

KinhBac City Development Holding Corporation

Consolidated financial statements

31 December 2017



Building a better
working world

KinhBac City Development Holding Corporation

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KinhBac City Development Holding Corporation

GENERAL INFORMATION

THE COMPANY

KinhBac City Development Holding Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 2103000012 issued by the Department of Planning and Investment of Bac Ninh province on 27 March 2002, and the subsequent amendments, with the latest being the 15th amendment No. 2300233993 issued by the Department of Planning and Investment of Bac Ninh Province on 30 January 2015.

The Company has the following subsidiaries:

- ▶ Saigon - Bacgiang Industrial Park Corporation;
- ▶ Sai Gon - Hai Phong Industrial Park Corporation;
- ▶ Northwest Saigon City Development Corporation;
- ▶ Kinh Bac Office and Warehouse Trading One member Limited Company;
- ▶ NGD Investment One member Limited Company; and
- ▶ Trang Cat One Member Urban Development Limited Company.

The current principal activities of the Company are to invest, construct and trade infrastructure inside and outside the industrial parks; leasing out and selling the factories constructed by the Company in the industrial parks, residential - urban areas, financial investment; and others activities in accordance with the Business Registration Certificate.

The Company's head office is located at Lot B7, Que Vo Industrial Park, Phuong Lieu Commune, Que Vo District, Bac Ninh Province, Vietnam; and its Ho Chi Minh branch is located at No. 20 Phung Khac Khoan, Da Kao Ward, No. 1 District, Ho Chi Minh City, Viet Nam.

The Company's shares are listed in the Ho Chi Minh City Stock Exchange in accordance with Decision No. 153/QD-SGDHCM issued by the Ho Chi Minh City Stock Exchange on 7 December 2009.

BOARD OF DIRECTORS

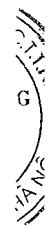
Members of the Board of Directors during the year and at the date of this report are:

Mr Dang Thanh Tam	Chairman	
Ms Nguyen Thi Thu Huong	Member	
Mr Huynh Phat	Member	
Mr Pham Phuc Hieu	Member	
Mr Nguyen Vinh Tho	Member	Appointed on 22 April 2017
Mr Ngo Manh Hung	Member	Resigned on 22 April 2017

BOARD OF SUPERVISION

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

Ms Nguyen Bich Ngoc	Head of Board	Appointed on 21 April 2017
Ms The Thi Minh Hong	Member	Appointed on 21 April 2017
Mr Tran Tien Thanh	Member	Appointed on 21 April 2017
Ms Nguyen Chung Thuy	Head of Board	Resigned on 21 April 2017
Ms Le Thi Thu Hang	Member	Resigned on 21 April 2017



KinhBac City Development Holding Corporation

GENERAL INFORMATION (continued)

MANAGEMENT

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

Ms Nguyen Thi Thu Huong	General Director
Mr Phan Anh Dung	Deputy General Director
Mr Pham Phuc Hieu	Deputy General Director and Chief Accountant
Ms Nguyen My Ngoc	Deputy General Director

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Dang Thanh Tam. In accordance with the Authorization Letter No. 2311/2012/KBC/UQ dated 23 November 2012, Ms Nguyen Thi Thu Huong has been authorized by Mr Dang Thanh Tam to sign the accompanying consolidated financial statements for the year ended 31 December 2017.

AUDITORS

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

KinhBac City Development Holding Corporation

REPORT OF MANAGEMENT

Management of KinhBac City Development Holding Corporation (“the Company”) is pleased to present this report and the consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) for the year ended 31 December 2017.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

STATEMENT BY MANAGEMENT

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

For and on behalf of management:

A red circular stamp with the text "TỔNG CÔNG TY PHÁT TRIỂN ĐÔ THỊ KINH BẮC CTCP" and "BAC NINH" around the perimeter. A blue ink signature is written over the stamp.

Nguyen Thi Thu Huong
General Director

Bac Ninh, Vietnam

14 February 2018



**Building a better
working world**

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8th Floor, CornerStone Building Fax: + 84 24 3831 5090
16 Phan Chu Trinh Street ey.com
Hoan Kiem District
Hanoi, S.R. of Vietnam

Reference: 60774739/ 19317198-HN

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of KinhBac City Development Holding Corporation

We have audited the accompanying consolidated financial statements of KinhBac City Development Holding Corporation ("the Company") and its subsidiaries (collectively referred to as the "Group") as prepared on 14 February 2018 and set out on pages 6 to 57, which comprise the consolidated balance sheet as at 31 December 2017, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 audit opinion.

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Opinion

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

Ernst & Young Vietnam Limited



Le Thi Tuyet Mai
Deputy General Director
Audit Practising Registration
Certificate No. 1575-2018-004-1

Nguyen Thu Hang
Auditor
Audit Practising Registration
Certificate No. 3342-2015-004-1

Hanoi, Vietnam

14 February 2018

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CONSOLIDATED BALANCE SHEET
as at 31 December 2017

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		13,730,010,630,802	13,010,530,818,197
110	I. Cash and cash equivalents	4	504,567,507,480	295,085,197,835
111	1. Cash		234,137,769,121	120,595,628,388
112	2. Cash equivalents		270,429,738,359	174,489,569,447
120	II. Short-term investments	5	1,007,697,020	1,235,586,230
121	1. Held-for-trading securities		7,490,461,369	7,490,461,369
122	2. Provision for held-for-trading securities		(6,482,764,349)	(6,254,875,139)
130	III. Current accounts receivable		4,744,140,601,375	4,381,551,938,686
131	1. Short-term trade receivables	6	1,216,364,937,991	1,095,584,987,883
132	2. Short-term advances to suppliers	7	1,810,839,396,239	1,637,232,744,800
135	3. Short-term loan receivables	8	52,339,773,629	27,737,628,333
136	4. Other short-term receivables	9	1,671,930,474,166	1,628,331,615,320
137	5. Provision for doubtful short-term receivables	6, 8	(7,333,980,650)	(7,335,037,650)
140	IV. Inventories	10	8,322,624,798,504	8,243,696,478,710
141	1. Inventories		8,322,624,798,504	8,243,696,478,710
150	V. Other current assets		157,670,026,423	88,961,616,736
151	1. Short-term prepaid expenses		39,442,270,665	1,728,309,091
152	2. Value-added tax deductible		56,801,107,366	53,828,432,163
153	3. Tax and other receivables from the State	17	61,426,648,392	33,404,875,482

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2017

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		2,049,756,907,468	1,647,016,977,702
210	I. Long-term receivables		724,507,193,963	303,757,985,548
211	1. Long-term trade receivables	6	26,434,546,048	211,863,915,704
215	2. Long-term loan receivables	8	26,900,000,000	50,700,000,000
216	3. Other long-term receivables	9	671,172,647,915	41,194,069,844
220	II. Fixed assets		118,085,134,469	124,169,252,984
221	1. Tangible fixed assets	11	118,085,134,469	124,169,252,984
222	Cost		287,795,293,614	276,423,569,953
223	Accumulated depreciation		(169,710,159,145)	(152,254,316,969)
227	2. Intangible fixed assets		-	-
228	Cost		72,075,500	72,075,500
229	Accumulated amortisation		(72,075,500)	(72,075,500)
230	III. Investment properties	12	134,884,233,798	86,624,808,469
231	1. Cost		161,449,401,105	95,837,051,999
232	2. Accumulated depreciation		(26,565,167,307)	(9,212,243,530)
240	IV. Long-term assets in progress		151,323,290,812	234,360,537,258
242	1. Construction in progress	13	151,323,290,812	234,360,537,258
250	V. Long-term investments	14	911,874,770,412	893,138,424,665
252	1. Investments in associates, jointly controlled entities	14.1	503,087,714,088	484,351,368,341
253	2. Investment in other entities	14.2	448,500,200,000	448,500,200,000
254	3. Provision for long-term investments	14.2	(39,713,143,676)	(39,713,143,676)
260	VI. Other long-term assets		9,082,284,014	4,965,968,778
261	1. Long-term prepaid expenses		9,082,284,014	4,965,968,778
270	TOTAL ASSETS		15,779,767,538,270	14,657,547,795,899

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2017

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		6,741,660,188,971	6,036,457,811,415
310	I. Current liabilities		3,325,884,769,036	3,372,803,878,061
311	1. Short-term trade payables	16.1	134,340,522,730	113,779,217,940
312	2. Short-term advances from customers	16.2	404,146,075,644	875,175,686,830
313	3. Statutory obligations	17	197,504,951,643	160,238,286,732
314	4. Payables to employees		17,270,449	46,198,469
315	5. Short-term accrued expenses	18	1,086,709,290,552	1,226,170,516,119
319	6. Other short-term payables	19	364,314,630,142	127,375,852,542
320	7. Short-term loans	20	1,131,768,768,567	862,934,860,120
322	8. Bonus and welfare fund		7,083,259,309	7,083,259,309
330	II. Non-current liabilities		3,415,775,419,935	2,663,653,933,354
333	1. Long-term accrued expenses	18	1,031,951,584,113	785,455,165,816
336	2. Long-term unearned revenue		5,046,986,732	5,174,610,956
337	3. Other long-term liabilities	19	167,632,540,891	163,466,547,253
338	4. Long-term loans	20	1,590,658,068,976	1,104,599,449,787
341	5. Deferred tax liabilities	28.3	619,534,271,261	604,006,191,580
342	6. Long-term provisions		951,967,962	951,967,962

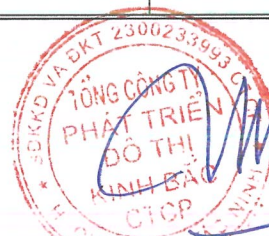
CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2017

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
400	D. OWNERS' EQUITY		9,038,107,349,299	8,621,089,984,484
410	i. Capital	21.1	9,038,107,349,299	8,621,089,984,484
411	1. Share capital	21.1	4,757,111,670,000	4,757,111,670,000
411a	- Shares with voting rights		4,757,111,670,000	4,757,111,670,000
412	2. Share premium		989,064,430,000	989,064,430,000
415	3. Treasury shares		(364,466,650,000)	(364,466,650,000)
418	4. Investment and development fund		2,223,693,823	2,223,693,823
421	5. Undistributed earnings		2,904,506,892,048	2,318,834,981,859
421a	- Undistributed earnings by the end of prior years		2,319,984,494,101	1,761,464,742,050
421b	- Undistributed earnings of current year		584,522,397,947	557,370,239,809
429	6. Non-controlling interests	22	749,667,313,428	918,321,858,802
440	TOTAL LIABILITIES AND OWNERS' EQUITY		15,779,767,538,270	14,657,547,795,899

Luu Phuong Mai
Preparer

Pham Phuc Hieu
Deputy General Director and
Chief Accountant



Nguyen Thi Thu Huong
General Director

14 February 2018

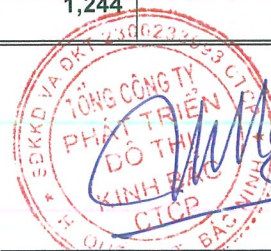
CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2017

