRANSACTIONS (continued)

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

VND'000

Related parties	Relationship	Transactions	Current year	Previous year
Thanh Binh Construction Investment Consultant Co., Ltd.	Related company	Collection of interest income	55,887,813	-
An Tien Co., Ltd.	Related company	Collection of lending	93,000,000	-
		Collection of interest income	38,098,244	11,103,123
Phuc Bao Minh Construction Service Trading Joint Stock Company	Related company	Collection of lending	50,000,000	-
		Collection of interest income	21,627,778	-
		Interest income	3,652,777	5,069,444
Dai Loc Hung Thinh Co., Ltd.	Related company	Collection of lending	34,714,752	-
		Collection of interest income	30,246,436	-
		interest income	3,384,688	5,304,507
An Phu Real Estate Investment Joint Stock Company	Related company	Collection of lending	-	1,066,130,329
		Interest income	-	109,683,955
		Offset debt	-	196,851,346

34.2 BALANCE OF RECEIVABLES AND PAYABLES

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

VND'000

Related parties	Relationship	Transactions	Ending balance	Beginning balance
Short-term trade receivables <small>(Note 6)</small>				
Significant outstanding debts <small>(*)</small>	Related companies	<small>(*)</small>	99,460,182	200,544,787
IAPACCO Joint Stock Company	Related companies	Rendering of construction service	-	2,930,603
		Sales of goods and rendering of services	-	1,010,461
Electric Construction Co., Ltd.	Related company	Sales of goods	-	382,630
Tay Nguyen Agriculture Service Co., Ltd.	Former related company	Sales of goods and rendering of services	-	71,906,750
Golden Farm Agriculture and Forestry Joint Stock Company	Former related company	Sales of goods and rendering of services	-	30,370,320
TOTAL			99,460,182	307,145,551

(*) Detail balance of significant outstanding debts were as follow:

VND'000

Related parties	Transactions	Ending balance	Beginning balance
Gia Lai Livestock Joint Stock Company	Sales of goods	65,165,581	133,665,986
	Sales of fixed assets	-	383,279
Thanh Binh Construction Investment Consultant Co., Ltd.	Rendering of construction services	27,595,944	27,595,944
	Sales of goods	-	2,180,959
Minh Tuan Trading and Services Co., Ltd.	Rendering of construction services	5,501,714	5,501,714
Hoang Anh Gia Lai Wooden Furniture Joint Stock Company	Sales of goods and rendering of services	903,523	5,210,285
	Sales of fixed assets	291,600	26,006,620
Hoang Anh Gia Lai Wooden Furniture Joint Stock Company - Hoang Anh Gia Lai Plastic Factory Branch	Sales of goods	1,820	-
TOTAL		99,460,182	200,544,787

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2019 and for the year then ended

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34. TRANSACTIONS WITH RELATED PARTIES (continued)

34.2 BALANCE OF RECEIVABLES AND PAYABLES (continued)

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

VND'000

Related parties	Relationship	Transactions	Ending balance	Beginning balance
Short-term advances to suppliers <small>(Note 7)</small>				
Significant outstanding debts (*)	Related companies	(*)	2,299,803	29,771,109
Tay Nguyen Agriculture Service Co., Ltd.	Former related company	Advance for purchasing goods and service	-	3,850,000
TOTAL			2,299,803	33,621,109

(*) Detail balance of significant outstanding debts were as follow:

VND'000

Related parties	Transactions	Ending balance	Beginning balance
Gia Lai Livestock Joint Stock Company	Advance for purchasing goods and service	2,299,803	29,771,109

