

KinhBac City Development Holding Corporation

Consolidated financial statements

31 December 2016



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;
- ▶ Trang Cat One Member Urban Development Limited Company; and
- ▶ Lotus Hotel Development Sole Member Company Limited.

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 Ngo Manh Hung	Member
Mr Huynh Phat	Member
Mr Pham Phuc Hieu	Member

BOARD OF SUPERVISION

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

Ms Nguyen Chung Thuy	Head of Board
Ms. Le Thi Thu Hang	Member
Mr Phan Anh Tuan	Member

Resigned on 16 August 2016

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 2016.

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 its report and the consolidated financial statements of the Company and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2016.

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 2016 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnam Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements.

For and on behalf of management:



Nguyễn Thị Thu Hương
General Director

Bac Ninh, Vietnam

14 March 2017

Reference: 60774739/18493823-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 March 2017 and set out on pages 6 to 56, which comprise the consolidated balance sheet as at 31 December 2016, 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 2016, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

Ernst & Young Vietnam Limited



Le Thi Tuyen Mai
Deputy General Director
Audit Practising Registration
Certificate No. 1575-2013-004-1

Phung Manh Phu
Auditor
Audit Practising Registration
Certificate No. 2598-2013-004-1

Hanoi, Vietnam

14 March 2017

CONSOLIDATED BALANCE SHEET
as at 31 December 2016

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		13,010,530,818,197	12,003,018,598,664
110	I. Cash and cash equivalents	4	295,085,197,835	228,164,359,677
111	1. Cash		120,595,628,388	129,164,359,677
112	2. Cash equivalents		174,489,569,447	99,000,000,000
120	II. Short-term investments	5	1,235,586,230	1,738,191,200
121	1. Held-for-trading securities		7,490,461,369	7,490,461,369
122	2. Provision for held-for-trading securities		(6,254,875,139)	(5,752,270,169)
130	III. Current accounts receivable		4,381,551,938,686	3,361,578,772,409
131	1. Short-term trade receivables	6.1	1,095,584,987,883	493,980,606,252
132	2. Short-term advances to suppliers	6.2	1,637,232,744,800	1,324,234,430,950
135	3. Short-term loan receivables	7	27,737,628,333	12,499,720,000
136	4. Other short-term receivables	8	1,628,331,615,320	1,539,947,458,507
137	5. Provision for doubtful short-term receivables	6.3	(7,335,037,650)	(9,083,443,300)
140	IV. Inventories	9	8,243,696,478,710	8,364,448,377,871
141	1. Inventories		8,243,696,478,710	8,364,448,377,871
150	V. Other current assets		88,961,616,736	47,088,897,507
151	1. Short-term prepaid expenses		1,728,309,091	47,960,000
152	2. Value-added tax deductible		53,828,432,163	9,081,463,147
153	3. Tax and other receivables from the State	16	33,404,875,482	37,959,474,360

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2016

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		1,647,016,977,702	1,650,688,560,966
210	I. Long-term receivables		303,757,985,548	355,625,579,821
211	1. Long-term trade receivables	6.1	211,863,915,704	332,305,529,704
215	2. Long-term loan receivables	7	50,700,000,000	7,692,700,000
216	3. Other long-term receivables	8	41,194,069,844	15,627,350,117
220	II. Fixed assets		124,169,252,984	141,005,430,934
221	1. Tangible fixed assets	10	124,169,252,984	141,005,430,934
222	Cost		276,423,569,953	268,169,967,655
223	Accumulated depreciation		(152,254,316,969)	(127,164,536,721)
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	11	86,624,808,469	20,415,184,100
231	1. Cost		95,837,051,999	27,405,394,467
232	2. Accumulated depreciation		(9,212,243,530)	(6,990,210,367)
240	IV. Long-term assets in progress		234,360,537,258	234,900,661,548
242	1. Construction in progress	12	234,360,537,258	234,900,661,548
250	V. Long-term investments	14	893,138,424,665	892,602,719,246
252	1. Investments in associates, jointly controlled entities	14.1	484,351,368,341	462,788,335,881
253	2. Investment in other entities	14.2	448,500,200,000	452,867,200,000
254	3. Provision for diminution in value of long-term investments		(39,713,143,676)	(23,052,816,635)
260	VI. Other long-term assets		4,965,968,778	6,138,985,317
261	1. Long-term prepaid expenses		4,965,968,778	6,138,985,317
270	TOTAL ASSETS		14,657,547,795,899	13,653,707,159,630

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2016

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		6,036,457,811,415	5,617,702,171,787
310	I. Current liabilities		3,372,803,878,061	2,944,659,205,006
311	1. Short-term trade payables	15.1	113,779,217,940	76,993,266,642
312	2. Short term advances from customers	15.2	875,175,686,830	425,917,221,868
313	3. Statutory obligations	16	160,238,286,732	175,787,525,774
314	4. Payables to employees		46,198,469	68,698,469
315	5. Short-term accrued expenses	17	1,226,170,516,119	1,023,287,715,032
319	6. Other short-term payables	18	127,375,852,542	30,319,777,921
320	7. Short-term loans	19	862,934,860,120	1,205,201,739,991
322	8. Bonus and welfare fund		7,083,259,309	7,083,259,309
330	II. Non-current liabilities		2,663,653,933,354	2,673,042,966,781
333	1. Long-term accrued expenses	17	785,455,165,816	757,092,452,968
336	2. Long-term unearned revenue		5,174,610,956	5,302,235,179
337	3. Other long-term liabilities	18	163,466,547,253	59,272,399,555
338	4. Long-term loans	19	1,104,599,449,787	1,351,536,142,090
341	5. Deferred tax liabilities	27.3	604,006,191,580	498,887,769,027
342	6. Long-term provisions		951,967,962	951,967,962

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2016

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
400	D. OWNERS' EQUITY		8,621,089,984,484	8,036,004,987,843
410	I. Capital		8,621,089,984,484	8,036,004,987,843
411	1. Share capital	20.1	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	20.1	989,064,430,000	989,064,430,000
415	3. Treasury shares	20.1	(364,466,650,000)	(364,466,650,000)
418	4. Investment and development fund	20.1	2,223,693,823	2,223,693,823
421	5. Undistributed earnings	20.1	2,318,834,981,859	1,781,536,119,480
421a	- Undistributed earnings of prior year		1,761,464,742,050	1,169,625,513,861
421b	- Undistributed earnings of current year		557,370,239,809	611,910,605,619
429	6. Non-controlling interests	21	918,321,858,802	870,535,724,540
440	TOTAL LIABILITIES AND OWNERS' EQUITY		14,657,547,795,899	13,653,707,159,630