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	23.1	1,260,198,518,971	1,972,459,422,710
02	2. Deductions	23.1	-	-
10	3. Net revenue from sale of goods and rendering of services	23.1	1,260,198,518,971	1,972,459,422,710
11	4. Cost of goods sold and services rendered	24	(610,528,435,391)	(865,066,256,541)
20	5. Gross profit from sale of goods and rendering of services		649,670,083,580	1,107,393,166,169
21	6. Finance income	23.2	431,362,490,060	39,040,775,675
22	7. Finance expenses	25	(109,457,617,841)	(99,196,167,198)
23	<i>In which: Interest expenses</i>		(106,963,449,754)	(81,656,871,847)
24	8. Shares of profit of associates, joint-ventures	14.1	18,736,345,748	21,563,032,459
25	9. Selling expenses	25	(22,123,288,484)	(33,213,420,747)
26	10. General and administrative expenses	26	(154,757,631,162)	(120,944,497,683)
30	11. Operating profit		813,430,381,901	914,642,888,675
31	12. Other income		3,361,365,539	7,248,211,456
32	13. Other expenses		(5,251,813,758)	(529,554,284)
40	14. Other profit/(loss)		(1,890,448,219)	6,718,657,172
50	15. Accounting profit before tax		811,539,933,682	921,361,545,847
51	16. Current corporate income tax expense	28.1	(177,234,691,188)	(104,958,126,654)
52	17. Deferred tax expense	28.3	(15,528,079,679)	(105,118,422,552)
60	18. Net profit after tax		618,777,162,815	711,284,996,641
61	19. Net profit after tax attributable to shareholders of the parent		584,522,397,947	557,370,239,809
62	20. Net profit after tax attributable to non-controlling interests		34,254,764,868	153,914,756,832
70	21. Basic earnings per share	30	1,244	1,186
71	22. Diluted earnings per share	30	1,244	1,186

Luu Phuong Mai
Preparer

Pham Phuc Hieu
Deputy General Director and
Chief Accountant



Nguyen Thi Thu Huong
General Director

14 February 2018

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2017

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		811,539,933,682	921,361,545,847
	Adjustments for:			
02	Depreciation and amortisation of fixed assets and investment properties and amortisation of intangible fixed assets	11, 12	39,803,508,880	27,311,813,411
03	Provisions		226,832,209	15,414,526,361
04	Foreign exchange losses/(gain) arisen from revaluation of monetary accounts denominated in foreign currency		1,610,155	(105,981,613)
05	Profits from investing activities		(431,772,792,808)	(64,835,243,114)
06	Interest expenses	25	106,963,449,754	81,656,871,847
08	Operating profit before changes in working capital		526,762,541,872	980,803,532,739
09	Increase in receivables		(428,899,747,843)	(957,595,209,235)
10	Decrease in inventories		32,641,792,756	120,751,899,161
11	Increase in payables (other than interest, corporate income tax)		208,428,305,059	982,574,527,665
12	Increase in prepaid expenses		(41,830,276,810)	(507,332,552)
14	Interest paid		(86,731,541,215)	(125,114,420,377)
15	Corporate income tax paid	17	(149,651,288,625)	(91,042,931,558)
20	Net cash flows from operating activities		60,719,785,194	909,870,065,843
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets and other long-term assets		(94,145,215,209)	(57,610,802,359)
22	Proceeds from disposals of fixed assets and other long-term assets		1,080,000,000	2,500,000,000
23	Loans to other entities and payments for purchase of debt instruments of other entities		(606,782,533,777)	(58,245,208,333)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		17,350,811,579	-
25	Payments for investments in other entities (net of cash hold by entity being acquired)		-	(431,690,284,001)
26	Proceeds from sale of investments in other entities		52,250,000,000	278,279,899,189
27	Interest and dividends received		7,077,246,731	13,316,296,793
30	Net cash flows from investing activities		(623,169,690,676)	(253,450,098,711)

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2017

Currency: VND

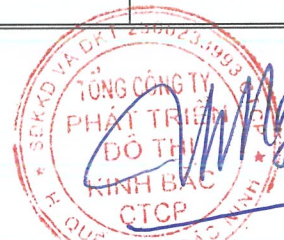
Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		1,692,479,652,750	225,651,869,608
34	Repayment of borrowings		(914,297,437,623)	(815,149,502,411)
36	Dividend paid		(6,250,000,000)	-
40	Net cash flows from/(used in) financing activities		771,932,215,127	(589,497,632,803)
50	Net increase in cash for the year		209,482,309,645	66,922,334,329
60	Cash and cash equivalents at the beginning of the year		295,085,197,835	228,164,359,677
61	Impact of exchange rate fluctuation		-	(1,496,171)
70	Cash and cash equivalents at ending of the year	4	504,567,507,480	295,085,197,835



Luu Phuong Mai
Preparer



Pham Phuc Hieu
Deputy General Director and
Chief Accountant



Nguyen Thi Thu Huong
General Director

14 February 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2017 and for the year then ended

1. CORPORATE INFORMATION

Kinh Bac City Development Holding Corporation (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 2103000012 issued by the Department of Planning and Investment of Bac Ninh province on 27 March 2002 and the subsequent amendments, with the latest being the 15th amendment No. 2300233993 issued by the Department of Planning and Investment of Bac Ninh Province on 30 January 2015.

The current principal activities of the Company are to invest, construct and trade infrastructure inside and outside the industrial parks; leasing out and selling the factories constructed by the Company in the industrial parks, residential - urban areas, financial investment; and others activities in accordance with the Business Registration Certificate.

Business cycle of the company starts from the acquisition of investment license, land clearance, infrastructure construction of Industrial Parks and urban areas until the time of completion and is handed over to customers, thus the business cycle of the Company may extend over 12 months.

The Company's head office is located at Lot B7, Que Vo Industrial Park, Phuong Lieu Commune, Que Vo District, Bac Ninh Province, Vietnam; and its Ho Chi Minh branch is located at 20 Phung Khac Khoan, Da Kao Ward, No. 1 District, Ho Chi Minh City, Vietnam.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange in accordance with Decision No. 153/QD-SGDHCM issued by the Ho Chi Minh City Stock Exchange on 7 December 2009.

The total number of employees as at 31 December 2017 is 478 (31 December 2016: 438).

Corporate structure

At 31 December 2017, the Company has the following subsidiaries:

<i>No.</i>	<i>Company's name</i>	<i>Voting right (%)</i>	<i>Equity interest (%)</i>	<i>Head office</i>	<i>Main activities</i>
1	Saigon - Bacgiang Industrial Park JSC	80.8	77.93	Quang Chau Industrial Park, Quang Chau Commune, Viet Yen District, Bac Giang Province	Investment, building and trading real estates
2	Saigon - Hai Phong Industrial Park JSC	86.54	86.54	Trang Due Industrial Park, Le Loi Commune, An Duong District, Hai Phong City	Investment, building and trading real estates
3	Northwest Saigon City Development JSC	74.3	72.44	Tram Bom, National Road No. 22, Tan Phu Trung Commune, Cu Chi District, Ho Chi Minh City	Investment, building and trading real estates
4	Trang Cat One Member Urban Development Company Limited	100	100	Bai Trieu Area, Trang Cat Commune, Hai An District, in Dinh Vu - Cat Hai Economical Zone, Hai Phong City	Investment, building and trading real estates
5	NGD Investment One member Limited Company	100	100	No. 100, An Trach Street, Quoc Tu Giam Ward, Dong Da District, Hanoi	Investment, building and trading real estates
6	Kinh Bac Office and Warehouse One member limited Trading company	100	100	Lot B7, Que Vo Industrial Park, Phuong Lieu Commune, Que Vo District, Bac Ninh Province	Investment, building and trading real estates

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

1. CORPORATE INFORMATION (continued)

Corporate structure (continued)

Transference of entire capital contribution in Lotus Hotel Development Sole Member Company Limited - a subsidiary of the Company

On 20 June 2017, the Company transferred entire capital contribution in Lotus Hotel Development Sole Member Company Limited to Sunrise Growing Sun Investment Joint Stock Company with total consideration of VND 1,854,868,000,000 and therefore, since this date, Lotus Hotel Development One Member Limited Company is no more a subsidiary of the Company.

Establishment of new subsidiaries

During the year, the Company has made a capital contribution in the form of Hanoi Diplomatic Area project to establish NGD Investment One member Limited Company, and capital contribution in cash to establish Kinh Bac Office and Warehouse Trading One member Limited Company.

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

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

- ▶ Decision No. 149/2001/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 financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 *Applied accounting documentation system*

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

2.3 *Fiscal year*

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

2.4 *Accounting currency*

The consolidated financial statements are prepared in VND which is also the Group's accounting currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.5 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries for the year ended 31 December 2017.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

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

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

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 and cash equivalents*

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

3.2 *Inventories*

Industrial and urban real estate properties which have been developed for sale in the normal course of operations of the Group, not held for lease or capital appreciation, are recorded as inventory at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

The cost of real estate properties for sale comprises land compensation, site restoration, construction of road and drainage system, factories and other infrastructure costs, construction costs, capitalized borrowing cost, consultancy cost, design cost, etc and other related costs.

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.

Provision for obsolete inventories

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *Receivables*

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

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expense 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 of 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 assets*

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises of 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.

3.6 *Depreciation and amortisation*

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

Buildings and structures (land and infrastructure development cost)	8 - 25 years
Machinery and equipment	4 - 10 years
Means of transportation	6 - 10 years
Office equipment	3 - 5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 *Investment properties*

Investment properties are stated at cost including transaction costs less accumulated depreciation.

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

Factories	8 years
Land and infrastructure development cost	40 - 45 years

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

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

3.8 *Borrowing costs*

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

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

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

3.9 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortised over the year for which the amounts are paid or the year in which economic benefits are generated in relation to these expenses.

The following types of expenses are recorded as long-term prepaid expense and are amortised to the consolidated income statement:

- ▶ Prepaid lease expenses are amortized to prepaid lease term; and
- ▶ Other long-term prepaid expenses are amortized over 1 to 3 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 *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 recognized directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized over 10-year period on a straight-line basis.

3.11 *Investments*

Investments in associates

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that is neither subsidiaries nor joint ventures. 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 recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend/profit sharing received or receivable from associates reduces the carrying amount of the investment.

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

Held-for-trading securities and investments in other entities

Held-for-trading securities and investments in other entities are stated at their acquisition costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 *Investments*

Provision for diminution in value of held-for-trading securities and other investments

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

Held-to-maturity investments

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as expense in the consolidated financial statements and deducted against the value of such investments.

3.12 *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.

3.13 *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 for more than 12 months up to the balance sheet date 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 is revised at the end of each reporting year following the average monthly salary of the 6-month period up to the reporting date. Increases or decreases to the accrued amount other than actual payment to employee will be taken to the consolidated income statement.

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

3.14 *Foreign currency transactions*

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 *Foreign currency transactions* (continued)

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

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

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

3.15 *Treasury shares*

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

3.16 *Appropriation of net profits*

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

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

Investment and development fund

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

Bonus and 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.

3.17 *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:

Long-term lease of land and infrastructure

Revenue is recognised when the Group has passed the significant risks and rewards associated with the land to the buyer and revenue can be reliably measured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 *Revenue recognition* (continued)

Long-term lease of infrastructure

Revenue is recognised when the Group has passed the significant risks and rewards associated with the infrastructure to the buyer and revenue can be separately measured on the the land with infrastructure sublease in principle agreement.

Sale of factories

Revenue is recognised when the Group has passed significant risks and rewards associated with the factories to the buyer and revenue can be reliably measured.