VND'000

Related parties	Relationship	Interest rate (% p.a).	Ending balance	Beginning balance
Short-term loan receivables <small>(Note 8)</small>				
Significant outstanding debts (*)	Related companies	(*)	2,013,674,928	489,039,660
Mr Doan Nguyen Duc	Chairman	-	20,120,000	-
Mrs Ho Thi Kim Chi	Deputy General Director	-	16,742,127	-
Mrs Vo Thi My Hanh	BOD member	-	1,636,000	-
HAN	Former associate	-	-	82,203,000
Tay Nguyen Agriculture Service Co., Ltd.	Former Related company	-	-	56,653,075
Electric Construction Co., Ltd.	Related company	-	-	5,815,217
TOTAL			2,052,173,055	633,710,952

(*) Detail balance of significant outstanding debts were as follows:

Related parties	Interest rate (% p.a).	Ending balance	Beginning balance
Gia Lai Livestock Joint Stock Company	9.75 - 10.00	1,068,890,232	313,312,864
Le Me Joint Stock Company	11.50	857,847,971	-
Hoang Anh Gia Lai Wooden Furniture Joint Stock Company	12.00	86,936,725	82,726,796
An Tien Co., Ltd.	-	-	93,000,000
TOTAL		2,013,674,928	489,039,660

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2019 and for the year then ended

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34. TRANSACTIONS WITH RELATED PARTIES (continued)

34.2 BALANCE OF RECEIVABLES AND PAYABLES (continued)

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

VND'000

Related parties	Relationship	Transactions	Ending balance	Beginning balance
Other short-term receivables <small>(Note 9)</small>				
Significant outstanding debts (*)	Related companies	(*)	201,509,008	450,594,792
Mr Doan Nguyen Duc	Chairman	Lending	65,612,445	-
		Others	23,261	-
Electric Construction Co., Ltd.	Related company	Payment on behalf	-	1,950,431
Golden Farm Agriculture and Forestry Joint Stock company	Former related company	Payment on behalf	-	3,589,369
Others	Related party	Advance	1,600,000	1,124,357
TOTAL			268,744,714	457,258,949

(*) Detail balances of significant outstanding debts were as follows:

VND'000

Related parties	Transaction	Ending balance	Beginning balance
Thang Long Agricultural Development Co., Ltd.	Lending	62,154,717	200,852,876
Gia Lai Livestock Joint Stock Company	Lending	91,684,294	19,847,708
	Interest Income	19,711,031	21,376,469
	Payment on behalf	2,630,603	1,139,938
Hoang Anh Gia Lai Wooden Furniture Joint Stock Company	Interest income	12,780,538	1,682,111
	Payment on behalf	2,192,000	2,192,000
Le Me Joint Stock Company	Interest income	10,355,825	-
Phu Hoang Anh Joint Stock Company	Interest income	-	157,007,722
	Payment on behalf	-	2,619,184
An Tien Co., Ltd.	Interest income	-	31,235,470
Hoang Anh Me Kong Joint Stock Company	Lending	-	12,624,059
Huynh De Construction Joint Stock Company	Interest income	-	17,255
TOTAL		201,509,008	450,594,792

VND'000

Related parties	Relationship	Interest rate (% p.a.)	Ending balance	Beginning balance
Long-term loan receivables <small>(Note 8)</small>				
Significant outstanding debts (*)	Related companies	(*)	7,453,259,203	6,095,915,457
Viet May Investment Joint Stock Company	Related company	-	-	5,590,000
Tay Nguyen Agriculture Service Co., Ltd.	Former related company	-	-	22,895,434
IAPACCO Joint Stock Company	Related company	-	-	6,123,820
TOTAL			7,453,259,203	6,130,524,711

(*) Detail balances of significant outstanding debts were as follows:

Related parties	Interest rate (% p.a.)	Ending balance	Beginning balance
Gia Lai Livestock Joint Stock Company	4.80 -12.00	4,127,769,425	3,884,249,304
Le Me Joint Stock Company	11.50	3,225,489,778	1,527,347,311
Hoang Anh Gia Lai Wooden Furniture Joint Stock Company	12.00	100,000,000	100,000,000
Huynh De Construction Joint Stock Company	-	-	196,731,113
Phu Hoang Anh Joint Stock Company	-	-	155,872,977
Thanh Binh Construction and Investment Consultant Co., Ltd.	-	-	147,000,000
Phuc Bao Minh Construction Service Trading Joint Stock Company	-	-	50,000,000
Dai Loc Hung Thinh Co., Ltd.	-	-	34,714,752
TOTAL		7,453,259,203	6,095,915,457