Luu Phuong Mai
Preparer

Pham Phuc Hieu
Deputy General Director and
Chief Accountant



Nguyen Thi Thu Huong
General Director

14 March 2017

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2016

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	22.1	1,972,459,422,710	1,434,851,916,992
02	2. Deductions	22.1	-	-
10	3. Net revenue from sale of goods and rendering of services	22.1	1,972,459,422,710	1,434,851,916,992
11	4. Cost of goods sold and services rendered	23	(865,066,256,541)	(861,405,092,161)
20	5. Gross profit from sale of goods and rendering of services		1,107,393,166,169	573,446,824,831
21	6. Finance income	22.2	39,040,775,675	317,123,475,612
22	7. Finance expenses	24	(99,196,167,198)	(41,370,870,831)
23	In which: Interest expenses		(81,656,871,847)	(89,987,678,791)
24	8. Shares of profit of associates, joint-ventures	14.1	21,563,032,459	9,590,181,448
25	9. Selling expenses	25	(33,213,420,747)	(34,887,804,923)
26	10. General and administrative expenses	25	(120,944,497,683)	(92,999,002,177)
30	11. Operating profit		914,642,888,675	730,902,803,960
31	12. Other income		7,248,211,456	1,328,307,512
32	13. Other expenses		(529,554,284)	(2,255,982,547)
40	14. Other profit/(loss)		6,718,657,172	(927,675,035)
50	15. Accounting profit before tax		921,361,545,847	729,975,128,925
51	16. Current corporate income tax expense	27.1	(104,958,126,654)	(113,881,512,091)
52	17. Deferred tax expense	27.3	(105,118,422,552)	(14,031,161,477)
60	18. Net profit after tax		711,284,996,641	602,062,455,357
61	19. Net profit after tax attributable to shareholders of the parent		557,370,239,809	611,910,605,619
62	20. Net profit/(loss) after tax attributable to non-controlling interests		153,914,756,832	(9,848,150,262)
70	21. Basic earnings per share	29	1,186	1,316
71	22. Diluted earnings per share	29	1,186	1,316



Luu Phuong Mai
Preparer



Pham Phuc Hieu
Deputy General Director and
Chief Accountant



Nguyen Thi Thu Huong
General Director

14 March 2017

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2016

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		921,361,545,847	729,975,128,925
	Adjustments for:			
02	Depreciation of fixed assets and investment properties	10, 11	27,311,813,411	28,361,454,661
03	Provisions/(Reversal of provision)		15,414,526,361	(56,149,062,585)
04	Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currency		(105,981,613)	(583,508,308)
05	Profits from investing activities		(64,835,243,114)	(306,084,314,413)
06	Interest expenses	24	81,656,871,847	89,987,678,791
08	Operating profit before changes in working capital		980,803,532,739	485,507,377,071
09	(Increase)/decrease in receivables		(957,595,209,235)	149,323,255,193
10	Decrease/(increase) in inventories		120,751,899,161	(509,888,330,440)
11	Increase/(decrease) in payables (other than interest, corporate income tax)		982,574,527,665	(53,296,085,215)
12	Increase in prepaid expenses		(507,332,552)	(484,486,851)
14	Interest paid		(125,114,420,377)	(142,033,020,514)
15	Corporate income tax paid	16	(91,042,931,558)	(7,694,466,484)
17	Other cash outflows from operating activities		-	(51,020,000)
20	Net cash flows from/(used in) operating activities		909,870,065,843	(78,616,777,240)
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets and other long-term assets		(57,610,802,359)	(39,703,275,406)
22	Proceeds from disposals of fixed assets and other long-term assets		2,500,000,000	-
23	Loans to other entities and payments for purchase of debt instruments of other entities		(58,245,208,333)	(15,326,000,000)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities			72,609,971,000
25	Payments for investments in other entities (net of cash held by entity being acquired)		(431,690,284,001)	-
26	Proceeds from sale of investments in other entities		278,279,899,189	148,283,000,000
27	Interest and dividends received		13,316,296,793	6,694,132,965
30	Net cash flows (used in)/from investing activities		(253,450,098,711)	172,557,828,559

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2016

Currency: VND

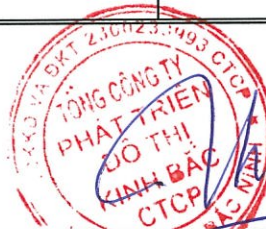
Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		225,651,869,608	1,081,991,327,696
34	Repayment of borrowings		(815,149,502,411)	(1,096,864,972,234)
40	Net cash flows used in financing activities		(589,497,632,803)	(14,873,644,538)
50	Net increase in cash and cash equivalents for the year		66,922,334,329	79,067,406,781
60	Cash and cash equivalents at beginning of the year		228,164,359,677	149,105,090,802
61	Impact of exchange rate fluctuation		(1,496,171)	(8,137,906)
70	Cash and cash equivalents at ending of the year	4	295,085,197,835	228,164,359,677



Luu Phuong Mai
Preparer



Pham Phuc Hieu
Deputy General Director and
Chief Accountant



Nguyen Thi Thu Huong
General Director

14 March 2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2016 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/QĐ-SGDHCM issued by the Ho Chi Minh City Stock Exchange on 7 December 2009.

The total number of employees as at 31 December 2016 is 438 (31 December 2015: 411).

Corporate structure

At 31 December 2016, the Company has the following subsidiaries:

No.	Company's name	Voting right (%)	Equity interest (%)	Head office	Main activities
1	Saigon - Bacgiang Industrial Park JSC	79.50	76.81	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	63.02	62.68	Tram Bom, National Road No. 22, Tan Phu Trung, Cu Chi, 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	Lotus Hotel Development Sole Member Company Limited	100	100	No. 100, An Trach Street, Quoc Tu Giam Ward, Dong Da District, Hanoi	Trading real estates

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

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

Accordingly, the accompanying consolidated 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.

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 2016.

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.

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

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 consolidated balance sheet date.

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

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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3.7 Investment properties

Investment properties are stated at cost including transaction costs less accumulated depreciation. Investment properties held for capital appreciation are not depreciated but subject to impairment review.

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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Revenue recognition (continued)

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.

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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Taxation (continued)

Deferred tax

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 liabilities are recognised for all taxable temporary differences, except:

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

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

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

The carrying amount of deferred 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.

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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

4. CASH AND CASH EQUIVALENTS

	Currency: VND	
	Ending balance	Beginning balance
Cash on hand	4,995,926,908	42,255,128,629
Cash at banks	115,599,701,480	86,909,231,048
Cash equivalents (*)	174,489,569,447	99,000,000,000
TOTAL	295,085,197,835	228,164,359,677

(*) Cash equivalents at 31 December 2016 mainly include short-term deposits in VND at banks which earn interest from 4.3% to 5.4% per annum and have maturity term from 1 month to 3 months.