Lease of factories

Revenue under operating lease contract is recognised to the consolidated income statement on a straight-line basis over the lease term.

Rendering of services

Revenue is recognised when service has been provided to the customer, and is determined by the net value after deducting discounts, value-added tax, and other deductions.

Gains from securities trading and capital transfer

Income is determined by the difference between the selling price and cost of the securities. Income is recorded on the contract date, which is when the contract becomes effective.

Revenue from project transfer

Revenue is recognised when the significant risks and rewards of ownership of the project have passed to the buyer, usually upon the delivery of the project, and recovery over project transfer can be reasonably ensured.

Interest

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

Dividends

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

3.18 *Cost of leased land and infrastructure*

Cost of leased land and infrastructure includes all direct costs that are attributable to the development of land and infrastructure or costs allocated on a reasonable basis to such activities including:

- ▶ All costs incurred for land and land development activities;
- ▶ All costs incurred for construction and construction related activities; and
- ▶ Mandatory and non-saleable costs associated to development activities that would be incurred on existing and future land and infrastructure of the project such as common infrastructure, mandatory land reserve for public facilities, etc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior year 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 consolidated balance sheet date.

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

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

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

Deferred tax

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 temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 *Taxation* (continued)

Deferred tax (continued)

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 offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- ▶ either the same taxable entity; or
- ▶ when the Group intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.20 *Segment information*

A segment is a component which can be separately identified in which the Group takes part in providing the sale of relevant goods or services (segment divided by business operation activities), or providing the sale of goods or services within a particular economic environment (segment divided by geographic regions), each of which is subject to risks and benefits and is different from other parts.

Real estate trading activities in Vietnam territory is the major activity to generate the revenue and profit for the Group. Thus, the Group's management assesses that the Group operates in only one business segment which is real estate business segment and in one critical geographic region which is Vietnam.

3.21 *Related parties*

Parties are considered to be related parties of the group if one party has the ability, by direct or indirect ways, 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 can be enterprise or individual, including close members of the family of any such individual.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

4. CASH AND CASH EQUIVALENTS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	8,862,747,344	4,995,926,908
Cash at banks	225,275,021,777	115,599,701,480
Cash equivalents (*)	270,429,738,359	174,489,569,447
TOTAL	<u>504,567,507,480</u>	<u>295,085,197,835</u>

(*) Cash equivalents at 31 December 2017 mainly include short-term deposits in VND at banks which earn interest from 4.3% to 5.2% per annum and have maturity term from 1 month to 3 months.

Additional information regarding the consolidated cash flow statement:

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Significant non-cash transactions that are excluded from the cash flow statement in the future:		
Conversion of debt to equity	-	-
Actual cash received from loans		
- Cash received from normal loan agreements	162,479,652,750	225,651,869,608
- Cash received from issuance of bonds	1,530,000,000,000	-
Actual cash payment of loans		
- Cash payment for normal loan agreements	257,294,998,926	278,258,013,784
- Cash payment for principal of bonds	657,002,438,697	536,891,488,627

5. SHORT-TERM INVESTMENTS

	<i>Currency: VND</i>					
	<i>Ending balance</i>			<i>Beginning balance</i>		
	<i>Cost</i>	<i>Fair value</i>	<i>Provision</i>	<i>Cost</i>	<i>Fair value</i>	<i>Provision</i>
Held-for-trading securities:						
Shares (*)	7,490,461,369	1,007,697,020	(6,482,764,349)	7,490,461,369	1,235,586,230	(6,254,875,139)
TOTAL	<u>7,490,461,369</u>	<u>1,007,697,020</u>	<u>(6,482,764,349)</u>	<u>7,490,461,369</u>	<u>1,235,586,230</u>	<u>(6,254,875,139)</u>

(*) At 31 December 2017, the Company holds 312,177 shares of Tan Tao Investment and Industrial Joint Stock Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
- Kinh Bac Service JSC (i)	357,556,483,637	78,648,481,465
- KCT Engineering Ltd (ii)	218,749,608,000	218,749,608,000
- ZYF International Ltd. (iii)	214,179,000,000	214,179,000,000
- Sai Gon Investment JSC (iv)	104,130,000,000	104,130,000,000
- JA Solar Viet Nam Ltd. (iii)	66,505,516,764	-
- JA Solar Vina Hong Kong Ltd. (iii)	-	219,036,843,480
- LG Innotek Vietnam Hai Phong Co., Ltd. (v)	39,889,481,398	35,226,100,000
- Phuc Son Technology One member Co., Ltd (v)	22,517,550,000	-
- LG Display Vietnam Hai Phong Co., Ltd. (v)	20,533,829,040	81,883,545,343
- Hoang Hai Viet Nam Packaging JSC (v)	19,613,120,126	46,809,000,000
- Other customers (v)	152,690,349,026	96,922,409,595
TOTAL	<u>1,216,364,937,991</u>	<u>1,095,584,987,883</u>
Long-term		
Trade receivables from customers		
- Kinh Bac Service JSC (iv)	26,434,546,048	211,863,915,704
TOTAL	<u>26,434,546,048</u>	<u>211,863,915,704</u>
Provision for doubtful debts	6,833,980,650	6,835,037,650
<i>In which:</i>		
<i>Short-term</i>	6,833,980,650	6,835,037,650
<i>Long-term</i>	-	-

- (i) These are the short-term and long-term receivables from Kinh Bac Service JSC relating to revenue from long-term lease of land and infrastructure and from sale of factories in Que Vo II Industrial Zone, Trang Due Industrial Park and Quang Chau Industrial Park. Receivables relating to revenue from long-term lease of land and infrastructure and from sale of factories in Que Vo II Industrial Park earn interest at 8-9% per annum;
- (ii) This is the receivable related to infrastructure investment project for staffs and workers in Que Vo Industrial Park according to Contract No. HDCN - KBC/2016 dated 8 April 2016;
- (iii) These are the receivables from JA Solar Viet Nam Ltd and ZYF International Ltd for long-term lease of infrastructure at Quang Chau industrial park;
- (iv) This is the receivable from Saigon Investment JSC related to the transfer of land at Phuc Ninh Urban Area Project; and
- (v) These are receivables from other customers for long-term lease of land and infrastructure at the industrial parks of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

7. ADVANCES TO SUPPLIERS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
- Kinh Bac Investment and Consulting JSC (i)	1,254,819,076,322	1,214,499,376,098
- Kinh Bac Service JSC (i)	379,659,618,664	227,302,270,000
- Land Development Center and Industrial Group Viet Yen District (ii)	128,142,971,992	122,783,408,889
- Land Clearance and Compensation Committee of Cu Chi District	24,460,088,998	20,723,977,276
- Foster and Partners Limited Company	-	25,961,600,000
- People's Council and People's Committee of An Duong District	1,000,000,000	11,302,688,835
- Other advance to suppliers	22,757,640,263	14,659,423,702
TOTAL	<u>1,810,839,396,239</u>	<u>1,637,232,744,800</u>

(i) This is the advance to Kinh Bac Investment and Consulting JSC and Kinh Bac Service JSC for the site clearance and compensation; and for construction works of certain on-going projects of the Group; and

(ii) This is advance to Land Development Center and Industrial Zone of Viet Yen District for land clearance of Saigon - Bacgiang Industrial Park JSC's on-going project.

8. OTHER LOAN RECEIVABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
- Kinh Bac Investment and Consulting JSC (i)	30,294,156,000	6,992,700,000
- Kinh Bac Service JSC (iii)	8,424,422,198	
- Saigon Tourism JSC	500,000,000	500,000,000
- Vien Dong Real Estate and Property JSC	300,000,000	4,000,000,000
- Saigon - Tay Ninh Industrial Park JSC	300,000,000	300,000,000
- Other loan receivables	583,300,001	1,799,720,000
Other loan receivables from related parties (Note 29)	11,937,895,430	14,145,208,333
TOTAL	<u>52,339,773,629</u>	<u>27,737,628,333</u>
Long-term		
- Kinh Bac Service JSC (iii)	16,200,000,000	-
- Kinh Bac Investment and Consulting JSC (ii)	10,000,000,000	-
- Construction Project Management Unit of Bac Ninh City (Bac Ninh City People's Committee)	700,000,000	700,000,000
- Vien Dong Real Estate and Property JSC	-	50,000,000,000
TOTAL	<u>26,900,000,000</u>	<u>50,700,000,000</u>
Provision for other loan receivables	500,000,000	500,000,000
<i>In which:</i>		
<i>Short-term</i>	500,000,000	500,000,000
<i>Long-term</i>	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

8. OTHER LOAN RECEIVABLES (continued)

- (i) This is unsecured loan from Kinh Bac Investment and Consulting JSC with 12% interest p.a. which will be due on 30 June 2018.
- (ii) This is unsecured loan from Kinh Bac Investment and Consulting JSC with 9.6% interest p.a. which will be due on 30 June 2019.
- (iii) These are unsecured loans from Kinh Bac Service JSC with 8% interest p.a which will be due in 14 October 2018 and 23 January 2019 respectively.

9. OTHER SHORT-TERM AND LONG-TERM RECEIVABLES

Currency: VND

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Short-term				
Saigon Investment JSC (i)	583,000,000,000	-	583,000,000,000	-
Receivable from share transfer (ii)	565,437,813,547	-	549,714,632,444	-
Advance to PVCombank for investment purchase Kum-ba JSC (iii)	211,840,284,000	-	191,690,284,000	-
Other receivables from related parties (Note 29)	163,577,296,000	-	43,875,296,000	-
Advance to employees Bac Ninh Provincial People's Committee (iv)	55,646,525,842	-	54,869,735,373	-
Deposit receivable (v)	42,534,859,875	-	27,483,646,530	-
Van Duong Commune People's Committee	19,440,000,000	-	19,440,000,000	-
Ms Quach Thi Nga	12,851,128,404	-	12,851,128,404	-
Kinh Bac Investment and Consulting JSC	3,327,780,000	-	3,327,780,000	-
Other receivables	-	-	113,800,000,000	-
	14,274,786,498	-	21,766,558,152	-
			6,512,554,417	-
TOTAL	1,671,930,474,166	-	1,628,331,615,320	-
Long-term				
Vien Dong Real Estate and Property JSC	600,000,000,000	-	-	-
Kinh Bac Services JSC (viii)	70,903,647,915	-	40,925,135,594	-
Other long-term receivables	269,000,000	-	268,934,250	-
TOTAL	671,172,647,915	-	41,194,069,844	-

- (i) This is the amount transferred to Saigon Investment JSC relating to the purchase of shares in Le Minh Xuan 2 Industrial Park Investment JSC. At 31 December 2017, the share transfer procedures have not been completed;
- (ii) This is the receivable relating to the transfer of 48.3 million shares of Saigon - Binh Dinh Energy JSC to Kinh Bac Service JSC according to the Contracts dated 22 June 2015 and 15 December 2015, with 8% interest p.a. on late payment.
- (iii) This is the receivable from Kum-Ba JSC relating to the transfer of shares of Lang Ha Investment JSC of VND 43.8 billion and an advance for Kum-Ba Joint Stock Company for the purchase of land in Trang Due Industrial Zone. However, according to the contract liquidation minute between the two parties, this acquisition has been canceled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

9. OTHER RECEIVABLES (continued)

- (iv) According to the minutes of interdisciplinary meeting between the Finance Department of Bac Ninh Province, the Department of Planning and Investment of Bac Ninh Province, the Department of Natural Resources and Environment of Bac Ninh Province, the Management Board of Industrial Zones and the Company dated 14 August 2007 and the Decision on support of investment capital for enterprises No. 1951/QD-UBND dated 31 December 2007, the People's Committee of Bac Ninh Province is committed to supporting on land rental rates for Que Vo Industrial Park project. Accordingly, the capital support applicable to the Company is VND 19.44 billion which will be used for the construction of waste water treatment plant at Que Vo Industrial park.
- (v) This is the deposit to Hanoi Agriculture Investment and Development One Member Co., Ltd. in accordance with Contract No.128/2010/HĐ-HTKD dated 29 June 2010 to cooperate to develop a complex of trade center, offices, luxury houses, ecotourism, villas, garden houses, apartment units at Minh Khai Commune, Tu Liem District, Ha Noi.
- (vi) This is the investment in the project of Commercial Center, Office, Hotel and Apartment - Vien Dong Meridian in Danang City under the business co-operation contract on 18 July 2017.
- (vii) This represents the interest on deferred payment for long-term lease of land and sale of factories to Kinh Bac Service JSC.