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2019 and for the year then ended

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34. TRANSACTIONS WITH RELATED PARTIES (continued)

34.2 BALANCE OF RECEIVABLES AND PAYABLES (continued)

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

VND'000

Related parties	Relationship	Transactions	Ending balance	Beginning balance
Other long-term receivables <small>(Note 9)</small>				
Significant outstanding debts <small>(*)</small>	Related companies	(*)	734,688,234	328,991,673
Others related parties	Related companies	Others	-	548,630
TOTAL			734,688,234	329,540,303

(*) Detail balances of significant outstanding debts were as follows:

VND'000

Related parties	Transactions	Ending balance	Beginning balance
Gia Lai Livestock Joint Stock Company	Interest income	486,106,860	146,857,511
Le Me Joint Stock Company	Interest income	230,927,298	29,098,785
Hoang Anh Gia Lai Wooden Furniture Joint Stock Company	Interest income	17,654,076	6,520,743
Thanh Binh Construction and Investment Consultant Co., Ltd.	Interest income	-	43,040,917
Huynh De Construction Joint Stock Company	Interest income	-	32,468,560
Dai Loc Hung Thinh Co., Ltd.	Interest income	-	26,861,748
Phu Hoang Anh Joint Stock Company	Interest income	-	26,168,409
Phuc Bao Minh Construction Service Trading Joint Stock Company	Interest income	-	17,975,000
TOTAL		734,688,234	328,991,673

VND'000

Related parties	Relationship	Transactions	Ending balance	Beginning balance
Short-term trade payables <small>(Note 19)</small>				
Gia Lai Livestock Joint Stock Company	Related company	Purchase of goods	32,122,589	4,344,889
Hoang Anh Gia Lai Wooden Furniture Joint Stock Company - Hoang Anh Gia Lai Plastic Factory Branch	Related company	Purchase of goods	42,354,776	-
Hoang Anh Gia Lai Wooden Furniture Joint Stock Company	Related company	Purchase of goods	888,145	4,093,267
East Asia Investment and Construction Consultant Joint Stock Company	Associate	Consulting services	-	10,391,383
IAPACCO Joint Stock Company	Related company	Purchase of goods and services	-	18,760,988
Others related parties	Related parties	Purchase of goods	271,360	259,851
TOTAL			75,636,870	37,850,378

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2019 and for the year then ended

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34. TRANSACTIONS WITH RELATED PARTIES (continued)

34.2 BALANCE OF RECEIVABLES AND PAYABLES (continued)

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

VND'000

Related parties	Relationship	Transactions	Ending balance	Beginning balance
Short-term other payables (Note 23)				
An Tien Co., Ltd.	Related company	BCC	185,750,000	-
Mrs Vo Thi My Hanh	BOD member	BCC	36,000,000	-
		BCC profit	1,488,000	-
		Borrowing	1,000,000	-
Mrs Doan Thi Nguyen Nguyen	Related party	Borrowing	15,000,000	20,000,000
Le Me Joint Stock Company	Related company	Borrowing	11,685,000	11,685,000
Mr. Doan Nguyen Duc	Chairman	BCC profit	9,966,667	-
		Borrowing	-	136,000,000
Hoang Anh Gia Lai Wooden Furniture Joint Stock Company	Related company	Borrowing	7,422,950	-
Mrs Ho Thi Kim Chi	Deputy General Director	BCC profit	6,535,000	-
Saigon Mekong Investment Joint Stock Company	Related company	Borrowing	-	6,450,000
HAN	Former associate	Borrowing	-	11,786,058
Others	Related company	Others	275,400	16,993,070
TOTAL			275,123,017	202,914,128

