

# **KinhBac City Development Holding Corporation**

Separate financial statements

31 December 2015



# 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 in pursuant to the Investment 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 is the 15<sup>th</sup> amendment No. 2300233993 being granted 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 residential areas, re-settlement areas, workman's residential areas, industrial parks; leasing out and selling the factories and houses constructed by the Company in the industrial parks, residential areas, financial investment; and others activities in accordance with the Investment 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 branch is:

<i>No</i>	<i>Branch</i>	<i>Address</i>
1.	KinhBac City Development Holding Corporation – HCM branch	No. 20 Phung Khac Khoan, Da Kao Ward, No. 1 District, Ho Chi Minh City, Viet Nam

The Company's shares are listed in Ho Chi Minh city's Stock Exchange in accordance with Decision No. 153/QD-SGDHCM issued by Ho Chi Minh city's 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 of Supervision
Ms. Le Thi Thu Hang	Member
Mr. Phan Anh Tuan	Member

### BOARD OF MANAGEMENT

Members of the Board 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	Appointed on 2 February 2015

# KinhBac City Development Holding Corporation

GENERAL INFORMATION (continued)

## **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 on 23 November 2012, Ms. Nguyen Thi Thu Huong has been authorized to sign the financial statements by Mr. Dang Thanh Tam.

## **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 separate financial statements of the Company for the year ended 31 December 2015.

### MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

Management is responsible for the separate financial statements of each financial year which give a true and fair view of the separate financial position of the Company and of the separate results of its operations and its separate cash flows for the year. In preparing those separate 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 separate financial statements; and
- ▶ prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company 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 separate financial statements.

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2015 and of the separate results of its operations and its separate cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of separate financial statements.

For and on behalf of management:



Nguyễn Thị Thu Hương  
General Director

Bac Ninh, Vietnam

24 March 2016

Reference: 60774739/17684158

## INDEPENDENT AUDITORS' REPORT

**To: The Shareholders of KinhBac City Development Holding Corporation**

We have audited the accompanying separate financial statements of KinhBac City Development Holding Corporation ("the Company") as prepared on 24 March 2016 and set out on pages 6 to 54, which comprise the separate balance sheet as at 31 December 2015, and the separate income statement and separate 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 separate financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of separate financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the separate 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 separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 separate financial statements.

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

### *Opinion*

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Company as at 31 December 2015, and of the results of its separate operations and its separate 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 separate financial statements.

**Emphasis of Matter**

We draw attention to Note 2.1 of the separate financial statements. The Company has prepared the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2015 in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements. We have audited these consolidated financial statements and our auditors' report dated 24 March 2016 expressed an unmodified opinion. Our opinion is not qualified in respect of this matter.



Bui Anh Tuan  
Deputy General Director  
Audit Practising Registration  
Certificate No. 1067-2013-004-1



Nguyen Quoc Anh  
Auditor  
Audit Practising Registration  
Certificate No. 2584-2013-004-1

Hanoi, Vietnam

24 March 2016

SEPARATE BALANCE SHEET  
as at 31 December 2015

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance ( Restated)
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>2,880,877,941,745</b>	<b>2,165,665,613,297</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>42,339,925,481</b>	<b>81,177,184,342</b>
111	1. Cash		37,339,925,481	81,177,184,342
112	2. Cash equivalents		5,000,000,000	-
<b>120</b>	<b>II. Short-term investments</b>	<b>5</b>	<b>1,738,191,200</b>	<b>2,497,416,000</b>
121	1. Held-for-trading securities		7,490,461,369	7,490,461,369
122	2. Provision for held-for-trading securities		(5,752,270,169)	(4,993,045,369)
<b>130</b>	<b>III. Current accounts receivable</b>		<b>1,400,308,410,127</b>	<b>887,625,684,896</b>
131	1. Short-term trade receivables	6.1	182,147,291,535	273,375,424,684
132	2. Short-term advances to suppliers	6.2	354,606,940,872	371,178,178,085
135	3. Short-term loan receivables	7	800,000,000	187,729,723,661
136	4. Other short-term receivables	8	870,018,660,620	72,873,290,533
137	5. Provision for doubtful short-term receivables	6.3	(7,264,482,900)	(17,530,932,067)
<b>140</b>	<b>IV. Inventories</b>	<b>9</b>	<b>1,436,473,528,280</b>	<b>1,188,081,628,004</b>
141	1. Inventories		1,436,473,528,280	1,188,081,628,004
<b>150</b>	<b>V. Other current assets</b>		<b>17,886,657</b>	<b>6,283,700,055</b>
152	1. Value-added tax deductible		17,886,657	16,624,939
153	2. Tax and other receivables from the State	15	-	6,267,075,116