Additional information regarding the consolidated cash flow statement:

	Currency: VND	
	Current year	Previous year
Significant non-cash transactions that are excluded from the cash flow statement in the future:		
Conversion of debt to equity	-	1,200,000,000,000
Actual cash received from loans		
- Cash received from normal loan agreements	200,506,869,608	781,991,327,696
- Cash received from issuance of convertible bonds	-	300,000,000,000
Actual cash payment of loans		
- Cash payment for normal loan agreements	253,113,013,784	152,889,972,234
- Cash payment for principal of bonds	536,891,488,627	943,975,000,000

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

5. SHORT-TERM INVESTMENTS

Currency: VND

	Ending balance			Beginning balance		
	Cost	Fair value	Provision	Cost	Fair value	Provision
Held-for-trading securities:						
Shares (*)	7,490,461,360	1,235,586,230	(6,254,875,139)	7,490,461,369	1,738,191,200	(5,752,270,169)
TOTAL	7,490,461,369	1,235,586,230	(6,254,875,139)	7,490,461,369	1,738,191,200	(5,752,270,169)

(*) At 31 December 2016, the Company holds 312,177 shares of Tan Tao Investment and Industrial Joint Stock Company.

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Trade receivable

Currency: VND

	Ending balance	Beginning balance
Short-term		
- JA Solar Vina Hong Kong Ltd. (i)	219,036,843,480	-
- KCT Engineering Ltd (ii)	218,749,608,000	-
- ZYF International Ltd. (i)	214,179,000,000	-
- Sai Gon Investment JSC (iii)	104,130,000,000	104,130,000,000
- LG Display Vietnam Hai Phong Co., Ltd. (v)	81,883,545,343	-
- Kinh Bac Service JSC (iv)	78,648,481,465	96,913,466,665
- Hoang Hai Viet Nam Packaging JSC (v)	46,809,000,000	55,836,450,000
- LG Innotek Vietnam Hai Phong Co., Ltd. (v)	35,226,100,000	-
- LG Electronics Vietnam Hai Phong Co., Ltd. (v)	458,022,600	50,705,322,986
- Hoosung Electronics VietNam Co., Ltd. (v)	28,387,800	47,942,393,094
- Heasung Electronics VietNam Co., Ltd. (v)	-	23,271,469,200
- Other customers (v)	96,435,999,195	115,181,504,307
TOTAL	1,095,584,987,883	493,980,606,252
Long-term		
Trade receivables from customers		
- Kinh Bac Service JSC (iv)	211,863,915,704	332,305,529,704
TOTAL	211,863,915,704	332,305,529,704
Provision for doubtful debts		
In which:		
Short-term	6,835,037,650	8,583,443,300
Long-term	-	-

(i) These are the receivables from JA Solar Vina Hong Kong Ltd. and ZYF International Ltd for long term lease of infrastructure at Quang Chau industrial park;

(ii) This is the receivable related to the transfer of investment project according to Contract No. HĐCN - KBC/2016 dated 8 April 2016;

(iii) This is the receivable from Saigon Investment JSC related to the transfer of land at Phuoc Ninh Urban Area Project;

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

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)

6.1 Trade receivable (continued)

- (iv) 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; and
- (v) These are receivables from other customers for long-term lease of land and infrastructure at the industrial parks of the Group.

6.2 Short-term advances to suppliers

Currency: VND

	Ending balance	Beginning balance
Short-term		
- Kinh Bac Investment and Consulting JSC (i)	1,214,499,376,098	1,114,372,843,381
- Kinh Bac Service JSC (ii)	227,302,270,000	117,302,270,000
- Land Development Center and Industrial Group Viet Yen District (iii)	122,783,408,889	-
- Land Clearance and Compensation Committee of Cu Chi District (iv)	20,723,977,276	23,975,623,424
- Foster and Partners Limited Company (v)	25,961,600,000	25,961,600,000
- People's Council and People's Committee of An Duong District (vi)	11,302,688,835	11,302,688,835
- Other advance to suppliers	14,659,423,702	31,319,405,310
	1,637,232,744,800	1,324,234,430,950

- (i) This is the advance to Kinh Bac Investment and Consulting JSC for the site clearance and compensation; and for construction works of certain on-going projects of the Group;
- (ii) This is the advance to Kinh Bac Service JSC for site clearance and road construction - phase I of Quang Chau Project - Viet Yen - Bac Giang;
- (iii) 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;
- (iv) This is the advance to Land Clearance and Compensation Committee of Cu Chi District for land clearance at Tan Phu Trung Project;
- (v) The Company advanced to Foster and Partners Limited Company for the design of Hoa Sen Hotel Project; and
- (vi) This is the advance to the People's Committee of An Duong District for site compensation and clearance expense for on-going projects in Saigon - Hai Phong Industrial Park JSC.

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

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)

6.3 Provision for trade receivables

Details of movements of provision for trade receivables are as follows:

	Currency: VND	
	Ending balance	Beginning balance
Beginning balance	7,284,482,900	19,349,892,467
Increase in the year	121,819,250	328,550,833
Reversal in the year	(51,264,500)	(3,390,400,000)
Other deductions	-	(7,204,600,000)
Ending balance	7,335,037,650	9,083,443,300
<i>In which:</i>		
Provision for short-term receivables	6,835,037,650	8,583,443,300
Provision for loan receivables	500,000,000	500,000,000

7. OTHER LOAN RECEIVABLES

	Currency: VND	
	Ending balance	Beginning balance
Short-term		
- Vien Dong Real Estate and Property JSC (i)	4,000,000,000	-
- Kinh Bac Investment and Consulting JSC (iii)	6,992,700,000	-
- Saigon Tourism JSC	500,000,000	500,000,000
- Saigon - Tay Ninh Industrial Park JSC	300,000,000	300,000,000
- Other loan receivables	1,799,720,000	2,599,720,000
Other loan receivables from related parties (Note 28)	14,145,208,333	9,100,000,000
TOTAL	27,737,628,333	12,499,720,000
Long-term		
- Vien Dong Real Estate and Property JSC (ii)	50,000,000,000	-
- Kinh Bac Investment and Consulting JSC (iii)	-	6,992,700,000
- Construction Project Management Unit of Bac Ninh City (Bac Ninh City People's Committee)	700,000,000	700,000,000
TOTAL	50,700,000,000	7,692,700,000

(i) This is an unsecured, interest free loan which will be due on 1 July 2017.

(ii) This is loan with 10.5% interest which will be due on 30 December 2018.

(iii) These are unsecured, interest free loan which will be due in June 2017.