VND'000

Related parties	Relationship	Transactions	Ending balance	Beginning balance
Other long-term payables (Note 23)				
Mr Doan Nguyen Duc	Chairman	BCC	180,000,000	180,000,000
Mrs Ho Thi Kim Chi	Deputy General Director	BCC	105,000,000	105,000,000
An Tien Co., Ltd.	Related company	BCC	-	550,000,000
		Others	-	2,034,000
Hoang Anh Gia Lai - Bangkok Co., Ltd.	Related company	Others	-	7,666,626
Other related parties	Related parties	Others	-	25,148
TOTAL			285,000,000	844,725,774
Short-term loan				
Mr Doan Nguyen Duc	Chairman	Loan	-	612,995,000
Long-term loan				
Mr Doan Nguyen Duc	Chairman	Loan		129,709,600

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2019 and for the year then ended

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34. TRANSACTIONS WITH RELATED PARTIES (continued)

34.3 SIGNIFICANT OUTSTANDING DEBTS RECEIVABLES (extracted from Note 34.2)

Amounts due to from significant outstanding debts were as follows:

By recorded accounts:

	VND'000	
	Ending balance	Beginning balance
Long-term loan receivables	7,453,259,203	6,095,915,457
Short-term loan receivables	2,013,674,928	489,039,660
Other long-term receivables	734,688,234	328,991,673
Other short-term receivables	201,509,008	450,594,792
Short-term trade receivables	99,460,182	200,544,787
Short-term advance to suppliers	2,299,803	29,771,109
TOTAL	10,504,891,358	7,594,857,478

By entities:

	VND'000	
	Ending balance	Beginning balance
Gia Lai Livestock Joint Stock Company	5,864,257,829	4,550,604,168
Le Me Joint Stock Company	4,324,620,872	1,556,446,096
Hoang Anh Gia Lai Wooden and Furniture Joint Stock Company	220,758,462	224,338,556
Thang Long Agriculture Development Co., Ltd.	62,154,717	200,852,876
Thanh Binh Construction Investment Consultant Co., Ltd.	27,595,944	219,817,820
Minh Tuan Trading and Service Co., Ltd.	5,501,714	5,501,714
Phu Hoang Anh Joint Stock Company	-	341,668,291
Huynh De Construction Joint Stock Company	-	229,216,928
An Tien Co., Ltd.	-	124,235,470
Phuc Bao Minh Construction Service and Trading Joint Stock Company	-	67,975,000
Dai Loc Hung Thinh Co., Ltd.	-	61,576,500
Hoang Anh Me Kong Joint Stock Company	-	12,624,059
Hoang Anh Gia Lai Wooden Furniture Joint Stock Company - Hoang Anh Gia Lai Plastic Factory Branch	1,820	-
TOTAL	10,504,891,358	7,594,857,478

At the date of these consolidated financial statements, the Group's total receivables from the significant outstanding debts as mentioned above were secured by assets of Mr Doan Nguyen Duc - Chairman of Board of Directors, and the assets of other related companies and individuals.

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

Net salaries 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>		
Net salaries and remunerations	11,405,828	11,558,691
<i>Board of Supervisors</i>		
Net salaries and remunerations	1,113,000	1,008,000
<i>Board's secretary</i>		
Net salaries and remunerations	108,000	401,333
TOTAL	12,626,828	12,968,024

35. COMMITMENTS

Operating lease commitments

As a lease

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

	VND'000	
	Ending balance	Beginning balance
Less than one year	30,607,046	29,032,155
From one to five years	122,428,185	116,048,422
More than five years	1,077,301,090	1,046,633,514
TOTAL	1,230,336,321	1,191,714,091

Warranty provision for the airport projects

As at 31 December 2019, the Group has been in progress to construct and complete remaining works of two airport projects namely The Attapeu International Airport Construction Project at Attapeu Province and The Nongkhang Airport Construction Project at Huaphan Province, Lao People's Democratic Republic. The Group did not recognise provision for warranty for the two projects, because these projects have not been handed-over to contractors.