SEPARATE BALANCE SHEET (continued)  
as at 31 December 2015

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance ( Restated)
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>6,449,931,369,325</b>	<b>7,083,028,700,534</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>2,686,840,884,683</b>	<b>2,627,752,138,696</b>
211	1. Long-term trade receivables	6.1	332,305,529,704	461,757,137,391
215	2. Long-term loan receivables	7	2,166,825,333,533	2,089,918,033,533
216	3. Other long-term receivables	8	187,710,021,446	76,076,967,772
<b>220</b>	<b>II. Fixed assets</b>		<b>96,973,620,094</b>	<b>90,718,285,167</b>
221	1. Tangible fixed assets	10	96,973,620,094	90,718,285,167
222	Cost		173,690,725,238	152,562,286,115
223	Accumulated depreciation		(76,717,105,144)	(61,844,000,948)
227	2. Intangible fixed assets		-	-
228	Cost		36,958,000	36,958,000
229	Accumulated amortisation		(36,958,000)	(36,958,000)
<b>240</b>	<b>III. Long-term assets in progress</b>		<b>234,740,661,548</b>	<b>236,508,373,001</b>
242	1. Construction in progress	11	234,740,661,548	236,508,373,001
<b>250</b>	<b>IV. Long-term investments</b>	<b>13</b>	<b>3,429,067,802,189</b>	<b>4,127,682,342,591</b>
251	1. Investment in subsidiaries	13.1	2,749,066,314,000	2,749,066,314,000
252	2. Investments in jointly controlled entities and associates	13.2	723,655,091,074	716,450,491,074
253	3. Investment in other entities	13.3	452,867,200,000	1,141,492,700,000
254	4. Provision for diminution in value of long-term investments		(496,520,802,885)	(479,327,162,483)
<b>260</b>	<b>V. Other long-term assets</b>		<b>2,308,400,811</b>	<b>367,561,079</b>
261	1. Long-term prepaid expenses		2,308,400,811	367,561,079
<b>270</b>	<b>TOTAL ASSETS</b>		<b>9,330,809,311,070</b>	<b>9,248,694,313,831</b>

SEPARATE BALANCE SHEET (continued)  
as at 31 December 2015

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance ( Restated)
<b>300</b>	<b>C. LIABILITIES</b>		<b>3,332,654,313,050</b>	<b>4,816,470,769,455</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>2,016,993,145,713</b>	<b>1,812,084,371,492</b>
311	1. Short-term trade payables	14.1	31,796,058,861	36,316,868,829
312	2. Short-term advances from customers	14.2	294,607,228,734	265,795,112,309
313	3. Statutory obligations	15	123,742,429,172	74,135,032,856
314	4. Payables to employees		51,428,000	1,173,226,500
315	5. Short-term accrued expenses	16	210,107,062,599	210,648,175,409
319	6. Other short-term payables	17	83,131,134,223	266,072,872,252
320	7. Short-term loans	18	1,269,234,424,791	953,619,704,004
322	8. Bonus and welfare fund		4,323,379,333	4,323,379,333
<b>330</b>	<b>II. Non-current liabilities</b>		<b>1,315,661,167,337</b>	<b>3,004,386,397,963</b>
333	1. Long-term accrued expenses	16	672,941,388,491	573,779,452,057
337	2. Other long-term liabilities	17	56,694,272,880	56,451,079,022
338	3. Long-term loans	18	546,526,946,182	1,448,399,246,851
339	4. Convertible bonds	19	-	886,050,000,000
341	5. Deferred tax liabilities	26.3	38,546,591,822	38,754,652,071
342	6. Long-term provisions		951,967,962	951,967,962
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>5,998,154,998,020</b>	<b>4,432,223,544,376</b>
<b>410</b>	<b>I. Capital</b>	<b>20</b>	<b>5,998,154,998,020</b>	<b>4,432,223,544,376</b>
411	1. Share capital		4,757,111,670,000	3,957,111,670,000
411a	- Shares with voting rights		4,757,111,670,000	3,957,111,670,000
412	2. Share premium		988,533,430,000	611,072,430,000
415	3. Treasury shares		(364,466,650,000)	(364,466,650,000)
418	4. Investment and development fund		2,223,693,823	2,223,693,823
421	5. Undistributed earnings		614,752,854,197	226,282,400,553
421a	- Undistributed earnings up to prior year-end		226,282,400,553	33,695,676,882
421b	- Undistributed earnings of current year		388,470,453,644	192,586,723,671
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>9,330,809,311,070</b>	<b>9,248,694,313,831</b>

Luu Phuong Mai  
Preparer

Pham Phuc Hieu  
Chief Accountant



Nguyen Thi Thu Huong  
General Director

24 March 2016

SEPARATE INCOME STATEMENT  
for the year ended 31 December 2015

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	21.1	410,905,086,146	487,608,490,050
02	2. Deductions	21.1	-	-
10	3. Net revenue from sale of goods and rendering of services	21.1	410,905,086,146	487,608,490,050
11	4. Cost of goods sold and services rendered	22	140,177,369,285	147,925,681,576
20	5. Gross profit from sale of goods and rendering of services		270,727,716,861	339,682,808,474
21	6. Finance income	21.2	313,825,269,273	129,000,059,635
22	7. Finance expenses	23	42,828,996,818	223,612,798,474
23	- In which: Interest expenses		28,722,879,897	168,761,424,287
25	8. Selling expenses	24	21,764,644,011	11,879,092,914
26	9. General and administrative expenses	24	42,832,644,734	40,608,092,824
30	10. Operating profit		477,126,700,571	192,582,883,897
31	11. Other income		19,562,032	82,756,194
32	12. Other expenses		58,781,051	78,916,420
40	13. Other (loss)/profit		(39,219,019)	3,839,774
50	14. Accounting profit before tax		477,087,481,552	192,586,723,671
51	15. Current corporate income tax expenses	26.1	88,825,088,158	208,054,254
52	16. Deferred income tax income	26.3	208,060,250	208,054,254
60	17. Net profit after tax		388,470,453,644	192,586,723,671