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

8. OTHER RECEIVABLES

	Currency: VND			
	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Short-term				
Saigon Investment JSC (i)	683,000,000,000	-	583,000,000,000	-
Receivable from share transfer (ii)	549,714,632,444	-	672,730,000,000	-
Advance to PVcomBank for investment purchase	191,690,284,000	-	-	-
Ms Quach Thi Nga (iii)	113,800,000,000	-	-	-
Other receivables from related parties (Note 28)	54,869,735,373	-	32,022,174,517	-
Kum-ba JSC (iv)	43,875,296,000	-	43,875,296,000	-
Advance to employees	27,483,646,530	-	17,918,475,834	-
Kinh Bac Investment and Consulting JSC (v)	21,766,558,152	-	151,146,558,152	-
Bac Ninh Provincial People's Committee (vi)	19,440,000,000	-	19,440,000,000	-
Deposit receivable (vii)	12,851,128,404	-	12,851,128,404	-
Van Duong Commune People's Committee	3,327,780,000	-	2,228,672,000	-
Other receivables	6,512,554,417	-	4,735,153,600	-
TOTAL	1,628,331,615,320	-	1,539,947,458,507	-
Long-term				
Kinh Bac Services JSC (viii)	40,925,135,594	-	15,418,350,117	-
Other long-term receivables	268,934,250	-	209,000,000	-
TOTAL	41,194,069,844	-	15,627,350,117	-

- (i) This is the amount transferred to Saigon Investment JSC relating to the purchase of shares at Le Minh Xuan 2 Industrial Park Investment JSC. At 31 December 2016, 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;
- (iii) This is receivable relating to shares transfer transaction in Northwest Saigon City Development Corporation;
- (iv) This is the receivable from Kum-Ba JSC relating to the transfer of shares of Lang Ha Investment JSC; and
- (v) According to the minutes of General shareholders meeting dated 1 July 2015, SGI - Lao Hydropower JSC decided to dissolve and to return the contributed capital to the Company with the amount of VND 185,586,558,152. This receivable, however, was transferred to Kinh Bac Investment and Consulting JSC under three-party offsetting minutes on 3 July 2015.

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

8. OTHER RECEIVABLES (continued)

- (vi) 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/QĐ-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 available 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.
- (vii) 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 co-operate 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.
- (viii) This represents the interest on deferred payment for long-term lease of land and sale of factories to Kinh Bac Service JSC.

9. INVENTORIES

Currency: VND

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Trang Cat Industrial and Residential Park (i)	3,545,419,777,465	-	3,352,808,991,554	-
Tan Phu Trung Industrial Park (ii)	2,560,161,200,730	-	2,559,881,884,282	-
Phuc Ninh Urban Area	824,899,200,580	-	791,241,769,241	-
Quang Chau Industrial Park and Urban area	491,303,116,686	-	551,643,366,073	-
Que Vo II Industrial Park	288,590,532,478	-	337,106,227,149	-
Nam Son - Hap Linh Industrial Park	234,647,430,022	-	206,869,480,433	-
Trang Due Industrial Park - stage 2	167,997,623,520	-	446,614,321,229	-
Trang Due Industrial Park - stage 1 (iii)	66,896,049,066	-	16,498,178,861	-
Que Vo I Industrial Park	50,222,049,281	-	64,211,681,110	-
Houses for low-income residents	-	-	23,897,163,067	-
Other projects	13,559,498,882	-	13,675,314,872	-
TOTAL	8,243,696,478,710	-	8,364,448,377,871	-

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9. INVENTORIES (continued)

Work in progress of the Group as at 31 December 2016 comprises compensation costs and infrastructure development costs, capitalized borrowing costs and allocated overheads which 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. The majority of the Group's inventories are used as collaterals for long-term loans as disclosed in Note 19.

- (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/HDTC-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 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 2,420 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 with 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 with 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.

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10. TANGIBLE FIXED ASSETS

Currency: VND

	Buildings and structures (including cost of land development and infrastructure)	Machinery and equipment	Means of transportation	Office equipment	Others	Total
Cost:						
Beginning balance	179,898,339,289	32,632,246,549	45,376,218,210	9,369,054,517	894,109,090	268,169,967,655
- Newly purchased	768,383,781	349,492,262	5,981,468,726	313,406,909	247,500,000	7,660,251,678
- Transfer from construction in progress	593,350,620	-	-	-	-	593,350,620
Ending 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
<i>In which:</i>						
Fully depreciated	5,426,770,365	1,864,686,215	12,234,753,793	2,790,286,887	894,109,090	21,345,920,135
Accumulated depreciation:						
Beginning balance	82,927,546,423	17,027,460,098	22,352,114,562	3,992,194,045	865,221,593	127,164,536,721
- Depreciation for the year	16,552,196,467	3,150,774,279	4,283,455,436	1,040,091,567	63,262,499	25,089,780,248
Ending balance	99,479,742,890	20,178,234,377	26,635,569,998	5,032,285,612	928,484,092	152,254,316,969
Net carrying amount:						
Beginning balance	96,970,792,866	15,604,786,451	23,024,103,648	5,376,860,472	28,887,497	141,005,430,934
Ending balance	81,780,330,800	12,803,504,434	24,722,116,938	4,650,175,814	213,124,998	124,169,252,984

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as at 31 December 2016 and for the year then ended

11. INVESTMENT PROPERTIES

Currency: VND

Factories
(including cost of
land development
and infrastructure)

Cost:

Beginning balance	27,405,394,467
- Increase (*)	68,431,657,532
Ending balance	95,837,051,999

Depreciation:

Beginning balance	6,990,210,367
- Depreciation for the year	2,222,033,163
Ending balance	9,212,243,530

Net carrying amount

Beginning balance	20,415,184,100
Ending balance	86,624,808,469

(*) During the year, the Group has completed the factories of lot L4, 5, 8 and 9 at Que Vo Industrial Park, which are held for operating lease.

As at 31 December 2016, the Group has not determined the fair value of these investment properties because there is no available market for these properties.

12. CONSTRUCTION IN PROGRESS

Currency: VND

	Ending balance	Beginning balance
Hanoi Lotus Hotel Project (i)	119,161,983,743	119,161,983,744
Hanoi Diplomat Area (ii)	106,555,116,818	106,555,116,818
Que Vo I Industrial Park	4,516,537,647	4,592,921,893
Bac Giang Thermal Power Plant	3,116,503,893	3,116,503,893
Factories at Quang Chau Industrial Park	850,395,157	1,314,135,200
Other construction in progress	160,000,000	160,000,000
TOTAL	234,360,537,258	234,900,661,548

(i) In accordance with the Decision No. 413/QĐ-UBND dated 22 January 2010, the Company was approved as the investor of Hanoi Lotus Hotel Project, which will be constructed in a land area of around 40,484m². Total costs incurred include USD 5.5 million supporting the Hanoi People's Committee, design and consultancy fee paid to foreign contractors and other overhead costs. During the year, the Company contributed capital in Hanoi Lotus Hotel Development Sole Member Company Limited by the form of this construction in progress value of Hanoi Lotus Hotel Project; and

(ii) Under the contract for transfer of infrastructure works No. 2502/2009/HANGCORP-KBG 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.

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13. CAPITALIZED BORROWING COSTS

During the year, the Group has capitalized borrowing costs amounting to 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.