As mentioned at section 13.2 of Contract of the Attapeu Airport Construction Project No. LAO-ATP01 dated 10 May 2013 and section 13.2 of Contract of the Nongkhang Airport Construction Project No. LAO-NKP01 dated 15 June 2013, the guarantee year is one (1) year after the of handover the project.

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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35. COMMITMENTS (continued)

Capital commitments

As at 31 December 2019, the Group has contractual commitments related to cow breeding and hydropower projects as follows:

VND'000

Company	Contracted amount	Recognised amount	Remaining commitment
Gia Lai Livestock Joint Stock Company	650,000,000	468,970,000	181,030,000

Important commitments

According to the contributed capital transfer contract dated on 22 May 2017, between the Group, Bien Hoa Sugar Joint Stock Company and Thanh Thanh Cong Tay Ninh Joint Stock Company and the agreement dated on 15 June 2017, the Group pledged unconditional and irrevocable liability for any debts, fines, indemnities, financial obligations and/or any guarantee commitment, debt, any other type of guarantees (whether existing or not yet reflected or potential) that the Group of Sugarcane companies is obliged to make to any third party (including the Government of Laos and/or the Vietnamese Government) arising on or before 31 August 2016 but not yet recorded to the consolidated financial statements as of 31 August 2016 of the Group of Sugarcane companies, included but not limited to payables related to:

- Taxes, fees regarding transfer of profits from the Group of Sugarcane Companies in Laos to the company located in Vietnam in accordance with the laws and regulation of Laos and Vietnam;
- Foreign contractor tax or other similar tax on constructing, land clearance related to the factory and working capital of the Group of Sugarcane Companies;
- Social insurance, health insurance and personal income tax of employees currently working at the Group of Sugarcane Companies;
- Value-added tax related to the transfer of assets regarding planting grass activities and raising cows of the Group of Sugarcane Companies; and
- Financial obligations, other tax obligations, liability and legal proceedings relating to the business of the Group of Sugarcane Companies before 31 August 2016.

As at 31 December 2019 and up to the date of these consolidated financial statements, the Group was still in progress to work with local tax authorities to finalise related tax exposures, if any, which may occur in relation to such disposal of the Group of Sugarcane companies.

36. OFF BALANCE SHEET ITEMS

ITEM	Ending balance	Beginning balance
Foreign currencies:		
- Laos KIP (LAK)	283,699,896	120,520,076
- Cambodia Riels (KHR)	205,947,548	84,386,864
- United States Dollar (USD)	253,953	1,860,416
- Euro (EUR)	-	455

37. SEGMENT INFORMATION

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

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

37.1 BUSINESS SEGMENT

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

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

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

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

- 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, palm oil trees and fruit, processing and trading of rubber latex, rubber wood, palm oil and other tree plantations.

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

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

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2019 and for the year then ended

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37. SEGMENT INFORMATION (continued)

37.1 BUSINESS SEGMENT (continued)

	Real estate	Trading and services	Construction	Agriculture	Power	Eliminations	Total
Revenue							
External customers	567,372,089	406,544,334	22,667,344	4,391,616,633	-	-	5,388,200,400
Inter-segment elimination	-	66,985,430	-	1,409,747,560	-	(1,476,732,990)	-
TOTAL	567,372,089	473,529,764	22,667,344	5,801,364,193	-	(1,476,732,990)	5,388,200,400
Segment results	301,161,009	38,503,195	(2,798,549)	2,037,839,519	-	-	2,374,705,174
Unallocated expenses							(2,074,963,839)
Profit before income tax, financial income and financial expense							299,741,335
Financial income							1,404,799,179
Financial expense							(1,721,684,164)
Share loss from associates							64,840,488
Profit before tax							47,696,838
Current income tax expense							(2,998,375)
Deferred income tax expense							(38,454,058)
Profit after tax for the year							6,244,405
Assets and liabilities							
Segment assets	562,947,574	328,813,728	635,254,936	39,875,291,892	3,136,811,361	-	44,539,119,491
Cash of the Group							337,736,719
Investments in associates							2,771,892,520
Unallocated assets							462,692,886
TOTAL ASSETS							48,111,441,616
Segment liabilities	(928,303)	(51,841,968)	(9,229,926)	(28,305,996,632)	(2,589,612,515)	-	(30,957,609,344)
Unallocated liabilities							(342,945,586)
TOTAL LIABILITIES							(31,300,554,930)