Luu Phuong Mai  
Preparer

Pham Phuc Hieu  
Chief Accountant
  
 Nguyen Thi Thu Huong  
General Director

24 March 2016

SEPARATE CASH FLOW STATEMENT  
for the year ended 31 December 2015

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Net profit before tax</b>		<b>477,087,481,552</b>	<b>192,586,723,671</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation of fixed assets	10	16,646,945,825	21,565,971,530
03	Provision		7,686,416,035	50,581,461,736
04	Foreign exchange (gains)/losses arising from revaluation of monetary accounts denominated in foreign currency	21.2, 23	(576,935,843)	3,588,622,690
05	Profits from investing activities	21.2	(313,248,333,430)	(109,673,240,754)
06	Interest expenses	23	28,722,879,897	168,761,424,287
08	<b>Operating profit before changes in working capital</b>		<b>216,318,454,036</b>	<b>327,410,963,160</b>
09	Increase in receivables		(62,089,812,850)	(221,639,583,554)
10	(Increase)/decrease in inventories		(10,181,957,404)	25,950,032,220
11	(Decrease)/increase in payables (other than interest, corporate income tax)		(14,849,423,371)	197,635,456,883
12	Increase in prepaid expenses		(1,940,839,732)	(4,900,310,951)
14	Interest paid		(103,339,103,544)	(237,432,858,599)
20	<b>Net cash flows from operating activities</b>		<b>23,917,317,135</b>	<b>87,023,699,159</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets and other long-term assets		(34,268,963,254)	(21,023,103,480)
23	Loans to other entities and payments for purchase of debt instruments of other entities		(116,900,000,000)	-
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		226,922,423,661	
25	Payments for investments in other entities		-	(186,895,000,000)
26	Proceeds from sale of investments in other entities		148,283,000,000	209,110,000,000
27	Interest and dividends received		3,815,703,214	2,709,604,389
30	<b>Net cash flows from investing activities</b>		<b>227,852,163,621</b>	<b>3,901,500,909</b>

SEPARATE CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2015

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Drawdown of borrowings		660,591,327,696	1,101,769,000,000
34	Repayment of borrowings		(951,189,929,407)	(1,170,526,501,015)
40	<b>Net cash flows used in financing activities</b>		<b>(290,598,601,711)</b>	<b>(68,757,501,015)</b>
50	<b>Net (decrease)/increase in cash and cash equivalents for the year</b>		<b>(38,829,120,955)</b>	<b>22,167,699,053</b>
60	Cash and cash equivalents at the beginning of the year		81,177,184,342	59,010,513,275
61	Impact of exchange rate fluctuation		(8,137,906)	(1,027,986)
70	Cash and cash equivalents at the end of the year	4	42,339,925,481	81,177,184,342


Luu Phuong Mai  
Preparer

Pham Phuc Hieu  
Chief Accountant
  
 Nguyen Thi Thu Huong  
General Director

24 March 2016

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
as at 31 December 2015 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 in 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 is the 15<sup>th</sup> amendment No. 2300233993 being granted 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 residential areas, re-settlement areas, workman's residential areas, industrial parks; leasing out and selling the factories and houses constructed by the Company in the industrial parks, residential areas, financial investment; and others activities in accordance with Investment Certificate.

Business cycle of the Company starts from the acquisition of investment license, land clearance, infrastructure construction of industrial zones 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 branch as below:

No	Branch	Address
1,	KinhBac City Development Holding Corporation – Ho Chi Minh Branch	20 Phung Khac Khoan, Da Kao Ward, No. 1 District, Ho Chi Minh City.

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

The total number of employees as at 31 December 2015 was 159 (31 December 2014: 161).

### Corporate structure

At 31 December 2015, The Company has the following subsidiaries:

No	Company's name	Voting right (%)	Interest right (%)	Head office	Main activities
1	Saigon - Bacgiang Industrial Park JSC	59.5	59.5	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	60.52	60.52	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.	Investment, building and trading real estates

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

## **2. BASIS OF PREPARATION**

### **2.1 Purpose of preparation the separate financial statements**

The Company has subsidiaries as disclosed in Note 1. The Company has prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular 52/2012/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2015 on 24 March 2016.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company and its subsidiaries.

### **2.2 Accounting standards and system**

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

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

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

### **2.3 Applied accounting documentation system**

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

### **2.4 Fiscal year**

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

### **2.5 Accounting currency**

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 *Change in accounting policies and disclosures***

The accounting policies adopted by the Company in preparation of the separate financial statements are consistent with those followed in the preparation of the Company's annual separate financial statements for the year ended 31 December 2014 except for the change in the accounting policy in relation to the following.

##### **3.1.1 *Circular No. 200/2014/TT-BTC providing guidance on enterprise accounting system***

On 22 December 2014, the Ministry of Finance issued the Circular No. 200/2014/TT-BTC providing guidance on enterprise accounting system ("Circular 200") replacing Decision No. 15/2006/QĐ-BTC dated 20 March 2006 ("Decision 15") and Circular No. 244/2009 / TT-BTC dated 31 December 2009 of the Ministry of Finance ("Circular 244"), Circular 200 is effective for the financial year beginning on or after 1 January 2015.

The effects of the change in accounting policies in accordance with Circular 200 to the Company are applied on a prospective basis as Circular 200 does not require for retrospective application. The Company also reclassifies certain corresponding figures of prior period following the presentation of the current period's separate financial statements in accordance with Circular 200 as disclosed in Note 29.

#### **3.2 *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.

#### **3.3 *Inventories***

Industrial and urban real estate which have been built for sale in the normal course of operations of the Company, not for rent or for waiting the price to increase, 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 for sale including expenses on compensation and site restoration, construction of road and drainage system, greenery planting and other infrastructure costs, construction fee paid for contractors, capitalized borrowing cost, consultancy cost, design cost, ... and other related costs.

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

##### *Provision for obsolete inventories*

An inventories 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 Company, based on appropriate evidence of impairment available at the balance sheet date.

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



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

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

#### 3.4 *Receivables*

Receivables are presented in the separate 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 separate balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense in the separate income statement.

#### 3.5 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises 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 separate 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 separate income statement.