10. INVENTORIES

Currency: VND

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Trang Cat Industrial and Residential Park (i)	3,475,130,804,472	-	3,422,612,447,229	-
Tan Phu Trung Industrial Park (ii)	2,458,594,519,135	-	2,560,161,200,730	-
Phuc Ninh Urban Area	810,973,261,789	-	824,899,200,580	-
Quang Chau Industrial Park and Urban area	580,352,753,443	-	491,303,116,686	-
Nam Son - Hap Linh Industrial Park	289,689,535,257	-	234,647,430,022	-
Que Vo II Industrial Park	287,319,068,733	-	288,590,532,478	-
Trang Due Industrial Park - stage 2	214,387,670,113	-	290,804,953,756	-
Trang Due Industrial Park	140,383,990,833	-	-	-
Que Vo I Industrial Park	48,533,883,603	-	50,222,049,281	-
Trang Due Industrial Park - stage 1(iii)	3,692,426,705	-	66,896,049,066	-
Other projects	13,566,884,421	-	13,559,498,882	-
TOTAL	8,322,624,798,504	-	8,243,696,478,710	-

Inventories of the Group as at 31 December 2017 comprise compensation costs and infrastructure development costs, capitalized borrowing costs and allocated overheads incurred for the development of Que Vo I Industrial Park, Que Vo II Industrial Park, Phuc Ninh Urban Area, Nam Son - Hap Linh Industrial Park, Tan Phu Trung Industrial Park, Quang Chau Industrial Park, Trang Due Industrial Park, Trang Cat Urban and Service Zone, and other projects of the Group which are developed for sale. Most of the Group's inventories are used as collaterals for long-term loans as disclosed in Note 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

10. INVENTORIES (continued)

- (i) In accordance with Decision No. 1548/QĐ-UBND dated 17 September 2010, the People's Committee of Hai Phong City approved the detailed planning 1/2000 of the Trang Cat Urban and Service Zone Project ("Trang Cat Project") with the approved development area of 584.91 ha, and the Company as the investor of the Project. Consequently, the Company established Trang Cat Urban Development One-Member Limited Company ("Trang Cat Company") to directly manage, develop and complete this project. On 8 October 2012, the Hai Phong People's Committee issued Decision No. 1679/QĐ-UBND to assign the land to Trang Cat Company for the development of Trang Cat Urban and Services Zone project in Trang Cat, Hai An District, with the total assigned land area of 581.93 ha.

Also relating to Trang Cat Project, in accordance with the Asset Pledge Agreement to guarantee for obligations of third party No. 0202/2013/HDTTC-DN dated 22 February 2013 between Trang Cat Company and Western Commercial Joint Stock Bank ("Western Bank"), now merged with Vietnam Public Joint Stock Commercial Bank ("PVCombank"), Trang Cat Company has agreed to mortgage the following assets:

- ▶ Trang Cat Project;
- ▶ Property rights and economic benefits arising from the Decision on Land Assignment and the relevant documents, investments associated with the land use right in Trang Cat Project;
- ▶ All the asset rights, benefit rights arising from Trang Cat Project; and
- ▶ All the assets which will be formed in the future under Trang Cat Project.

to PVComBank to secure the obligations of the Group and other affiliates. In particular, the guaranteed obligations comprise:

- ▶ obligations of Saigon - Binh Thuan Power Plant Investment and Development JSC ("Saigon - Binh Thuan Company") arising from the acquisition of an investment portfolio from PVCombank according to the transfer agreement dated 1 August 2012 between the Bank and Saigon - Binh Thuan Company;
 - ▶ loans, trust investment and bonds due by the Company and its subsidiaries, associates (including the Saigon Telecommunication & Technologies Corporation - SGT) to PVCombank with a total value of VND 2,429 billion; and
 - ▶ loans, trust investment and bonds due by other companies (including Saigon Construction JSC, Saigon Investment JSC, Saigon - Cantho Industrial Park Corporation, SGI Fund Management JSC, Saigon Construction JSC, NAVI Securities JSC and Asian Securities JSC) to PVComBank with a total value of VND 1,095 billion.
- (ii) Work in progress in Tan Phu Trung Industrial Park includes the fair value of the land area which have been cleared and granted under land assignment decision of Tan Phu Trung Industrial and Residential Park as developed by Northwest Saigon City Development Corporation, which have been revalued at the date the Group acquired and assumed control in this subsidiary.
- (iii) Work in progress in Trang Due Industrial Park - phase 1 includes the fair value of the land area which have been cleared and granted under land assignment decision of Trang Due Industrial Park as developed by Saigon - Hai Phong Industrial Park JSC, which have been revalued at the date the Group acquired and assumed control in this subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

11. TANGIBLE FIXED ASSETS

Currency: VND

	Buildings and structures (including land development and infrastructure cost)	Machinery and equipment	Means of transportation	Office equipment	Others	Total
Cost:						
Beginning balance	181,260,073,690	32,981,738,811	51,357,686,936	9,682,461,426	1,141,609,090	276,423,569,953
- Newly purchased	263,555,396	2,313,758,189	6,021,823,636	200,198,182	34,500,000	8,833,835,403
- Transfer from construction in progress	8,095,466,699	-	-	-	-	8,095,466,699
- Disposal	-	-	(5,557,578,441)	-	-	(5,557,578,441)
Ending balance	189,619,095,785	35,295,497,000	51,821,932,131	9,882,659,608	1,176,109,090	287,795,293,614
<i>In which:</i>						
Fully depreciated	10,694,819,456	2,783,970,396	10,373,295,444	2,386,571,432	894,109,090	27,132,765,818
Accumulated depreciation:						
Beginning balance	99,479,742,890	20,178,234,377	26,635,569,998	5,032,285,612	928,484,092	152,254,316,969
- Depreciation for the year	13,802,887,156	3,194,592,409	4,549,626,047	820,979,492	82,499,999	22,450,585,103
- Disposal	-	-	(4,994,742,927)	-	-	(4,994,742,927)
Ending balance	113,282,630,046	23,372,826,786	26,190,453,118	5,853,265,104	1,010,984,091	169,710,159,145
Net carrying amount:						
Beginning balance	81,780,330,800	12,803,504,434	24,722,116,938	4,650,175,814	213,124,998	124,169,252,984
Ending balance	76,336,465,739	11,922,670,214	25,631,479,013	4,029,394,504	165,124,999	118,085,134,469

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

12. INVESTMENT PROPERTIES

	<i>Currency: VND</i>	
	<i>Factories (including land development and infrastructure cost)</i>	
Cost:		
Beginning balance		95,837,051,999
- Increase (*)		<u>65,612,349,106</u>
Ending balance		<u>161,449,401,105</u>
Depreciation:		
Beginning balance		9,212,243,530
- Depreciation for the year		<u>17,352,923,777</u>
Ending balance		<u>26,565,167,307</u>
Net carrying amount		
Beginning balance		<u>86,624,808,469</u>
Ending balance		<u>134,884,233,798</u>

(*) During the year, the Group put into operation the warehouses in Trang Due II Industrial park and Quang Chau Industrial park under operating lease.

As at 31 December 2017, the Group has not determined the fair value of these investment properties because there is no available market for these properties.

13. CONSTRUCTION IN PROGRESS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Hanoi Diplomat Area (i)	106,555,116,818	106,555,116,818
Factories at Trang Due Industrial Park	25,717,940,000	-
Que Vo II Industrial Park	7,566,256,363	-
Que Vo I Industrial Park	4,516,537,647	4,516,537,647
Bac Giang Thermal Power Plant	3,116,503,893	3,116,503,893
Factories at Quang Chau Industrial Park	3,063,959,727	850,395,157
Hanoi Lotus Hotel Project (ii)	-	119,161,983,743
Other construction in progress	<u>786,976,364</u>	<u>160,000,000</u>
TOTAL	<u>151,323,290,812</u>	<u>234,360,537,258</u>

- (i) Under the contract for transfer of infrastructure works No. 2592/2009/HANCORP-KBC dated 5 October 2009, Hanoi Construction Corporation transferred the existing infrastructure works to the Company for further development of a complex of offices, representative offices for international agencies at Hanoi Diplomatic Area.
- (ii) During the year, the Company transferred entire capital distribution in Lotus Hotel Development Sole Member Company Limited to Growing sun Investment Joint Stock Company as disclosed in Note 1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

14. LONG-TERM INVESTMENTS

		<i>Currency: VND</i>	
	<i>Note</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Investment in associates	14.1	503,087,714,088	484,351,368,341
Other long-term investments	14.2	448,500,200,000	448,500,200,000
Provision for long-term investments		<u>(39,713,143,676)</u>	<u>(39,713,143,676)</u>
TOTAL		<u>911,874,770,412</u>	<u>893,138,424,665</u>

14.1 Investment in associates

		<i>Currency: VND</i>				
		<i>Ending balance</i>			<i>Beginning balance</i>	
	<i>Note</i>	<i>% of voting right</i>	<i>Number of shares</i>	<i>Amount VND</i>	<i>Number of shares</i>	<i>Amount VND</i>
Saigon - Hue Investment JSC	(i)	28.14%	9,849,000	205,979,454,816	9,849,000	207,881,143,522
Saigon Telecommunication & Technologies JSC	(ii)	21.48%	15,896,923	208,569,550,710	15,896,923	187,337,126,262
Saigon High-tech Park Infrastructure Development	(iii)	27.44%	8,233,083	82,446,974,530	8,233,083	82,457,838,255
Scanviwood JSC	(iv)	34%	1,077,528	6,091,734,032	1,077,528	6,675,260,302
TOTAL				<u>503,087,714,088</u>		<u>484,351,368,341</u>

(i) Saigon - Hue Investment JSC

Saigon - Hue Investment JSC was established pursuant to the Business Registration Certificate No. 3103000255 issued by the Department of Planning and Investment of Thua Thien-Hue province on 9 October 2007 and the first amended Business Registration Certificate on 16 February 2012 with a registered charter capital of VND 350 billion. Its principal activities include investment, construction and trading on infrastructure inside and outside industrial zone, residential areas, resettlement area, housing for worker; industrial and civil construction works, transport and power projects up to 35kV.