14. LONG-TERM INVESTMENTS

Currency: VND

	Note	Ending balance	Beginning balance
Investment in associates	14.1	484,351,368,341	462,788,335,881
Other long-term investments	14.2	448,500,200,000	452,867,200,000
Provision for long-term investments		(39,713,143,676)	(23,052,816,635)
TOTAL		893,138,424,665	892,602,719,246

14.1 Investment in associates

Currency: VND

	Note	% of voting right	Ending balance		Beginning balance	
			Number of shares	Amount VND	Number of shares	Amount VND
Saigon - Hue Investment JSC	(i)	28.14%	9,849,000	207,881,143,522	9,849,000	210,115,300,777
Saigon Telecommunication & Technologies JSC	(ii)	21.48%	15,896,923	187,337,126,262	15,896,923	163,264,402,974
Saigon High-tech Park Infrastructure Development Investment JSC	(iii)	27.44%	8,233,083	82,457,838,255	8,233,083	82,468,701,980
Scanviwood JSC	(iv)	34%	1,077,528	6,675,260,302	1,077,528	6,939,930,150
TOTAL				484,351,368,341		462,788,335,881

(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.

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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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14. LONG-TERM INVESTMENT (continued)

14.1 Investment in associates (continued)

Investments in associates as at 31 December 2016 are as below:

	Saigon Telecommunication & Technologies JSC	Saigon - Hue Investment JSC	Saigon High-tech Park Infrastructure Development Investment JSC	Scanwood 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	(100,000,531,715)	(511,699,223)	137,871,980	(264,669,346)	(100,639,028,806)
- Share in post-acquisition profit/(loss) of the associates for the year	24,072,723,289	(2,234,157,255)	(10,863,725)	(264,669,346)	21,563,032,461
Ending balance	(75,927,808,426)	(2,745,856,478)	127,008,255	(529,339,596)	(79,075,996,345)
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	163,264,402,973	210,115,300,777	82,468,701,980	6,939,930,152	462,788,335,881
Ending balance	187,337,126,262	207,881,143,522	82,457,838,255	6,675,260,304	484,351,368,343

Currency: VND

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14. LONG-TERM INVESTMENT (continued)

14.2 Other long-term Investment

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 Investment Development Power Plant 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
Ban Viet Capital Fund Management JSC	-	-	-	3	43,67	4,367,000,000
TOTAL			448,500,200,000			462,867,200,000
Provision for other long-term investments			(39,713,143,676)			(23,052,816,635)
NET CARRYING VALUE			408,787,056,324			429,814,383,365

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15. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

15.1 Short-term trade payables

Currency: VND

	Ending balance		Beginning balance	
	Amount	Amount payable	Amount	Amount payable
Trade payables to suppliers				
- <i>Truong Phat investment JSC</i>	11,760,407,600	11,760,407,600	9,559,539,000	9,559,539,000
- <i>Trung Tien Transportation and Construction JSC</i>	9,363,043,000	9,363,043,000	-	-
- <i>An Phu Dong Construction Transportation Investment JSC</i>	7,648,481,000	7,648,481,000	-	-
- <i>Vinh Tuong Construction and Trading JSC</i>	6,857,177,800	6,857,177,800	-	-
- <i>HPN E&C Co., LTD</i>	5,064,630,000	5,064,630,000	-	-
- <i>BlueScope Buildings Vietnam Ltd.</i>	4,870,800,000	4,870,800,000	4,365,000,000	4,365,000,000
- <i>Other suppliers</i>	68,105,338,540	68,105,338,540	62,977,867,642	62,977,867,642
Payable to related parties (Note 28)	109,340,000	109,340,000	90,860,000	90,860,000
TOTAL	113,779,217,940	113,779,217,940	76,993,266,642	76,993,266,642

15.2 Short-term advances from customers

Currency: VND

	Ending balance	Beginning balance
Deposit for contract obligation execution	450,000,000,000	-
Deposit for purchase of houses and land use rights at Phuoc Ninh Urban Project	195,253,258,200	195,253,258,200
Prepayment for land rental at Tan Phu Trung Industrial Park	88,918,770,100	66,582,840,000
Deposit by National Citizen Bank for purchase of houses and land use rights at Phuoc Ninh Urban Project	66,582,840,000	57,394,622,400
Deposit for purchase of houses and land use rights at Quang Chau Urban Project	57,394,622,400	54,192,897,792
Prepayment for land rental at Trang Due Industrial Park	2,359,632,000	17,885,190,217
Electricity Sector 1 JSC	-	22,500,000,000
Other advances from customers	14,666,564,130	12,108,413,259
TOTAL	875,175,686,830	425,917,221,868

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16. STATUTORY OBLIGATIONS

Currency: VND

	<i>Beginning balance</i>	<i>Payable for the year</i>	<i>Payment/off-set in the year</i>	<i>Ending balance</i>
Payables				
Value added tax	47,399,850,908	19,360,549,189	(46,795,305,323)	19,965,094,774
Corporate income tax (Note 27.2)	99,054,381,716	102,152,889,857	(91,042,931,558)	110,164,139,815
Personal income tax	536,743,867	3,739,356,150	(3,958,446,414)	317,653,603
Other taxes (*)	28,796,549,283	1,837,703,052	(842,853,795)	29,791,398,540
TOTAL	175,787,525,774	127,090,298,048	(142,639,537,090)	160,238,286,732
Receivables				
Corporate income tax (Note 27.2)	37,959,474,360	(2,805,436,997)	(1,749,161,881)	33,404,875,482
TOTAL	37,959,474,360	(2,805,436,997)	(1,749,161,881)	33,404,875,482

(*) 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 an 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 30).

17. ACCRUED EXPENSES

Currency: VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Accrued future development cost for recognised sales	968,020,756,089	822,904,001,980
- Que Vo I Industrial Park	50,506,690,967	30,949,674,086
- Que Vo II Industrial Park	137,339,779,736	158,932,801,994
- Trang Due Industrial Park	247,289,691,608	199,760,146,688
- Quang Chau Industrial Park	258,392,853,786	164,052,834,286
- Tan Phu Trung Industrial Park	274,491,739,992	269,208,544,926
Accrued interest expenses	249,470,628,101	187,289,277,021
Accrued interest expenses to related parties (Note 28)	505,488,735	370,691,739
Other accrued expenses	8,173,643,194	12,723,744,292
TOTAL	1,226,170,516,119	1,023,287,715,032
Long-term		
Accrued interest expenses (*)	785,455,165,816	757,092,452,968
TOTAL	785,455,165,816	757,092,452,968

(*) Mostly include the 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 19.2).