#### 3.6 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed 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 separate income statement as incurred.

When intangible 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 separate income statement.

#### 3.7 *Depreciation and amortisation*

Depreciation and amortisation of tangible fixed assets and intangible fixed 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 – 8 years
Means of transportation	6 – 10 years
Office equipment	3 – 5 years

Periodically, the estimated useful life for fixed asset and its depreciation/amortization rate is reviewed to ensure that the depreciation/amortization method and period are consistent with the expected economic benefits to be received from the use of fixed asset.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

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

#### 3.8 *Investment properties*

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

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

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	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 separate income statement in the year of retirement or disposal.

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

#### 3.9 *Prepaid expenses*

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

The following types of expenses are recorded as long-term prepaid expense:

- ▶ Prepaid rental was amortised over the prepayment term; and
- ▶ Other long-term prepaid expense was amortised over 1 to 3 years.

#### 3.10 *Investments*

##### *Investment in subsidiaries*

Investments in subsidiaries over which the Company has control are carried at cost in the separate financial statements.

Distributions from accumulated profits of the subsidiaries arising subsequent to the date of acquisition are recognised in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

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

#### 3.10 *Investments* (continued)

##### *Investment in associates*

Investments in associates over which the Company has significant influence are carried at cost in the separate financial statements.

Distributions from accumulated net profits of the associates arising subsequent to the date of acquisition are recognised in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

##### *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 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 separate 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 separate financial statements and deducted against the value of such investments.

#### 3.11 *Borrowing costs*

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

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

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the respective asset.

#### 3.12 *Payable and accrual*

Payable and accrual are recognised for amount to be paid in the future for goods and services received, whether or not billed to the Company.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 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, the Law on Social Insurance and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Any increase to the accrued amount will be taken to the separate 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 Company'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 transaction of commercial banks designated for payment;
- ▶ Capital contributions are recorded at the buying exchange rates of the 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 separate balance sheet dates which are determined as follows:

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

All realised and unrealised foreign exchange differences are taken to the separate 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 Company's own equity instruments.

#### 3.16 *Appropriation of net profits*

Net profit after tax is available for appropriation to shareholders after approval by the appropriate level in the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

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

#### 3.16 *Appropriation of net profits* (continued)

##### *Investment and development fund*

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

##### *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 separate balance sheet.

#### 3.17 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 significant risks and rewards associated with the land to the buyer and revenue can be reliably measured.

##### *Sale of factories*

Revenue is recognised when the Company 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 separate 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.

##### *Income from transfer of investment in securities and capital assignment*

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.

##### *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 Company's entitlement as an investor to receive the dividend is established.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

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

#### 3.18 *Cost of 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;
- ▶ 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 periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the tax rates and tax laws that are enacted as at the separate balance sheet date.

Current income tax is charged or credited to the separate 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 Company to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

##### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the separate balance sheet date between the tax base of assets and liabilities and their carrying amount for separate 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 temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

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

#### 3.19 *Taxation* (continued)

##### *Deferred tax* (continued)

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

Deferred tax is charged or credited to the separate 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 Company to off-set current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

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

#### 3.20 *Segment information*

A segment is a component which can be separately identified in which the Company 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 Company. Thus, the Company's management assesses that the Company operates in only one business segment which is a real estate business segment and in one critical geographic region which is Vietnam.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

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

#### 3.21 Convertible bond

Bonds that are convertible by the holder into a fixed number of ordinary shares of the entity are separated into financial liability (a contractual arrangement to deliver cash or another financial assets) and equity instrument (a call option granting the holder the right, for a specified period of time) based on the terms of the contract. Convertible bonds that cannot be definitely determined amount of common stock may be converted are classified as financial liabilities.

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

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

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

### 4. CASH AND CASH EQUIVALENTS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	183,829,311	7,005,317,305
Cash at banks	37,156,096,170	74,171,867,037
Cash equivalents (*)	5,000,000,000	-
<b>TOTAL</b>	<b>42,339,925,481</b>	<b>81,177,184,342</b>

(\*) Cash equivalents represent time deposits at Nam Viet Commercial Joint Stock Bank – Hanoi Branch with term of 1 month and earn interest rates at 5,1% per annum.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

#### 4. CASH AND CASH EQUIVALENTS (continued)

Additional information regarding the cash flow statement:

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
<b>Significant non-cash transactions that are excluded from the cash flow statement in the future:</b>		
Conversion from debt to equity	1,200,000,000,000	1,000,000,000,000
<b>Actual cash received from loans</b>		
- Cash received from normal loan agreements	360,591,327,696	201,769,000,000
- Cash received from issuance of convertible bonds	300,000,000,000	900,000,000,000
<b>Actual cash payment of loans</b>		
- Cash payment for normal loan agreements	121,189,929,407	570,526,501,015
- Cash payment for principal of bonds	830,000,000,000	500,000,000,000

#### 5. SHORT-TERM INVESTMENTS

	<i>Currency: VND</i>					
	<i>31 December 2015</i>			<i>31 December 2014</i>		
	<i>Cost</i>	<i>Fair value</i>	<i>Provision</i>	<i>Cost</i>	<i>Fair value</i>	<i>Provision</i>
Held-for-trading securities:						
Share (*)	7,490,461,369	1,738,191,200	(5,752,270,169)	7,490,461,369	2,497,416,000	(4,993,045,369)
<b>TOTAL</b>	<b>7,490,461,369</b>	<b>1,738,191,200</b>	<b>(5,752,270,169)</b>	<b>7,490,461,369</b>	<b>2,497,416,000</b>	<b>(4,993,045,369)</b>

(\*) At 31 December 2015, 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 receivables

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance (Restated)</i>
<b>Short-term</b>		
Trade receivables from customers		
- Saigon Investment JSC (*)	104,130,000,000	104,130,000,000
- Kinh Bac Service JSC (**)	40,000,000,000	63,995,833,153
Other customers	38,017,291,535	105,249,591,531
	<b>182,147,291,535</b>	<b>273,375,424,684</b>
<b>Long-term</b>		
Trade receivables from customers		
- Kinh Bac Service JSC (**)	332,305,529,704	461,757,137,391
	<b>332,305,529,704</b>	<b>461,757,137,391</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

## 6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)

### 6.1 Trade receivables (continued)

(\*) This is the receivables from Saigon Investment JSC related to transfer of land at Phuc Ninh Urban Area Project.