Its registered office is located at No.15, Nguyen Hue Street, Hue City, Vietnam.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

14. LONG-TERM INVESTMENT (continued)

14.1 Investment in associates (continued)

(ii) *Saigon Telecommunication & Technologies JSC*

Saigon Telecommunication & Technologies JSC was established pursuant to the Business Registration Certificate No. 4103000992 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 May 2002 and the amended subsequent licenses, with the latest being the 13th amended Business Registration Certificate dated 11 August 2014, with a registered charter capital of VND 740 billion. Its principal activities include trading computers, electronic equipment, materials, telecommunication and post equipment; trading and installation of transmission equipment, connection, security equipment for communication; information technology consulting; designing and installation of computer system; constructing industrial park, residential area, traffic, bridge and road, irrigation.

Its registered office is located at 46 Quang Trung Software Park, Tan Chanh Hiep Ward, District 12, Ho Chi Minh City.

(iii) *Saigon High-tech Park Infrastructure Development Investment Joint Stock Company*

Saigon High-tech Park Infrastructure Development Investment Joint Stock Company was established pursuant to the Business Registration Certificate No. 4103006017 issued by the Department of Planning and Investment of Ho Chi Minh City on 31 January 2007 and the first amended Business Registration Certificate dated 2 July 2009 with a registered charter capital of VND 300 billion. Its principal activities include infrastructure investment and development; leasing and selling offices, trading centres and apartment buildings; consignment and trading agent; civil and industrial construction; development of road and drainage system; investment, management and construction consulting; brokerage; providing custom declaration services; restaurant, hotel, resort, travel businesses.

Its registered office is located at 6-1, Ree Building, 364 Cong Hoa Street, Ward 13, Tan Binh District, Ho Chi Minh City, Vietnam.

(iv) *Scanviwood Joint Stock Company*

Scanviwood Joint Stock Company was established pursuant to the Business Registration Certificate No. 411031000006 by the Department of Planning and Investment of Ho Chi Minh City on 10 June 2015 with a registered capital of VND 31.69 million. Its principal activities include manufacturing of household products for export.

Its registered office is located at 565 An Duong Vuong Street, An Lac Ward, Binh Thanh District, Ho Chi Minh City, Vietnam.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

14. LONG-TERM INVESTMENT (continued)

14.1 Investment in associates (continued)

Investments in associates as at 31 December 2017 are as below:

Currency: VND

	Saigon Telecommunication & Technologies JSC	Saigon - Hue Investment JSC	Saigon High-tech Park Infrastructure Development Investment JSC	Scanviwood JSC	Total
Cost of investment:					
Beginning balance	423,492,661,074	210,627,000,000	82,330,830,000	7,204,600,000	723,655,091,074
Ending balance	423,492,661,074	210,627,000,000	82,330,830,000	7,204,600,000	723,655,091,074
Accumulated share in post-acquisition profit/(loss) of the associates					
Beginning balance	(75,927,808,426)	(2,745,856,478)	127,008,255	(529,339,698)	(79,075,996,347)
- Share in post-acquisition profit/(loss) of the associates for the year	21,232,424,448	(1,901,688,706)	(10,863,725)	(583,526,269)	18,736,345,748
Ending balance	(54,695,383,978)	(4,647,545,184)	116,144,530	(1,112,865,967)	(60,339,650,599)
Amortization goodwill:					
Beginning balance	160,227,726,386	-	-	-	160,227,726,386
Ending balance	160,227,726,386	-	-	-	160,227,726,386
Net carrying amount:					
Beginning balance	187,337,126,262	207,881,143,522	82,457,838,255	6,675,260,302	484,351,368,341
Ending balance	208,569,550,710	205,979,454,816	82,446,974,530	6,091,734,032	503,087,714,088

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

14. LONG-TERM INVESTMENT (continued)

14.2 Other long-term investments

Currency: VND

	Ending balance			Beginning balance		
	% of voting right	Number of shares	Book value	% of voting right	Number of shares	Book value
Saigon - Quy Nhon Mineral JSC	5.75	6,900,000	339,000,000,000	5.75	6,900,000	339,000,000,000
Saigon - Da Nang Investment JSC	19.5	3,900,000	39,000,000,000	19.5	3,900,000	39,000,000,000
VTC - Saigontel Media JSC	19.19	3,070,020	30,700,200,000	19.19	3,070,020	30,700,200,000
Saigon - Binh Phuoc Industrial Park JSC	10.56	190,000	19,000,000,000	10.56	190,000	19,000,000,000
Saigon - Nhon Hoi Industrial Park JSC	10	100,000	10,000,000,000	10	100,000	10,000,000,000
Saigon - Ham Tan Tourism JSC	1.63	70,000	7,000,000,000	1.63	70,000	7,000,000,000
Saigon - Binh Thuan Power Plant Investment and Development JSC	0.35	350,000	3,500,000,000	0.35	350,000	3,500,000,000
Saigon - Long An Industrial Park JSC	0.15	30,000	300,000,000	0.15	30,000	300,000,000
TOTAL			448,500,200,000			448,500,200,000
Provision for other long-term investments			(39,713,143,676)			(39,713,143,676)
NET CARRYING VALUE			408,787,056,324			408,787,056,324

15. CAPITALIZED BORROWING COSTS

During the year, the Group capitalized borrowing costs amounting to VND 102 billion (2016: VND 147.4 billion). These costs relate to borrowings taken to finance the construction of Que Vo I Industrial Park, Phuc Ninh Urban area, Quang Chau Industrial Park, Tan Phu Trung Industrial Park, Trang Due Industrial Park and other development projects of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

16. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

16.1 Short-term trade payables

Currency: VND

	Ending balance		Beginning balance	
	Amount	Amount payable	Amount	Amount payable
Trade payables to suppliers				
- Hai Phat Real Estate JSC.	16,026,197,325	16,026,197,325	-	-
- Trung Tien Transportation and Construction JSC	14,076,270,800	14,076,270,800	9,363,043,000	9,363,043,000
- Truong Phat investment JSC	2,661,011,300	2,661,011,300	11,760,407,600	11,760,407,600
- An Phu Dong Construction Transportation Investment JSC	683,920,000	683,920,000	7,648,481,000	7,648,481,000
- HPN E&C Co., LTD	347,579,500	347,579,500	5,064,630,000	5,064,630,000
- Vinh Tuong Construction and Trading JSC	-	-	6,857,177,800	6,857,177,800
- BlueScope Buildings Vietnam Ltd.	-	-	4,870,800,000	4,870,800,000
- Other suppliers	100,533,223,805	100,533,223,805	68,105,338,540	68,105,338,540
Payable to related parties (Note 29)	12,320,000	12,320,000	109,340,000	109,340,000
TOTAL	134,340,522,730	134,340,522,730	113,779,217,940	113,779,217,940

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

16. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS (continued)

16.2 Short-term advances from customers

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Deposit for purchase of houses and land use rights at Phuc Ninh Urban Project (*)	205,376,972,150	195,253,258,200
Prepayment for land rental at Tan Phu Trung Industrial Park	91,007,311,296	88,918,770,100
Deposit for purchase of houses and land use rights at Quang Chau Urban Project	57,394,622,400	57,394,622,400
Prepayment for land rental at Trang Due Industrial Park	27,709,635,065	2,359,632,000
Deposit for contract obligation execution	-	450,000,000,000
Deposit by National Citizen Bank for purchase of houses and land use rights at Phuc Ninh Urban Project	-	66,582,840,000
Other advances from customers	22,657,534,733	14,666,564,130
TOTAL	404,146,075,644	875,175,686,830

(*) Mostly included deposit relating to the transfer of the infrastructure investment project for staffs and workers in Que Vo Industrial Park under the Transfer Contract No. HDCN-KBC/2016 on 8 April 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

17. STATUTORY OBLIGATIONS

	Beginning balance	Increase for the year	Payment/off-set in the year	Ending balance
Payables				
Value added tax	19,965,094,774	2,915,981,831	(20,540,754,319)	2,340,322,286
Corporate income tax (Note 28)	110,164,139,815	177,234,691,188	(121,629,515,716)	165,769,315,287
Personal income tax	317,653,603	5,418,611,694	(5,176,672,546)	559,592,751
Other taxes (*)	29,791,398,540	974,752,662	(1,930,429,883)	28,835,721,319
TOTAL	160,238,286,732	186,544,037,375	(149,277,372,464)	197,504,951,643
Receivables				
Corporate income tax	33,404,875,482	28,021,772,909	-	61,426,648,391
TOTAL	33,404,875,482	28,021,772,909	-	61,426,648,392

Currency: VND

(*) Included in statutory obligations is the accrual for land lease of Northwest Saigon City Development Corporation ("SCD") for Tan Phu Trung Industrial Park Project with amount of VND 28.4 billion. SCD is currently in the process of working with the relevant government agencies to determine the land lease obligations to the State (Note 31).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

18. ACCRUED EXPENSES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Accrued future development cost for recognised sales	950,289,709,665	968,020,756,089
- Que Vo I Industrial Park	49,287,726,726	50,506,690,967
- Que Vo II Industrial Park	72,415,465,059	137,339,779,736
- Trang Due Industrial Park	203,580,987,291	241,289,691,608
- Quang Chau Industrial Park	319,608,594,077	258,392,853,786
- Tan Phu Trung Industrial Park	305,396,936,512	274,491,739,992
Accrued interest expenses	120,181,315,132	249,470,628,101
Accrued interest expenses to related parties (Note 29)	640,285,731	505,488,735
Other accrued expenses	15,597,980,024	8,173,643,194
TOTAL	<u>1,086,709,290,552</u>	<u>1,226,170,516,119</u>
Long-term		
Accrued interest expenses (*)	1,031,951,584,113	785,455,165,816
TOTAL	<u>1,031,951,584,113</u>	<u>785,455,165,816</u>

(*) This mainly pertains to bond interest expenses payable to PVCombank. PVCombank has issued an amendment to revise the payment terms for the bond principal and the bond interest. Accordingly, these bond interests will be due in 2020 (Note 20.2).