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18. OTHER PAYABLES

	Currency: VND	
	Ending balance	Beginning balance
Short-term		
Kinh Bac Investment and Consulting JSC	5,000,000,000	5,000,000,000
Payable to Nguyen Son (i)	78,613,649,508	-
Other payables	43,762,203,034	25,319,777,921
TOTAL	127,375,852,542	30,319,777,921
Long-term		
Cholimex Mechatronics Informatics JSC (ii)	55,500,000,000	55,500,000,000
Other deposits (iii)	107,966,547,253	3,772,399,555
TOTAL	163,466,547,253	59,272,399,555

- (i) This is the payable relating to the title transfer for customers who will sublease the land in the industrial park;
- (ii) 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
- (iii) Mostly deposits from land rental contracts at industrial park projects of the Company and its subsidiaries.

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19. LOANS

	Beginning balance		Movement during the year		Ending balance	
	Balance	Payable amount	Increase	Decrease	Balance	Payable amount
Short-term						
Loans from banks (*)	-	-	75,942,226,908	(25,145,000,000)	50,797,226,908	50,797,226,908
Loans from others (**)	32,868,697,019	32,868,697,019	-	(6,933,318,452)	25,935,378,567	25,935,378,567
Current portion of long term loans (Note 19.1 and 19.2)	1,058,502,212,972	1,058,502,212,972	-	(386,130,788,327)	672,371,424,645	672,371,424,645
Loans from related parties (Note 28)	113,830,830,000	113,830,830,000	-	-	113,830,830,000	113,830,830,000
	1,205,201,739,991	1,205,201,739,991	75,942,226,908	(418,209,106,779)	862,934,860,120	862,934,860,120
Long-term						
Loans from banks (Note 19.1)	842,368,376,208	842,368,376,208	149,709,642,700	(266,984,740,494)	725,093,278,414	725,093,278,414
Loans from related parties (Note 28)	3,849,163,882	3,849,163,882	-	(3,849,163,882)	-	-
Bonds (Note 19.2)	505,318,602,000	505,318,602,000	300,294,060,629	(426,106,491,256)	379,506,171,373	379,506,171,373
	1,351,536,142,090	1,351,536,142,090	450,003,703,329	(696,940,395,632)	1,104,599,449,787	1,104,599,449,787
TOTAL						

(*) This is an unsecured short-term loan in VND at Vietnam Joint Stock Commercial Bank for Industry and Trade - Qje Vc Industrial Park Branch, which matures in February 2017 with interest at 4.8% per annum; and

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

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19. LOANS (continued)

19.1 Long-term loans

As at 31 December 2016, details of long term loans from bank are as follows:

Currency: VND

Banks	Ending balance	Interest rate	Principal and interest payment term	Description of collateral
Vietnam Joint Stock Commercial Bank for Industry and Trade - Que Vc Industrial Park Branch	339,424,463,600	10.5%/year	Principal repayment on 6 February 2020. Interest payment on last 25 th per quarter	Infrastructure and other assets which will be formed in the future at Trang Due II Industrial Park with a land area of 214.02 ha. All proceeds, dividends, advantage, asset right arising from sale of land, infrastructure, land use rights and asset attached with the land.
	30,436,202,400	10.5%/year	Principal repayment in every 6-month, 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.
	9,690,135,000	10.5%/year	Principal repayment in every 6-month, interest payment in quarterly from 27 February 2017	All the assets formed in the future of the 100 hecta project in Phase 1 of Nam Scr - 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.
Vietnam Public Bank (PVcomBank)	320,000,000,000	9.2%/year	31 December 2017	Assets formed in the future on 120 ha of land at Quang Chau Industrial Park.
National Citizen Bank (previously known as Nam Viet Commercial Joint Stock Bank) - Hanoi branch	88,676,673,317	11%/year - adjust once every 6 months	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.
TOTAL	788,227,474,317			
<i>In which:</i>				
- Current portion of long-term loans	62,761,535,903			
- Long-term loan	725,465,938,414			

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

19. LOANS (continued)

19.2 Bonds

As at 31 December 2016, 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 001	Secured corporate bond issued to Vietnam Joint Stock Commercial Bank for Industry and Trade	1,500,000	100,000	150,000,000,000	10.1% - 10.6%	8 May 2017	All assets which the Company has invested and will invest in the future on the 30C ha of land at Que Vo II Industrial Park and 45 ha of land at Phuc Ninh Residential Area.
KBC Bond 004	Guarantee fee for issuing KBC Bond 001			(390,111,258)			
KBC Bond 005	Corporate bond issued to PVcomBank	4,000,000	100,000	400,000,000,000	9.2% - 9.7%	31 Oct 2019	Inventories of Trang Cat Urban and Service Zone Project
KBC Bond 007	Secured corporate bond issued to Vietnam Investment and Development Bank	2,000,000	100,000	200,000,000,000	9.6% - 10.2%	28 Dec 2017	12.63 million SGT shares and 16.75 million KBC shares owned by Mr. Dang Thanh Tam and assets to be formed in the future at Quang Chau IZ
KBC Bond 008	Corporate bond issued to PVcomBank	1,500,000	100,000	150,000,000,000	9.2% - 9.7%	31 Oct 2019	Inventories of Trang Cat Urban and Service Zone Project
PSCD01/H BMB	Secured corporate bond issued to National Citizen Bank	33,222	100,000	3,322,171,373	12.50%	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
PSCD01/H BMB	Secured corporate bond issued to National Citizen Bank	858,113	100,000	85,811,340,000	12.50%	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		9,891,335		988,743,400,115			

In which:

Bonds due in the next 12 months
Long-term Bonds
Guarantee fee for bond issuance

609,627,340,000
379,506,171,373
(390,111,258)

KinhBac City Development Holding Corporation

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

20. OWNERS' EQUITY

20.1 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	3,957,111,670,000	611,603,430,000	(364,466,650,000)	2,223,693,823	1,169,625,513,861	882,383,874,802	6,256,481,532,486
- Increase in capital	800,000,000,000	377,461,000,000	-	-	-	-	1,177,461,000,000
- Net profit/(loss) for the year	-	-	-	-	611,910,605,619	(9,843,150,262)	602,062,455,357
Ending balance	4,757,111,670,000	989,064,430,000	(364,466,650,000)	2,223,693,823	1,781,536,119,480	872,535,724,540	8,033,004,987,843
Current 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	872,535,724,540	8,033,004,987,843
- 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	919,321,858,802	8,521,089,984,484

(*) During the year, Sai Gon - Hai Phong Industrial Park Corporation acquired 2.5% shares of Northwest Saigon City Development Corporation and 20% shares of Saigon - Bacgiang Industrial Park Corporation. Thus, equity interest of the Company in Northwest Saigon City Development Corporation and Saigon - Bacgiang Industrial Park Corporation increased from 60.52% to 62.68% and 59.5% to 76.81%, respectively. Hence, the Company has accounted for decrease in non-controlling interest as presented in Note 21, corresponding to the decrease in non-controlling interest into net assets of Northwest Saigon City Development Corporation and Saigon - Bacgiang Industrial Park Corporation.