(\*\*) This is the 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 Park. These receivables are committed to be paid no later than 31 December 2018, bearing interest at 8% per annum.

### 6.2 Advances to suppliers

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
- Kinh Bac Investment and Consulting JSC (i)	320,336,319,170	336,992,799,434
- Foster and Partners Limited Company (ii)	25,961,600,000	25,961,600,000
Other advance to suppliers	<u>8,309,021,702</u>	<u>8,223,778,651</u>
<b>TOTAL</b>	<b><u>354,606,940,872</u></b>	<b><u>371,178,178,085</u></b>

(i) The Company has advanced to Kinh Bac Investment and Consulting JSC for the site clearance and compensation and for construction works of certain on-going projects of the Company.

(ii) The Company has advanced to Foster and Partners Limited Company for the design of Hoa Sen Hotel Project.

### 6.3 Provision for trade receivables

Detail of movements of provision for trade receivables is as follows:

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	17,530,932,067	16,996,721,233
Provision made in the year	328,550,833	534,210,834
Reversal of provision for doubtful debts	(3,390,400,000)	-
Other decrease	<u>(7,204,600,000)</u>	<u>-</u>
Ending balance	<b><u>7,264,482,900</u></b>	<b><u>17,530,932,067</u></b>
<i>In which:</i>		
Provision for short-term receivables	6,764,482,900	6,435,932,067
Provision for loan receivables	500,000,000	500,000,000
Provision for other receivables	-	10,595,000,000

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

## 7. OTHER LOAN RECEIVABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance (Restated)</i>
Short-term		
- Saigon – Tay Ninh Industrial Park JSC (*)	300,000,000	300,000,000
- Saigon Tourism JSC (*)	500,000,000	500,000,000
- Saigon Manufacturing and Trading JSC (*)	-	50,000,000,000
Other loan receivables from related parties (Note 27)	-	136,929,723,661
	<b><u>800,000,000</u></b>	<b><u>187,729,723,661</u></b>
Long-term		
Receivable from related parties (Note 27)	2,159,132,633,533	2,075,232,633,533
- Kinh Bac Service JSC (**)	-	6,992,700,000
- Kinh Bac Investment and Consulting JSC (**)	6,992,700,000	6,992,700,000
Construction Project Management Unit of Bac Ninh City (Bac Ninh City People's Committee)	700,000,000	700,000,000
	<b><u>2,166,825,333,533</u></b>	<b><u>2,089,918,033,533</u></b>

(\*) These are unsecured, interest free loans which will be due on 31 December 2016.

(\*\*) These are unsecured, interest free loans which will be due in June 2017.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

## 8. OTHER RECEIVABLES

*Currency: VND*

	<i>Ending balance</i>		<i>Beginning balance (Restated)</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
<b>Short-term</b>				
Share transfer receivables (i)	672,730,000,000	-	-	-
Late payment interest receivables (ii)	-	-	16,385,571,712	-
Receivables from Kinh Bac Investment and Consulting JSC relating to the liabilities with SGI – Lao Hydro Power JSC (iii)	151,146,558,152	-	-	-
Receivables from Bac Ninh's People Committee for land rental support (iv)	19,440,000,000	-	19,440,000,000	-
Deposit receivables (v)	12,851,128,404	-	12,851,128,404	-
Receivable from related parties (Note 27)	4,070,772,420	-	8,680,598,508	-
Receivable from Van Duong People's Committee	2,228,672,000	-	2,228,672,000	-
Other receivables (vi)	7,551,529,644	-	13,287,319,909	10,595,000,000
	<b>870,018,660,620</b>	<b>-</b>	<b>72,873,290,533</b>	<b>10,595,000,000</b>
<b>Long-term</b>				
Receivable from related parties (Note 27)	172,291,671,329	-	76,016,967,772	-
Kinh Bac Service JSC (ii)	15,358,350,117	-	-	-
Other receivables	60,000,000	-	60,000,000	-
	<b>187,710,021,446</b>	<b>-</b>	<b>76,076,967,772</b>	<b>-</b>

- (i) 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 contract dated 22 June 2015 and 15 December 2015 (Note 13.3).
- (ii) This represents the interest receivable on deferred payment for long-term lease of land and sale of factories to Kinh Bac Service JSC.
- (iii) According to the minutes of General shareholders meeting of SGI – Lao Hydro Power JSC dated 1 July 2015, SGI – Lao Hydro Power JSC decided to dissolve and to return the contributed capital to the Company with the amount of VND 185,586,558,152. These receivables, however, were transferred to Kinh Bac Investment and Consulting JSC under three-party offsetting minutes on 3 July 2015. In 2016, the Company has received seventy billion VND from Kinh Bac Investment and Consulting JSC.
- (iv) According to the minute 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 parks and KinhBac City Development Corporation dated 14 August 2007 and the Decision regarding support of investment capital for enterprises No. 1951/QD-UBND dated 31 December 2007, the People's Committee of Bac Ninh province committed to support on land rental rates for Que Vo Industrial Park project. Accordingly, the capital support available to the Company is VND19.44 billion which will be used for the construction of waste water treatment plant at Que Vo Industrial Park.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