19. OTHER PAYABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Deposit for purchase of houses and land use rights at Phuc Ninh Urban Project	323,904,532,910	-
Kinh Bac Investment and Consulting JSC	5,000,000,000	5,000,000,000
Kinh Bac Service JSC	10,108,298,365	-
Payable to Mr. Nguyen Son	-	78,613,649,508
Other payables	25,301,798,867	43,762,203,034
TOTAL	<u>364,314,630,142</u>	<u>127,375,852,542</u>
Long-term		
Cholimex Mechatronics Informatics JSC (i)	55,500,000,000	55,500,000,000
Other deposits (ii)	105,681,960,855	107,966,547,253
Other payables	6,450,580,036	-
TOTAL	<u>167,632,540,891</u>	<u>163,466,547,253</u>

(i) In 2014, the Company received VND 55.5 billion from Cholimex Mechatronics Informatics JSC for the development of Phuc Ninh Urban Project in accordance with the Business Cooperation Agreement No. 1004/HĐHTKD-KBC/2014 dated 10 April 2014; and

(ii) This mainly pertains to deposits from land rental contracts at industrial park projects of the Company and its subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

20. LOANS

	Beginning balance		Movement during the year		Ending balance	
	Balance	Payable amount	Increase	Decrease	Balance	Payable amount
Short-term						
Loans from banks	50,797,226,908	50,797,226,908	-	(50,797,226,908)	-	-
Loans from others (*)	25,935,378,567	25,935,378,567	-	-	25,935,378,567	25,935,378,567
Current portion of long term loans (Note 20.1 and 20.2)	672,371,424,645	672,371,424,645	993,502,560,000	(672,371,424,645)	993,502,560,000	993,502,560,000
Loans from related parties (Note 29)	113,830,830,000	113,830,830,000	-	(1,500,000,000)	112,330,830,000	112,330,830,000
TOTAL	862,934,860,120	862,934,860,120	993,502,560,000	(724,668,651,553)	1,131,768,768,567	1,131,768,768,567
Long-term						
Loans from banks (Note 20.1)	725,093,278,414	725,093,278,414	152,300,278,250	(329,257,045,206)	548,136,511,458	548,136,511,458
Bonds (Note 20.2)	379,506,171,373	379,506,171,373	930,000,000,000	(266,984,613,855)	1,042,521,557,518	1,042,521,557,518
TOTAL	1,104,599,449,787	1,104,599,449,787	1,082,300,278,250	(596,241,659,061)	1,590,658,068,976	1,590,658,068,976

(*) These include unsecured, interest free loans from Saigon Investment JSC and Kinh Bac Service JSC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

20. LOANS (continued)

20.1 Long-term loans

As at 31 December 2017, details of long term loans from bank are as follows:

Banks	Ending balance	Interest rate	Principal and interest payment term	Description of collateral
Vietnam Joint Stock Commercial Bank for Industry and Trade - Que Vo Industrial Park Branch	220,990,424,512	10.5%/year	Principal repayment on 6 February 2020. Interest payment on last 25 th per quarter	Infrastructure at Trang Due II Industrial, with the estimated value of 1000 BVND.
	31,980,678,000	10.5%/year	Principal repayment on 6 Feb 2020, interest payment on the last 25 th each quarter	Factory no. L at Que Vo Industrial Park and all assets attached with the land which will be formed in the future and asset rights arising from business contracts (factory lease/ sale contract at lot L).
	60,169,292,400	10.5%/year	Principal repayment on 29 November 2022, interest payment on the last 25 th each quarter	All the assets formed in the future of the 100 hecta project in Phase 1 of Nam Son - Hap Linh Industrial park: along with the properties rights arising from the economic contracts for trading of infrastructure, land and other attached properties of this project.
	80,156,324,532	10.5%/year	Principal repayment on 16 November 2022. Principal is paid every 6 months. Interest is paid quarterly, started from 25 August 2017	All assets formed from the investment costs that the Company has invested and will invest in the future in 83.8 hecta of Que Vo II Industrial Park.
	2,800,000,000	10.5%/year	Principal is paid every 6 months, started from 25 July 2016; interest payment on 25th per quarter from 26 March 2018.	All assets attached with the land which will be formed from the investment and construction project of Office building, warehouses lot M, N, T at Que Vo II Industrial Park.
<i>In which: Current portion of long-term loan</i>	10,000,000,000			
Vietnam Public Bank (PVCombank)	290,000,000,000	9.7%/year	31 December 2017	Assets formed in the future on 120 ha land at Quang Chau Industrial Park.
<i>In which: Current portion of long-term loan</i>	150,000,000,000			
National Citizen Bank (previously known as Nam Viet Commercial Joint Stock Bank) - Hanoi branch	55,542,352,014	10%/year	Principal payment every 6-month, and in 5 instalments from 1 August 2016	Value of land use right No B1, B2, B4, B5, B6 at Tan Phu Trung Industrial Park.
<i>In which: Current portion of long-term loan</i>	33,502,560,000			
TOTAL	741,639,071,458			
<i>In which:</i>				
- Current portion of long-term loans	193,502,560,000			
- Long-term loan	548,136,511,458			

Currency: VND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

20. LOANS (continued)

20.2 Bonds

As at 31 December 2017, bonds issued by the Group are as follows:

Bond	Type of bond	Number of bonds	Par value VND	Amount (VND)	Interest rate per annum	Duration	Collaterals
KBC Bond 004	Corporate Bonds issued for PVCbank	3,000,000	100,000	300,000,000,000	9.7%	31 Oct 2019	Inventories of Trang Cat Urban and Service Zone Project
KBCbond01-2017	Corporate bond issued to Joint Stock Commercial Bank for Investment and Development of VietNam - Sai Gon Northern Branch	480	1,000,000,000	480,000,000,000	10.18%	21 November 2022	Land use rights and all assets attached with land lot at Hung Vuong, Hai Chau 1 Ward, Hai Chau District, Da Nang City, which are owned by Vien Dong Real Estate and Property JSC.
KBCbond2-2017	Corporate bond issued to Counterparties	2,000,000	100,000	200,000,000,000	10.5%	26 January 2019	KBCbond2-2017, KBCbond3-2017, KBCbond4-2017 and KBC Bond2017 are mortgaged by shares of Saigon - Hai Phong Industrial Park JSC.
KBCbond3-2017	Corporate bond issued to Counterparties	1,500,000	100,000	150,000,000,000	10.5%	16 February 2019	
KBCbond4-2017	Corporate bond issued to Counterparties	2,000,000	100,000	200,000,000,000	10.5%	22 May 2019	
KBC Bond2017	Corporate bond issued to Counterparties	5,000,000	100,000	500,000,000,000	10.5%	8 November 2018	
003/2009/TPS CD01/HDMB	Secured corporate bond issued to National Citizen Commercial Joint Stock Bank	644,628	100,000	32,131,072,676	12.5%	18 Dec 2019	Land use right for area B1, B2, B4, B5, B6 under Mortgage Agreement No.570/14/HBTC-BDS/101-11 dated on 31 December 2014
TOTAL		18,300,000		1,842,521,557,518			
<i>In which:</i>							
Bonds due in the next 12 months							
Long-term bonds							
Bond issuance expense of long-term bonds							

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

21. OWNERS' EQUITY

21.1 Increase and decrease in owners' equity

Currency: VND

	Contributed charter capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Non-controlling interest	Total
Previous year							
Beginning balance	4,757,111,670,000	989,064,430,000	(364,466,650,000)	2,223,693,823	1,781,536,119,480	870,535,724,540	8,036,004,987,843
- Net profit for the year	-	-	-	-	557,370,239,809	153,914,756,832	711,284,996,641
- Other deductions	-	-	-	-	(20,071,377,430)	(106,128,622,570)	(126,200,000,000)
Ending balance	4,757,111,670,000	989,064,430,000	(364,466,650,000)	2,223,693,823	2,318,834,981,859	918,321,858,802	8,621,089,984,484
Current year							
Beginning balance	4,757,111,670,000	989,064,430,000	(364,466,650,000)	2,223,693,823	2,318,834,981,859	918,321,858,802	8,621,089,984,484
- Net profit for the year	-	-	-	-	584,522,397,947	34,254,764,868	618,777,162,815
- Dividend paid	-	-	-	-	-	(6,250,000,000)	(6,250,000,000)
- Other increase/(deductions) (*)	-	-	-	-	1,149,512,242	(196,659,310,242)	(195,509,798,000)
Ending balance	4,757,111,670,000	989,064,430,000	(364,466,650,000)	2,223,693,823	2,904,506,892,048	749,667,313,428	9,038,107,349,299

(*) During the year, Sai Gon - Hai Phong Industrial Park Corporation acquired 11.28% shares of Northwest Saigon City Development Corporation and 1.3% shares of Saigon - Bac Giang Industrial Park Corporation. Thus, equity interest of the Company in Northwest Saigon City Development Corporation and Saigon - Bac Giang Industrial Park Corporation increased from 62.68% to 72.44% and 76.81% to 77.93%, respectively. The Company has accounted for decrease in non-controlling interest as presented in Note 22, corresponding to the decrease in non-controlling interest into net assets of Northwest Saigon City Development Corporation and Saigon - Bac Giang Industrial Park Corporation accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

21. OWNERS' EQUITY (continued)**21.2 Shares**

Currency: VND

	Ending balance			Beginning balance		
	Total	Ordinary shares	Preference shares	Total	Ordinary shares	Preference shares
Contributed by shareholders	4,757,111,670,000	4,757,111,670,000	-	4,757,111,670,000	4,757,111,670,000	-
Share premium	989,064,430,000	989,064,430,000	-	989,064,430,000	989,064,430,000	-
Treasury share	(364,466,650,000)	(364,466,650,000)	-	(364,466,650,000)	(364,466,650,000)	-
TOTAL	5,381,709,450,000	5,381,709,450,000	-	5,381,709,450,000	5,381,709,450,000	-

21.3 Capital transactions with owners and distribution of dividends, profits

Currency: VND

	Current year	Previous year
Contributed capital		
Beginning balance	4,757,111,670,000	4,757,111,670,000
Increase	-	-
Decrease	-	-
Ending balance	<u>4,757,111,670,000</u>	<u>4,757,111,670,000</u>
Dividends/profit declared	-	-

21.4 Shares

	Ending balance		Beginning balance	
	Shares	In VND	Shares	In VND
Issued shares	475,711,167	4,757,111,670,000	475,711,167	4,757,111,670,000
Issued and paid-up shares	475,711,167	4,757,111,670,000	475,711,167	4,757,111,670,000
Ordinary shares	475,711,167	4,757,111,670,000	475,711,167	4,757,111,670,000
Preferred shares	-	-	-	-
Treasury shares	5,950,978	59,509,780,000	5,950,978	59,509,780,000
Ordinary shares	5,950,978	59,509,780,000	5,950,978	59,509,780,000
Preferred shares	-	-	-	-
Shares in circulation	469,760,189	4,697,601,890,000	469,760,189	4,697,601,890,000
Ordinary shares	469,760,189	4,697,601,890,000	469,760,189	4,697,601,890,000
Preference shares	-	-	-	-

Par value of outstanding share: VND 10,000/share (2016: VND 10,000/share).