VND'000

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2019 and for the year then ended

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37. SEGMENT INFORMATION (continued)

37.1 BUSINESS SEGMENT (continued)

VND'000

	Real estate	Trading and services	Construction	Agriculture	Power	Eliminations	Total
For the year ended 31 December 2019							
Revenue							
External customers	-	416,348,801	-	1,659,095,223	-	-	2,075,444,024
Inter-segment elimination	-	826,856,537	-	1,200,723,195	-	(2,027,579,732)	-
TOTAL	-	1,243,205,338	-	2,859,818,418	-	(2,027,579,732)	2,075,444,024
Segment results	-	74,039,407	-	153,744,966	-	-	227,784,373
Unallocated expenses							(2,319,021,573)
Loss before income tax, financial income and financial expenses							(2,087,216,449)
Financial income							2,137,143,442
Financial expenses							(1,963,934,151)
Share profit from associates							12,562,347
Loss before tax							(1,905,465,562)
Current income tax expenses							(2,253,490)
Deferred income tax expenses							98,914,750
Loss after tax for the year							(1,808,804,302)
Assets and liabilities							
Segment assets	100,755,755	750,402,417	575,790,126	35,686,043,882	-	-	37,112,992,180
Cash of the Group							254,431,616
Investments in associates							273,113,133
Unallocated assets							991,950,160
TOTAL ASSETS							38,632,487,089
Segment liabilities	-	(877,739,964)	(19,781,868)	(20,089,322,608)	-	-	(20,986,844,440)
Unallocated liabilities							(836,838,861)
TOTAL LIABILITIES							(21,823,683,301)

37.2 GEOGRAPHICAL SEGMENT

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

	Vietnam	Laos	Cambodia	Myanmar	Others	Total
For the year ended 31 December 2018						
Revenue						
Sales to external customers	2,404,557,735	1,425,895,038	462,576,959	709,295,233	385,875,435	5,388,200,400
Capital expenditure	369,573,685	1,376,177,891	738,160,181	123,728,000	-	2,607,639,757
As at 31 December 2018						
<i>Others segment information</i>						
Segment assets	14,312,987,426	18,630,100,529	11,175,137,728	-	-	44,118,225,683
Cash						337,736,719
Investment in associates						2,771,892,520
Unallocated assets						883,586,694
TOTAL ASSETS						48,111,441,616
For the year ended 31 December 2019						
Revenue						
Sales to external customers	1,534,715,541	55,226,305	72,494,906	-	413,007,272	2,075,444,024
Capital expenditure	210,274,272	1,285,463,805	679,912,947	-	-	2,175,651,024
As at 31 December 2019						
<i>Others segment information</i>						
Segment assets	15,408,172,633	13,936,721,082	7,768,098,465	-	-	37,112,992,180
Cash						254,431,616
Investment in associates						273,113,133
Unallocated assets						991,950,160
TOTAL ASSETS						38,632,487,089

38. EVENTS AFTER THE BALANCE SHEET DATE

There has not been any matter or circumstances that has arisen since the interim balance sheet date that required adjustment or disclosure in the consolidated financial statements of the Group.



Tran Thi Thanh Hieu
Preparer

9 April 2020



Le Truong Y Tram
Chief Accountant



Vo Truong Son
General Director