**8. OTHER RECEIVABLES (continued)**

- (iv) This is the deposit to Hanoi Agriculture Investment and Development One member Limited Company in pursuant to the Contract No.128/2010/HĐ-HTKD dated 29 June 2010 to co-operate to develop a complex of trade center, office, luxury houses, ecotourism, villas, garden houses, apartment units at Minh Khai commune, Tu Liem district, Ha Noi.
- (v) This represents the deposits in the previous years to purchase shares in Scanviwood Co., Ltd, (now known as Scanviwood JSC) with an amount of VND 7,204,600,000. In 2015, the Company has completed the legal documents for the transfer of ownership in this company, and accordingly, this deposit is reclassified as investment in Scanviwood JSC ( Note 13.2).

**9. INVENTORIES**

	<i>Currency: VND</i>			
	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Phuc Ninh Urban Area Nam Son - Hap Linh Industrial Park	791,241,769,241	-	763,875,971,070	-
Que Vo I Industrial Park	206,869,480,433	-	194,505,863,659	-
Que Vo II Industrial Park	64,211,681,110	-	74,814,613,682	-
Que Vo II Industrial Park Houses for low – income residents	337,106,227,151	-	117,840,809,247	-
	23,897,163,067	-	23,897,163,067	-
Other projects	13,147,207,278	-	13,147,207,279	-
<b>TOTAL</b>	<b>1,436,473,528,280</b>	<b>-</b>	<b>1,188,081,628,004</b>	<b>-</b>

Work in progress of the Company as at 31 December 2015 comprises of land clearance and land compensation costs, infrastructure development cost, capitalized borrowing costs and allocated overhead which incurred in the development of Que Vo I Industrial Park, Que Vo II Industrial Park, Phuc Ninh Urban Area, Nam Son - Hap Linh Industrial Park and other projects of the Company which are developed for sale. The majority of the Company's inventories are used as collaterals for loans as disclosed in Note 18.

# KinhBac City Development Holding Corporation

B09-DN

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

## 10. TANGIBLE FIXED ASSETS

Currency: VND

Cost:	Buildings and structures (including cost of land development and infrastructure)	Machinery and equipment	Transportations	Office equipment	Others	Total
Beginning balance	121,890,582,419	5,177,115,945	20,141,047,559	4,565,158,374	788,381,818	152,562,286,115
Newly purchased	-	-	8,604,989,092	1,600,545,000	-	10,205,534,092
Transferred from construction in progress	10,922,905,031	-	-	-	-	10,922,905,031
Ending balance	132,813,487,450	5,177,115,945	28,746,036,651	6,165,703,374	788,381,818	173,690,725,238
Fully depreciated	-	1,223,291,668	6,251,831,715	1,942,846,748	213,381,818	9,631,351,949
<b>Accumulated depreciation:</b>						
Beginning balance	42,341,923,198	2,975,456,227	12,218,876,693	3,620,125,511	687,619,319	61,844,000,948
Depreciation for the year	11,288,510,955	533,792,323	2,549,483,476	429,442,442	71,875,000	14,873,104,196
Ending balance	53,630,434,153	3,509,248,550	14,768,360,169	4,049,567,953	759,494,319	76,717,105,144
<b>Net carrying amount:</b>						
Beginning balance	79,548,659,221	2,201,659,718	7,922,170,866	945,032,863	100,762,499	90,718,285,167
Ending balance	79,183,053,297	1,667,867,395	13,977,676,482	2,116,135,421	28,887,499	96,973,620,094

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

## 11. CONSTRUCTION IN PROGRESS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Lotus Hotel Project (*)	119,161,983,744	119,161,983,744
Hanoi Diplomat Area (**)	106,555,116,818	106,555,116,818
Que Vo II Industrial Park	-	1,994,980,499
Que Vo I Industrial Park	4,592,921,893	4,892,811,683
Bac Giang Thermal Power Plant	3,116,503,893	3,116,503,893
Other construction in progress	1,314,135,200	786,976,364
<b>TOTAL</b>	<b><u>234,740,661,548</u></b>	<b><u>236,508,373,001</u></b>

(\*) 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 40,484m<sup>2</sup>. Total costs incurred include USD 5.5 million supporting to Hanoi People's Committee, design and consultancy fee paid to foreign contractors and other overhead costs.

(\*\*) Under the contract for transfer of infrastructure works No. 2592/2009/HANCORP-KBC dated 5 October 2009, Hanoi Construction Corporation has transferred the existing infrastructure works to the Company for further development of an office, representative offices for international agencies complex at Hanoi Diplomatic Area.

## 12. CAPITALIZED BORROWING COSTS

During the year, the Company has capitalized borrowing costs amounting to VND 40.1 billion. These costs relate to borrowings taken to finance the construction of Que Vo II Industrial Park, Nam Son - Hap Linh Industrial Park, Phuc Ninh Urban Area.