22. NON-CONTROLLING INTEREST

Currency: VND

	Current year	Previous year
Beginning balance	918,321,858,802	870,535,724,540
Profit attributable to non-controlling interest	34,254,764,868	153,914,756,832
Dividend paid	(6,250,000,000)	-
Other deductions (Notes 21.1)	(196,659,310,242)	(106,128,622,570)
Ending balance	749,667,313,428	918,321,858,802

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

23. REVENUES

23.1 Revenue from sales of goods and rendering of services

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Gross revenue	1,260,198,518,971	1,972,459,422,710
In which:		
Revenue from lease of land and infrastructures (*)	716,656,729,312	1,632,119,603,325
Revenue from transfer of property	232,840,459,947	-
Revenue from transfer of project	-	218,749,608,000
Revenue from providing clean water, electricity, services and processing wasted water	137,036,076,729	112,611,140,009
Revenue from factories sold	137,075,312,000	-
Revenue from lease of warehouses, buildings and offices	36,589,940,983	8,979,071,376
Less	-	-
Sales returns	-	-
Net revenue	1,260,198,518,971	1,972,459,422,710
Of which:		
Sales to others	1,260,198,518,971	1,972,459,422,710
Sales to related parties	-	-

(*) During the year, the Group recorded revenue from long-term lease of land with infrastructure in the industrial parks in the consolidated income statement when the land is handed-over to the customers, which is based on the assessment that significant risks and rewards associated with ownership of the land were transferred to tenants. If revenue from the lease of land with infrastructure is allocated over the lease term, the impacts to revenue, cost of goods sold and services rendered; and profit before and after corporate income tax of the Group are as follows:

	<i>Currency: VND</i>	
	<i>Revenue recognized in full at the hand-over date</i>	<i>Revenue is amortized over the lease term</i>
Revenue	1,260,198,518,971	559,467,494,755
Of which:		
Revenue from lease of land and infrastructures (*)	716,656,729,312	15,925,705,096
Cost of goods sold and services rendered	(610,528,435,391)	(244,969,258,464)
Gross profit of goods sold and services rendered	649,670,083,580	314,498,236,291
Profit before tax	811,539,933,682	476,368,086,392
Current corporate income tax expenses	(177,234,691,188)	(119,960,209,123)
Deferred tax expenses	(15,528,079,679)	(72,802,561,745)
Net profit after tax	618,777,162,815	283,605,315,524

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

23. REVENUES (continued)**23.2 Finance income**

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Gains from securities trading and investment transfer	354,868,000,000	5,151,858,750
Interest income on outstanding receivables from lease of land and sale of factories (*)	60,860,496,773	25,566,785,476
Interest income from deposits and lending	14,936,217,480	8,164,438,043
Foreign exchange gains	8,679,917	157,693,406
Others	689,095,890	-
TOTAL	<u>431,362,490,060</u>	<u>39,040,775,675</u>

(*) This pertains mainly to interest income on receivables from Kinh Bac Service JSC under the contracts for lease of land and sale of factories.

24. COST OF GOODS SOLD AND SERVICES RENDERED

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Cost leased land and infrastructures	373,867,340,039	790,694,785,484
Cost of transfer of property	78,229,906,429	-
Cost of transfer of project	-	23,945,143,067
Cost of leased warehouses, factories and offices	17,624,609,266	2,222,033,146
Cost of factories sold	70,601,286,338	-
Others	70,205,293,319	48,204,294,844
TOTAL	<u>610,528,435,391</u>	<u>865,066,256,541</u>

Included in costs of long-term lease of land and infrastructure are the following accruals:

	<i>Currency: VND</i>			
	<u><i>Current year</i></u>		<u><i>Previous year</i></u>	
	<i>Cost of sales</i>	<i>Accrued amount</i>	<i>Cost of sales</i>	<i>Accrued amount</i>
Long-term lease of land and infrastructure	<u>373,867,340,039</u>	<u>57,695,867,117</u>	<u>790,694,785,484</u>	<u>395,524,155,783</u>
TOTAL	<u>373,867,340,039</u>	<u>57,695,867,117</u>	<u>790,694,785,484</u>	<u>395,524,155,783</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

25. FINANCE EXPENSES AND SELLING EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Finance expenses		
Interest expenses	106,963,449,754	81,656,871,847
Provision for investments	227,889,210	17,162,932,011
Foreign exchange loss	-	251,378,754
Others	2,266,278,877	124,984,586
TOTAL	<u>109,457,617,841</u>	<u>99,196,167,198</u>
Selling expenses		
Company's logo	-	10,933,000,000
Consultant and promotion expenses	15,803,977,774	19,290,796,455
Labour costs	1,963,650,756	1,751,375,444
Others	4,355,659,954	1,238,248,848
TOTAL	<u>22,123,288,484</u>	<u>33,213,420,747</u>

26. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Depreciation	6,725,795,892	8,902,943,777
Labour costs	77,554,077,099	60,407,385,371
External services	48,005,685,580	19,640,075,271
Others	22,472,072,591	31,994,093,264
TOTAL	<u>154,757,631,162</u>	<u>120,944,497,683</u>

27. PRODUCTION AND OPERATING COSTS

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Land, infrastructure, building development and services rendering expenses	482,183,851,952	777,724,717,631
Labour costs	80,310,998,855	63,942,099,388
Depreciation of fixed assets	39,803,508,880	27,311,813,411
Expenses for external services	58,877,340,479	116,525,152,421
Other expenses	126,233,654,873	33,720,392,137
TOTAL	<u>787,409,355,039</u>	<u>1,019,224,174,988</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

28. CORPORATE INCOME TAX

The corporate income tax ("CIT") rate applicable to the Company and its subsidiaries is 20% of taxable profit except for the following:

- ▶ For the operating activities at Que Vo I Industrial Park, the Company is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation and of 20% for the following years. The Company is entitled to an exemption from CIT for 4 years from 2005 to 2008, and a 50% reduction of the applicable CIT rate for the following 9 years until 2017. The statutory CIT rate applicable for the year is 10% with a 50% reduction.
- ▶ For the operating activities at the Que Vo II Industrial Park, the Company is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation and of 20% for the following years. The Company is entitled to an exemption from CIT for 3 years from 2008 to 2010, and a 50% reduction of the applicable CIT rate for the following 7 years from 2011 to 2017. The statutory CIT rate applicable for the year is 10% with a 50% reduction.
- ▶ For the operating activities at Quang Chau Industrial Park, Saigon - Bacgiang Industrial Park JSC is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation and of 20% for the following years. The subsidiary is entitled to an exemption from CIT for 4 years from 2008 to 2011, and a 50% reduction of the applicable CIT rate for the following 9 years. The statutory CIT rate applicable for the year is 10% with a 50% reduction.
- ▶ For the operating activities at Trang Due Industrial Park - phase 1, Saigon - Hai Phong Industrial Park JSC is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation and of 20% for the following years. The subsidiary is entitled to an exemption from CIT for 4 years from 2009 to 2012, and a 50% reduction of the applicable CIT rate for the following 9 years. The statutory CIT rate applicable for the year is 10% with a 50% reduction.
- ▶ For the operating activities at Trang Due Industrial Park - phase 2, Sai Gon - Hai Phong Industrial Park JSC is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation. The subsidiary is entitled to an exemption from CIT for 4 years from 2015 to 2018, and a 50% reduction of the applicable CIT rate for the following 9 years up to 2027. The statutory CIT rate applicable for financial year 2017 is 0%.
- ▶ For operating activities at Tan Phu Trung Industrial Park, Northwest Saigon City Development JSC is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation and of 20% for the following years. The subsidiary is entitled to an exemption from CIT for 4 years from 2007 to 2010, and a 50% reduction of the applicable CIT rate for the following 9 years. The statutory CIT rate applicable for the year is 10% with a 50% reduction.
- ▶ For operating activities at Trang Cat Urban and Service Zone, Trang Cat One Member Urban Development Limited Company Company is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation and of 20% for the following years. The subsidiary is entitled to an exemption from CIT for 4 years from 2012 to 2016, and a 50% reduction of the applicable CIT rate for the following 9 years. Thus, in 2017 the Company is entitled to a 50% reduction of the applicable CIT tax rate for profit earned.

The tax returns filed by Company and subsidiaries are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could change at a later date upon final determination by the tax authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

28. CORPORATE INCOME TAX (continued)

28.1 CIT expenses

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Current CIT expenses	177,234,691,188	104,958,126,654
Deferred CIT expenses	15,528,079,679	105,118,422,552
TOTAL	<u>192,762,770,867</u>	<u>210,076,549,206</u>

A reconciliation between the profit before tax and taxable profit is presented below:

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Profit before tax	811,539,933,682	921,361,545,847
CIT expense at rate applicable to companies in the Group	200,154,453,193	214,982,088,782
<i>In which:</i>		
Preferential tax rate of 5% applied on land rental activities	1,403,688,344	3,432,927,642
Preferential tax rate of 10% applied on land rental activities	5,357,954,400	7,438,810,994
20% tax rate for other activities (20%:2016)	193,392,810,450	204,110,350,146
<i>Adjustments to increase</i>		
Non-deductible expenses	4,872,206,439	8,509,415,401
Taxable income for land lease activities from previous periods	3,530,478,897	1,627,224,597
<i>Adjustments to decrease</i>		
Adjustments for consolidated financial statements	(12,910,050,808)	(9,159,397,200)
Loss carried forward	(2,884,316,854)	(5,882,782,374)
CIT expense	<u>192,762,770,867</u>	<u>210,076,549,206</u>

28.2 Current CIT

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

28. CORPORATE INCOME TAX (continued)

28.3 Deferred CIT

The followings are the deferred tax liabilities recognized by the Group, and the movements thereon, during the current and previous year:

Currency: VND

	<i>Consolidated balance sheet</i>		<i>Consolidated income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
Deferred tax liabilities				
Deferred tax liabilities arising from fair value adjustment on business combination date at Northwest Saigon City Development JSC	218,356,275,478	231,266,326,286	(12,910,050,808)	(9,159,397,200)
Deferred tax liabilities arising from fair value adjustment on business combination date at Sai Gon - Hai Phong Industrial Park JSC	457,334,951	457,334,951	-	-
Deferred tax liabilities arising from allocation of CIT over the leased term	400,720,660,832	372,282,530,342	28,438,130,487	114,277,819,752
	619,534,271,261	604,006,191,580		
Net deferred tax debit to consolidated income statement			15,528,079,679	105,118,422,552

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

28. CORPORATE INCOME TAX (continued)

28.4 Unrecognised deferred tax assets

Tax losses carried forward

The Group is entitled to carry the tax loss forward to offset with the taxable profit arising within 5 years subsequent to the year in which the loss was incurred. As at 31 December 2017, the Company has accumulated losses which are available for offset against future taxable profits. Details are as follows:

Currency: VND						
Originating year	Can be utilized up to		Tax loss amount	Utilized up to 31 December 2017	Forfeited	Unutilized at 31 December 2017
2012	2017	(i)	290,447,513,954	(270,950,141,002)	(19,497,372,952)	-
2013	2018	(i)	114,297,270,724	(44,106,959,987)	(67,432,264,389)	2,758,046,348
2014	2019	(i)	89,268,404,637	(7,353,480,794)	(79,913,253,003)	2,001,670,840
2015	2020	(i)	71,200,307,244	-	(68,847,932,661)	2,352,374,583
2016	2021	(i)	3,008,882,395	-	-	3,008,882,395
2017	2022	(i)	4,433,878,613	-	-	4,433,878,613
TOTAL			572,656,257,567	(322,410,581,783)	(235,690,823,005)	14,559,327,215

- (i) These are estimated tax losses as per the Company and its subsidiaries' corporate income tax declarations which have not been audited by the local tax authorities as of the date of these consolidated financial statements.

No deferred tax assets were recognised in respect of the above accumulated losses because future taxable profit cannot be ascertained at this stage.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

29. TRANSACTIONS WITH RELATED PARTIES

List of related parties which had transactions and/or receivable/payable balances during the year with the Group:

<i>No</i>	<i>Related party</i>	<i>Relationship</i>
1	Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Associate
2	Saigon Telecommunication & Technologies Corporation	Associate
3	Saigon - Hue Investment JSC	Associate
4	Scanviwood Joint Stock Company	Associate
5	Saigon - Da Nang Investment JSC	Common Investor
6	Mr Dang Thanh Tam	Chairman
7	Ms Nguyen Thi Thu Huong	General Director
8	Mr Phan Anh Dung	Deputy General Director
9	Ms Nguyen My Ngoc	Deputy General Director
10	Ms Nguyen Chung Thuy	Head of Supervision Board

Terms and conditions of transactions with related parties

The sales, and purchase, of goods to/from related parties are made on contractual basis.