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

20. OWNERS' EQUITY (continued)

20.2 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	-

20.3 Capital transactions with owners and distribution of dividends, profits

Currency: VND

	Current year	Previous year
Contributed capital		
Beginning balance	4,757,111,670,000	3,957,111,670,000
Increase	-	800,000,000,000
Decrease	-	-
Ending balance	<u>4,757,111,670,000</u>	<u>4,757,111,670,000</u>
Dividends/profit declared	-	-

20.4 Dividends

According to the Resolution of the Annual Shareholders Meeting 2016 No. 1404/2016/KBC/NQ-DHDCĐ dated 14 April 2016, the Company will pay dividends at the rate of 10% of the total shares in circulation of the Company (equivalent to 46,976,018 shares) from the undistributed earnings as reported in the 2015 financial statements. However, the issuance of such share dividends has not been completed as at the date of these consolidated financial statements.

20.5 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 (2015: VND 10,000/share).

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

21. NON-CONTROLLING INTEREST

	Currency: VND	
	Current year	Previous year
Beginning balance	870,535,724,540	880,383,874,802
Profit/ (loss) attributable to non-controlling interest	153,914,756,832	(9,848,150,262)
Other deductions (Notes 20.1)	(106,128,622,670)	-
Ending balance	918,321,858,802	870,535,724,540

22. REVENUES

22.1 Revenue from sales of goods and rendering of services

	Currency: VND	
	Current year	Previous year
Gross revenue	1,972,459,422,710	1,434,851,916,992
In which:		
Revenue from lease of land and infrastructures (*)	1,632,119,603,325	1,129,432,395,238
Revenue from transfer of project	218,749,608,000	-
Revenue from providing clean water, electricity, services and processing wasted water	112,611,140,009	72,587,991,438
Revenue from lease of warehouses, buildings and offices	8,979,071,376	8,145,578,316
Other revenue	-	224,685,952,000
Less	-	-
Sales returns	-	-
Net revenue	1,972,459,422,710	1,434,851,916,992
Of which:		
Sales to others	1,972,459,422,710	1,434,851,916,992
Sales to related parties	-	-

(*) During the year, the Group has 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:

	Currency: VND	
	Revenue recognized in full at the hand-over date	Revenue is amortized over the lease term
Revenue	1,972,459,422,710	381,079,323,574
Of which:		
Revenue from lease of land and infrastructures (*)	1,632,119,603,325	40,739,504,189
Cost of goods sold and services rendered	(865,066,256,558)	(126,207,666,644)
Gross profit of goods sold and services rendered	1,107,393,166,152	254,871,656,930
Profit before tax	921,361,545,830	69,497,660,609
Current corporate income tax expenses	(104,958,126,654)	(87,127,977,486)
Deferred tax expenses	(105,118,422,552)	(122,619,496,169)
Profit after tax	711,284,996,624	(140,249,813,046)

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

22. REVENUES (continued)

22.2 Finance income

	Currency: VND	
	Current year	Previous year
Interest income on outstanding receivables from lease of land and sale of factories (*)	26,666,786,476	19,632,630,216
Interest income from deposits and lending	8,164,438,043	4,966,692,965
Gains from securities trading and financial investment	5,151,858,750	291,527,440,000
Foreign exchange gains	157,693,406	996,712,431
TOTAL	39,040,775,675	317,123,475,612

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

23. COST OF GOODS SOLD AND SERVICES RENDERED

	Currency: VND	
	Current year	Previous year
Cost leased land and infrastructures	790,694,785,484	717,315,725,177
Cost of transfer of project	23,945,143,067	-
Cost of leased warehouses, factories and offices	2,222,033,146	3,743,646,240
Cost of factories sold	-	98,262,928,829
Others	48,204,294,844	42,082,791,915
TOTAL	865,066,256,541	861,405,092,161

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

	Currency: VND			
	Current year		Previous year	
	Cost of sales	Accrued amount	Cost of sales	Accrued amount
Long-term lease of land and infrastructure	790,694,785,484	395,524,155,783	717,315,725,177	207,735,700,012
TOTAL	790,694,785,484	395,524,155,783	717,315,725,177	207,735,700,012

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

24. FINANCE EXPENSES

	Currency: VND	
	Current year	Previous year
Interest expenses	81,656,871,847	88,212,023,791
Provision/(reversal of provision) for investments	17,162,932,011	(56,477,613,417)
Loss from disposal of investments		6,265,941,848
Interest expenses incurred from the deposits to purchase land at Phuc Ninh Urban Area	-	1,775,655,000
Foreign exchange loss	251,378,754	1,449,612,884
Others	124,984,586	145,250,725
TOTAL	99,196,167,198	41,370,870,831

25. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	Currency: VND	
	Current year	Previous year
Selling expenses		
Purchases of Company's logo	10,933,000,000	14,901,600,000
Consultant and promotion expenses	19,290,796,455	14,583,723,422
Labour costs	1,751,375,444	2,094,587,118
Others	1,238,248,848	3,307,894,383
TOTAL	33,213,420,747	34,887,804,923
General and administrative expenses		
Depreciation	8,902,943,777	9,616,128,501
Labour costs	60,407,385,371	51,803,476,748
External services	19,640,075,271	15,749,086,481
Others	31,994,093,264	15,830,310,447
TOTAL	120,944,497,683	92,999,002,177

26. PRODUCTION AND OPERATING COSTS

	Currency: VND	
	Current year	Previous year
Land, infrastructure, building development and services rendering expenses	777,724,717,631	808,565,588,781
Labour costs	63,942,099,388	55,001,580,371
Depreciation of fixed assets, amortisation of goodwill and allocation of prepaid expenses	27,311,813,411	28,361,454,661
Expenses for external services	116,525,152,421	77,690,914,988
Other expenses	33,720,392,137	19,072,360,461
TOTAL	1,019,224,174,988	989,291,899,262

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

27. 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 the four 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 the three 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 company is exempted from tax for the year.
- ▶ 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. The company is exempted from tax for the year.