## 13. LONG-TERM INVESTMENTS

		<i>Currency: VND</i>	
	<i>Notes</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Investments in subsidiaries	13.1	2,749,066,314,000	2,749,066,314,000
Investments in associates	13.2	723,655,091,074	716,450,491,074
Other long-term investments	13.3	452,867,200,000	1,141,492,700,000
Provision for long-term investments		<u>(496,520,802,885)</u>	<u>(479,327,162,483)</u>
<b>TOTAL</b>		<b><u>3,429,067,802,189</u></b>	<b><u>4,127,682,342,591</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

### 13. LONG-TERM INVESTMENTS (continued)

#### 13.1 Investments in subsidiaries

	Ending balance			Beginning balance		
	% of voting right	No. of shares	Net book value (VND)	% of voting right	No. of shares	Net book value (VND)
Trang Cat Urban Development One Member Company Limited	100%	150,000,000	1,500,000,000,000	100%	150,000,000	1,500,000,000,000
Northwest Saigon city Development JSC	60.52%	30,259,574	662,066,314,000	60.52%	30,259,574	662,066,314,000
Saigon - Hai Phong Industrial Park JSC	86.54%	3,600,000	468,000,000,000	86.54%	3,600,000	468,000,000,000
Saigon - Bacgiang Industrial Park JSC	59.50%	1,309,000	119,000,000,000	59.50%	1,309,000	119,000,000,000
<b>TOTAL</b>			<b><u>2,749,066,314,000</u></b>			<b><u>2,749,066,314,000</u></b>
Provision for impairment of investment in subsidiaries			<u>(116,748,699,701)</u>			<u>(74,375,092,120)</u>
<b>NET VALUE</b>			<b><u>2,632,317,614,299</u></b>			<b><u>2,674,691,221,880</u></b>

Detailed information on subsidiaries as at 31 December 2015 is presented in Note 1.

#### 13.2 Investments in associates

	Note	% of voting right	Ending balance		Beginning balance	
			No. of shares	Net book value (VND)	No. of shares	Net book value (VND)
Saigon Telecommunication & Technologies JSC	(i)	21.48%	15,896,923	423,492,661,074	15,896,923	423,492,661,074
Saigon – Hue Investment JSC	(ii)	28.14%	9,849,000	210,627,000,000	9,849,000	210,627,000,000
Saigon High-tech Park Infrastructure Development Investment JSC	(iii)	27.44%	8,233,083	82,330,830,000	8,233,083	82,330,830,000
Scanviwood JSC	(iv)	34%	1,077,528	7,204,600,000	-	-
<b>TOTAL</b>				<b><u>723,655,091,074</u></b>		<b><u>716,450,491,074</u></b>
Provision for impairment of investment in associates				<u>(356,719,286,549)</u>		<u>(335,257,415,511)</u>
<b>NET VALUE</b>				<b><u>366,935,804,525</u></b>		<b><u>381,193,075,563</u></b>



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

**13. INVESTMENTS** (continued)

**13.2 Investments in associates** (continued)

(i) *Saigon Telecommunication & Technologies JSC*

Saigon Telecommunication & Technologies JSC was established in 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 is the 13<sup>th</sup> amended Business Registration Certificate dated 11 August 2014, with a registered charter capital of VND740 billion. Its principal activities include trading computer, 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 Lot 46, Quang Trung Software Park, Tan Chanh Hiep ward, district 12, Ho Chi Minh City.

(ii) *Saigon – Hue Investment JSC*

Saigon – Hue Investment JSC was established in 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 No. 3300512389 on 16 February 2012 with a registered charter capital of VND350 billion. Its principal activities includes 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 upto 35kV.

The Company is located at No 15, Nguyen Hue Street, Hue City, Viet Nam.

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

Saigon High-tech Park Infrastructure Development Investment Joint Stock Company was established in 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 subsequent Business Registration Certificate dated 2 July 2014 with a registered charter capital of VND300 billion. Its principal activities include infrastructure investment and development; leasing and selling office, trading centre 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, 13 ward, Tan Binh district, Ho Chi Minh City, Viet Nam.

(iv) *Scanviwood Joint Stock Company*

Scanviwood Joint Stock Company was established in 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 VND31.69 billion. Its principal activities include manufacturing of household products for export,

The Company has completed the purchase of 34% equity interest in this company in June 2015. Its registered office is located at 565 An Duong Vuong, An Lac ward, Binh Thanh district, Ho Chi Minh City, Viet nam.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

### 13. INVESTMENTS (continued)

#### 13.3 Other long-term investments

*Currency: VND*

	<i>Ending balance</i>			<i>Beginning balance</i>		
	<i>% of voting right</i>	<i>No. of shares</i>	<i>Historical cost and Book value</i>	<i>% of voting right</i>	<i>No. of shares</i>	<i>Historical cost and Book value</i>
Saigon - Binh Dinh Power JSC (i)	-	-	-	4.83	48,300,000	483,000,000,000
Saigon - Quy Nhon Mineral JSC	5.75	6,900,000	339,000,000,000	5.75	6,900,000	339,000,000,000
Saigon - Lao Hydro Power JSC (ii)	-	-	-	10	19,000,000	190,000,000,000
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 Investment Construction and Construction Materials JSC	-	-	-	19	950,000	11,352,500,000
Saigon - NhonHoi Industrial Park JSC	10	100,000	10,000,000,000	10	100,000	10,000,000,000
Saigon - Hamtan Tourism JSC (iii)	1.63	70,000	7,000,000,000	6.48	70,000	7,000,000,000
Ban Viet Capital Fund Management JSC (iv)	3	43.67	4,367,000,000	3	86.4	8,640,000,000
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
<b>TOTAL</b>			<b>452,867,200,000</b>			<b>1,141,492,700,000</b>
Provision for other long-term investments			(23,052,816,635)			(69,694,654,852)
<b>NET CARRYING VALUE</b>			<b>429,814,383,365</b>			<b>1,071,798,045,148</b>