Outstanding balances at 31 December 2017 are unsecured, interest free and will be settled in cash. For the year, the Group has not made any provision for doubtful debts relating to amounts owed by related parties. This assessment is undertaken each financial year through the examination of the financial position of the related party and the market in which the related party operates.

Significant transactions between the Group and its related parties during the year are as follows:

<i>Related party</i>	<i>Transactions</i>	<i>Currency: VND</i>	
		<i>Current year</i>	<i>Previous year</i>
Mr Dang Thanh Tam	Advance	103,084,236,422	82,397,476,856
	Advance clearance	81,402,828,189	59,101,585,400
	Payment of loan principal	-	3,849,163,882
Sai Gon Telecommunication and Technologies Corporation	Installment of video conference	101,097,747	-
	Loan to related party	-	5,000,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

29. TRANSACTIONS WITH RELATED PARTIES (continued)

As at 31 December 2017, amount due to and from related parties of the Group are as follows:

Relationship	Transactions	Currency: VND	
		Current year	Previous year
Short-term loan receivables (Note 8)			
Saigon Telecommunication & Technologies Corporation - Bac Ninh Branch	Short-term loans	11,537,895,430	13,945,208,333
Saigon - Hue Investment JSC	Short-term loans	400,000,000	200,000,000
		11,937,895,430	14,145,208,333
Other short-term receivables (Note 9)			
Mr Dang Thanh Tam	Advance	51,152,658,689	29,471,250,456
Ms Nguyen Thi Thu Huong	Advance	3,489,211,820	3,489,211,820
Mr Phan Anh Dung	Advance	110,000,000	110,000,000
Ms Nguyen Chung Thuy	Advance		206,586,000
Saigon - Hue Investment JSC	Other receivables	36,500,000	-
Ms Nguyen My Ngoc	Advance	173,447,000	-
Saigon Telecommunication & Technologies Corporation - Bac Ninh Branch	Deposit	684,708,333	21,592,687,097
		55,646,525,842	54,869,735,373
Trade payables (Note 16)			
Saigon Telecommunication & Technologies Corporation - Bac Ninh Branch	Service fee	12,320,000	109,340,000
		12,320,000	109,340,000
Accrued expenses (Note 18)			
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Interest payable	640,285,731	505,488,735
		640,285,731	505,488,735
Short-term loans (Note 20)			
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company (*)	Short-term loans	112,330,830,000	112,330,830,000
Saigon - Da Nang Investment JSC	Short-term loans	-	1,500,000,000
		112,330,830,000	113,830,830,000

(*) This is the short-term loan from Saigon High-tech Park Infrastructure Development Investment Joint Stock Company which bears interest at 0.01% per month and will mature on 30 June 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

29. TRANSACTIONS WITH RELATED PARTIES (continued)

Transactions with other related parties

Remuneration to members of the Management and Board of Directors:

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Salaries and bonus of Board	180,000,000	-
Salaries and bonus of Management	9,563,728,000	5,710,182,666
	<u>9,743,728,000</u>	<u>5,710,182,666</u>

30. 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 adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

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

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

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Net profit after tax attributable to ordinary equity holders for basic earnings	584,522,397,947	557,370,239,809
<i>Effect of dilution:</i>		
Interest on convertible bonds	-	-
Net profit after tax attributable to ordinary equity holders adjusted for the effect of dilution	584,522,397,947	557,370,239,809
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	469,760,190	469,760,189
<i>Effect of dilution:</i>		
Convertible preference shares	-	-
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution	469,760,190	469,760,189
Basic earnings per share	1,244	1,186
Diluted earnings per share	1,244	1,186

There is no ordinary shares transaction or preference share transaction since 31 December 2017 until the date of this consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

31. COMMITMENTS AND CONTINGENCIES

31.1 Commitments relating to real estate investment projects

Commitments relating to the State:

- (i) According to Decision No. 1526/QD-CT dated 17 December 2003 and Decision No. 971/QD-UBND dated 15 July 2009 by the Bac Ninh Provincial People's Committee regarding the assignment of land to the Company for the development of Phuc Ninh New Urban Area Project, Bac Ninh Town, Bac Ninh Province, the Company has an obligation to pay land use fees and other charges for the residential land area, commercial and public areas within the Phuc Ninh Residential Area. Accordingly, the Company was handed over with 49.53 ha of land in 2010, completed the land marking for 47.2 ha of land in 2013 with the Bac Ninh Provincial People's Committee and settled the land use fees of VND 175,735,431,000 in accordance with the Decision No. 2229/QD-CT dated 23 December 2004 by the Bac Ninh Provincial People's Committee which approved the land use fee (phase 1) and the notice of payment of land use fee by the Tax Department of Bac Ninh Province. As at 31 December 2017, the Company is in the process of finalizing the land use fee settlement to the Bac Ninh Provincial People's Committee for the above assigned land.
- (ii) From 2003 to 2014, the Company signed a number of land lease agreements with the Bac Ninh Provincial People's Committee for the land area at Que Vo I Industrial Park and the Extended Que Vo, which is 2,268,388.8 m² and 1,652,779 m², respectively. According to the Official Letter No. 323/BTC-QLCS dated 12 January 2015 by the Ministry of Finance, the investment project on construction and operation of infrastructure of Que Vo Industrial Park is entitled to land rental exemption in 11 years from the date the project is completed and put into operation. As at 31 December 2017, the Company is still in the process of finalizing land use payments with the Bac Ninh Provincial People's Committee for the above-mentioned land areas under the Land Law No. 45/2013/QH12 dated 1 July 2014 by the National Assembly and Decree 135/2016 / ND-CP dated 9 September 2016 by the Government with effect from 15 November 2016 and relevant regulations on collection land use right fees.
- (iii) On 10 June 2015, the Company signed a Land Rental Contract with Bac Ninh Provincial People's Committee for 766,858.9 m² land area assigned at Nam Son Hap Linh Industrial Park. As at 31 December 2017, the Company is still in the process of finalizing with the authorities to determine land rental obligations.
- (iv) On 20 March 2013, the Department of Finance of Ho Chi Minh City sent a notice to Northwest Saigon City Development JSC ("SCD") advising the land rental rate at Tan Phu Trung Industrial Park of VND 5,940 per square metre for 2011 and 2012. However, according to Decision No. 2093/QD-BTC dated 23 November 2011 and Circular No. 16/2013/TT-BTC on removal of difficulties for enterprises, land rental rate from 2011 to 2014 would not exceed two times of that applicable for 2010. Therefore, SCD currently accrues the land rental fee payable in Tan Phu Trung Industrial Park for 2011, 2012 and 2013 with the amount of VND 2,359,623,014 based on the land rental rate of VND500/m², equivalent to two times of 2010 land rental fee which was approved by the Ho Chi Minh City People's Committee under the Land Lease Contract No. 2516/HD-TNMT-QHSDD on 5 April 2007. At the same time, SCD sent a letter to the Ho Chi Minh City People's Committee to request for a reduction in land rental rate which should not exceed two times of that applicable for 2010 pursuant to the above regulations. As at 31 December 2017, SCD is still in the process of finalising the land rental rate for the above leased land area with the Ho Chi Minh City People's Committee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

31. COMMITMENTS AND CONTINGENCIES (continued)

31.1 *Commitments relating to real estate investment projects* (continued)

Commitments relating to the State (continued):

- (v) From 2011 to 2014, Saigon - Haiphong Industrial Park JSC ("SHP") signed land lease agreements with the People's Committee of Hai Phong City for the land area at Trang Due Industrial Park with a total land area of 1,541,648.7 m². Details of these land lease contracts include: Contract No. 04/HĐTD dated 17 January 2011 (for 1,363,473.2 m² land area), Contract No.179/HĐTD dated 31 December 2013 (for 84,871.8 m² land area) and Contract No.13/HĐTD dated 17 February 2014 (for 93,303.7 m² land area). On 12 December 2014, the Department of Taxation of Haiphong City issued Decision No. 4274 /QĐ-CT on land rent exemption for Saigon-Hai Phong Industrial Park JSC. Accordingly, SHP is exempted from land tax until September 2017, December 2023 and November 2057 for the Land Lease Contracts No. 04, No.13 and No.179, respectively. However, according to Investment Certificate No.0222100009 issued by the Hai Phong Economic Zone Management Board on 29 November 2013, SHP is exempted from land rental for the above land area. Therefore, SHP is in the process of working with the relevant government agencies to clarify the inconsistency in the above legal documents.
- (vi) From 2008 to 2010, Saigon - Bac Giang Industrial Park JSC ("SBG") signed land lease agreements with the People's Committee of Bac Giang Province for a total land area of 3,900,015 m² at Quang Chau Industrial Park. As at 31 December 2017, SBG is still in the process of working with the authority to determine the land rental obligations applicable to SBG. According to the second Investment Certificate dated 12 September 2014, Quang Chau Industrial Park is entitled to land rental exemption for 11 years from the date the project is completed and put into operations according to Official Letter No. 5403 / BTC-QLNS dated 23 April 2015 of the Department of Agricultural Product Management.

Capital expenditure commitments

As at 31 December 2017, the Company and its subsidiaries have contracts related to the construction and development of Que Vo I Industrial Park, Que Vo II Industrial Park, Phuc Ninh urban area, Quang Chau urban area, Trang Due Industrial Park and Trang Cat urban area with total value of approximately VND 547 billion.

31.2 *Guarantee and security*

The Group has the following contingent liabilities related to guarantees as at 31 December 2017:

Guarantee under the mortgage contract with PVCombank:

As disclosed in Note 9, Trang Cat One Member Urban Development Limited Company ("Trang Cat Company") signed mortgage contract No.0202/2013/HDTC-DN dated 22 February 2013 with PVCombank to guarantee for payment obligations of third parties. Accordingly, Trang Cat Company has agreed to pledge part of its assets related to the Trang Cat Urban and Service Zone Project ("the Project") to guarantee for the loans, trust investment, corporate bonds and other contractual obligations of the Group, its subsidiaries, associates and other companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

31. COMMITMENTS AND CONTINGENCIES (continued)

31.3 Disputes

Disputes with VTC Wireless Telecommunications Corporation

Under the Business Cooperation Agreement dated 12 February 2008 between the VTC Wireless Telecommunications Company ("VTC") and Saigon Telecommunication & Technologies Corporation and the Business Registration Certificate No. 0103025781 dated 11 July 2008, the registered charter capital of VTC - Saigontel Media Company is VND 160 billion, in which the Company's contribution rate is 19.2%. Accordingly, the Company transferred VND 30,700,200,000 (19.2% of charter capital) to Huu Nghi Communication JSC (the company authorized by VTC) on 10 March 2008 for VTC Wireless Telecommunications Company to purchase assets for VTC - Saigontel Media Corporation. However, VTC has not completed the purchase of assets for VTC - Saigontel Media Company as committed. Therefore, the Company is currently in the process of working with VTC to recall this investment. The Group's management has assessed that this investment will be collected from the VTC; and therefore, no provision has been made for the investment in VTC - Saigontel Media Company.



32. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the consolidated balance sheet date that requires adjustment or disclosure in the consolidated financial statements of the Group.

Luu Phuong Mai
Preparer

Pham Phuc Hieu
Deputy General Director and
Chief Accountant

Nguyen Thi Thu Huong
General Director

14 February 2018