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 2016 and for the year then ended

27. CORPORATE INCOME TAX (continued)

27.1 CIT expenses

	Currency: VND	
	Current year	Previous year
Current CIT expenses	104,958,128,654	113,881,512,091
Deferred CIT expenses	106,118,422,552	14,031,161,477
TOTAL	210,076,549,206	127,912,673,568

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

	Currency: VND	
	Current year	Previous year
Profit before tax	921,361,545,847	729,975,128,925
CIT expense at rate applicable to companies in the Group	214,982,088,782	176,332,392,582
<i>In which:</i>		
<i>Preferential tax rate of 5% applied on land rental activities</i>	3,432,927,642	2,548,731,958
<i>Preferential tax rate of 10% applied on land rental activities</i>	7,438,810,994	18,796,469,212
<i>20% tax rate for other activities (22%:2015)</i>	204,110,350,146	154,987,191,412
<i>Adjustments to increase</i>		
Non-deductible expenses	10,136,639,998	4,126,158,966
<i>Adjustments to decrease</i>		
Adjustments for consolidated financial statements	(9,159,397,200)	(34,327,763,886)
Loss carried forward	(5,882,782,375)	(18,218,114,094)
CIT expense	210,076,549,206	127,912,673,568

27.2 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 2016 and for the year then ended

27. CORPORATE INCOME TAX (continued)

27.3 Deferred CIT

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

	<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	231,266,326,286	240,425,723,486	(9,159,397,200)	(22,448,719,415)
Deferred tax liabilities arising from fair value adjustment on business combination date at Sai Gon - Hai Phong Industrial Park JSC	467,334,951	457,334,951	-	(8,781,972,716)
Deferred tax liabilities arising from allocation of CIT over the leased term	372,282,530,342	258,004,710,590	114,277,819,752	45,261,853,608
	604,006,191,580	498,887,769,027		
Net deferred tax debit to consolidated income statement			105,118,422,552	14,031,161,477

Currency: VND

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

27. CORPORATE INCOME TAX (continued)

27.4 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 2016, 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 2016	Forfeited	Unutilized at 31 December 2016
2012	2017	(i)	290,447,513,954	(270,950,141,002)	(19,492,898,516)	4,474,436
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
TOTAL			568,222,378,954	(322,410,581,783)	(235,686,348,569)	10,125,448,602

- (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 2016 and for the year then ended

28. TRANSACTIONS WITH RELATED PARTIES

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

No	Related party	Relationship
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 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 2016 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:

Currency: VND			
Related party	Transactions	Current year	Previous year
Mr Dang Thanh Tam	Advance	82,397,476,856	17,826,349,000
	Advance clearance	59,101,585,400	18,289,115,088
	Payment of loan principal	3,849,163,882	29,287,707,175
	Loan from related party	-	33,136,871,057
Sai Gon Telecommunication And Technologies Corporation	Installment of video conference	-	1,485,599,500
	Loan to related party	5,000,000,000	-
Ms Nguyen Thi Thu Huong	Advance	45,000,000	-
	Advance clearance	516,560,600	-

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

28. TRANSACTIONS WITH RELATED PARTIES (continued)

As at 31 December 2016, amount due to and from related parties of the Group are as follows:

		Currency: VND	
Relationship	Transactions	Current year	Previous year
Short-term loan receivables (Note 7)			
Saigon Telecommunication & Technologies Corporation - Bac Ninh Branch	Short-term loans	13,945,208,333	8,700,000,000
Saigon - Hue Investment JSC	Short-term loans	200,000,000	400,000,000
		14,145,208,333	9,100,000,000
Other short-term receivables (Note 8)			
Mr Dang Thanh Tam	Advance	29,471,250,456	6,175,359,000
Ms Nguyen Thi Thu Huong	Advance	3,489,211,820	3,960,772,420
Mr Phan Anh Dung	Advance	110,000,000	110,000,000
Ms Nguyen Chung Thuy	Advance	206,586,000	183,356,000
Saigon Telecommunication & Technologies Corporation - Bac Ninh Branch	Deposit	21,592,687,097	21,592,687,097
		54,869,735,373	32,022,174,517
Trade payables (Note 15)			
Saigon Telecommunication & Technologies Corporation - Bac Ninh Branch	Service fee	109,340,000	90,860,000
		109,340,000	90,860,000
Accrued expenses (Note 17)			
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Interest payable	505,488,735	370,691,739
		505,488,735	370,691,739
Short-term loans (Note 19)			
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	1,500,000,000
		113,830,830,000	113,830,830,000
Long-term loans (Note 19)			
Mr Dang Thanh Tam	Long-term loans	-	3,849,163,882
		-	3,849,163,882

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

28. TRANSACTIONS WITH RELATED PARTIES (continued)

(*) 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 2017; and

(**) This is the long-term loan from Saigon - Da Nang Investment JSC. This loan is interest free and unsecured which will be due in 10 July 2017.

Transactions with other related parties

Remuneration to members of the Management and Board of Directors:

	Currency: VND	
	Current year	Previous year
Salaries and bonus	5,710,182,666	5,602,960,000
	<u>5,710,182,666</u>	<u>5,602,960,000</u>

29. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the 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:

	Currency: VND	
	Current year	Previous year
Net profit after tax attributable to ordinary equity holders for basic earnings	557,370,239,809	611,910,605,619
Effect of dilution:		
Interest on convertible bonds	-	-
Net profit after tax attributable to ordinary equity holders adjusted for the effect of dilution	<u>557,370,239,809</u>	<u>611,910,605,619</u>
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	469,760,189	464,938,271
Effect of dilution:		
Convertible preference shares	-	-
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution	<u>469,760,189</u>	<u>464,938,271</u>
Basic earnings per share	1,186	1,316
Diluted earnings per share	1,186	1,316

There is no ordinary shares transaction or preference share transaction since 31 December 2016 until the date of this consolidated financial statements.

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

30. COMMITMENTS AND CONTINGENCIES

30.1 Commitments relating to real estate investment projects

Commitments relating to the State:

- (i) According to Decision 413/QĐ-UBND issued by the Hanoi People's Committee on 22 January 2010, the Company is selected as the developer of Hanoi Lotus Hotel Project which is located on a land area of approximately 40,484 m² with the estimated total investment capital of US\$250,000,000. At the same time, the Group is also obliged to construct a children playground in a rural, poor area in Hanoi with an estimated total investment value of US\$1,500,000.
- (ii) According to Decision No. 1526/QĐ-CT dated 17 December 2003 and Decision No. 971/QĐ-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/QĐ-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 2016, 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.
- (iii) 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 2016, 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.
- (iv) 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 2016, the Company is still in the process of finalizing with the authorities to determine land rental obligations.
- (v) 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/QĐ-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 2016, 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 2016 and for the year then ended

30. COMMITMENTS AND CONTINGENCIES (continued)

30.1 Commitments relating to real estate investment projects (continued)

Commitments relating to the State (continued):

(vi) 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.02221000009 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.

(vii) 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 3,577,274 m² at Quang Chau Industrial Park. As at 31 December 2016, 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 6 years during the development of the Industrial Park and another 7 years from the date the project is completed and put into operations.

Capital expenditure commitments

As at 31 December 2016, 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 a total value of approximately VND 547 billion.

30.2 Guarantee and security

The Group has the following contingent liabilities related to guarantees as at 31 December 2016:

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/IDTC-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.

Commitment with Bank for Investment and Development of Vietnam

Under the Agreement to extend the bond period dated 27 December 2014 between the Company and Bank for Investment and Development of Vietnam, the Company committed to support Saigon - Quy Nhon Mineral Joint Stock Company and a group of other companies in the payment obligations with the Bank.

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

30. COMMITMENTS AND CONTINGENCIES (continued)

30.3 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.

31. 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 March 2017