- (i) In 2015, the Company has transferred all 48.3 million shares of Saigon- Binh Dinh Energy JSC ("Saigon - Binh Dinh") to Kinh Bac Service JSC.
- (ii) As disclosed in Note 8, according to the minutes of the General shareholders meeting of SGI - Lao Hydro Power JSC dated 1 July 2015, SGI - Lao Hydro Power JSC decided to dissolve and to return the contributed capital to the Company with an amount of VND 185,586,558,152.
- (iii) On 24 April 2015, Saigon - Ham Tan Tourism JSC has increased its share capital to VND 430 billion, the Company has not participated in this new share issue and thus, its actual ownership interest in this company has decreased to 1.63%.
- (iv) According to the Announcement No.1815/UBCK - QLQ dated 15 April 2015, State Security Commission of Vietnam has confirmed the decrease in the charter capital of Ban Viet Health Securities Investment Fund from VND287.984 billion to VND145.541 billion. As at 31 December 2015, the Company has contributed VND4.367 billion to this fund.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

#### 14. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

##### 14.1 Short-term trade payables

	Currency: VND			
	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Amount</i>	<i>Amount payable</i>	<i>Amount</i>	<i>Amount payable</i>
Trade payables to suppliers				
- Truong Phat Investment JSC	9,559,539,000	9,559,539,000	6,231,295,300	6,231,295,300
- BlueScope Buildings Vietnam Limited Company	4,365,000,000	4,365,000,000	-	-
- Trong Cuong Limited Company	2,929,856,895	2,929,856,895	14,652,077,895	14,652,077,895
- Hanoi Construction No.1 JSC	2,317,260,652	2,317,260,652	3,749,876,087	3,749,876,087
- Other suppliers	12,624,402,314	12,624,402,314	11,666,459,547	11,666,459,547
Trade payables from related parties (Note 27)	-	-	17,160,000	17,160,000
<b>TOTAL</b>	<b>31,796,058,861</b>	<b>31,796,058,861</b>	<b>36,316,868,829</b>	<b>36,316,868,829</b>

##### 14.2 Advances from customers

	Currency: VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Deposit for purchase of houses and land use rights at Phuc Ninh urban project	195,253,258,200	196,210,907,200
Deposit by National Citizen Bank for purchase of houses and land use rights at Phuc Ninh urban project	66,582,840,000	66,582,840,000
Electricity Power Sector 1 JSC (*)	22,500,000,000	-
Other advances from customers	10,271,130,534	3,001,365,109
<b>TOTAL</b>	<b>294,607,228,734</b>	<b>265,795,112,309</b>

(\*) This is the advance from the Electricity Power Sector 1 JSC to acquire 22kV power system in Que Vo Industrial Park under the Transfer agreement dated 10 November 2015.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

## 15. STATUTORY OBLIGATIONS

Currency: VND

	Beginning balance	Increase in year	VAT deduction	Payment/Off-set in year	Ending balance
<b>Payables</b>					
Corporate income tax (Note 26.2)	-	88,825,088,158		(6,267,075,116)	82,558,013,042
Value added tax	73,501,280,142	24,971,631,760	(36,609,720,235)	(21,126,821,177)	40,736,370,490
Personal income tax	232,149,000	1,887,565,664		(1,982,766,331)	136,948,333
Other taxes	401,603,714	703,969,288		(794,475,695)	311,097,307
	<u>74,135,032,856</u>	<u>116,388,254,870</u>	<u>(36,609,720,235)</u>	<u>(30,171,138,319)</u>	<u>123,742,429,172</u>
<b>Receivables</b>					
Corporate income tax (Note 26.2)	6,267,075,116	-		(6,267,075,116)	-
	<u>6,267,075,116</u>	<u>-</u>		<u>(6,267,075,116)</u>	<u>-</u>

## 16. ACCURED EXPENSES

Currency: VND

	Ending balance	Beginning balance (restated)
<b>Short-term</b>		
Accrued future development cost for recognised sales	189,882,476,080	179,464,000,986
- Que Vo I Industrial Park	30,949,674,086	38,715,957,304
- Que Vo II Industrial Park	158,932,801,994	140,748,043,682
Accrued interest expenses	6,646,130,200	12,915,812,686
Bond issuance costs	-	13,950,000,000
Accrued expenses to related parties (Note 27)	4,756,563,836	235,894,743
Other accrued expenses	8,821,892,483	4,082,466,994
	<u>210,107,062,599</u>	<u>210,648,175,409</u>
<b>Long-term</b>		
Accrued interest expenses (*)	670,054,155,614	573,779,452,057
Accrued expenses to related parties (Note 27)	2,887,232,877	-
	<u>672,941,388,491</u>	<u>573,779,452,057</u>

(\*) 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 2017 and 2019 (Note 18.2).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

## 17. OTHER PAYABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance (Restated)</i>
<b>Short-term</b>		
Trade payables from related parties (Note 27)	80,050,248,635	115,849,588,817
Kinh Bac Investment and Consulting JSC	-	77,570,642,264
Saigon Investment JSC	-	70,000,000,000
Other payables	3,080,885,588	2,652,641,171
	<b>83,131,134,223</b>	<b>266,072,872,252</b>
<b>Long-term</b>		
Co-operation investment in Phuc Ninh Urban (i)	55,500,000,000	55,500,000,000
Other deposits	1,194,272,880	951,079,022
	<b>56,694,272,880</b>	<b>56,451,079,022</b>

(i) In 2014, the Group 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.

## 18. LOANS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance (Restated)</i>
<b>Short-term</b>		
Loans from others	1,333,318,452	1,333,318,452
Current portion of long-term loans	1,020,000,000,000	838,455,555,552
Short-term loans from related parties (Note 27)	247,901,106,339	113,830,830,000
	<b>1,269,234,424,791</b>	<b>953,619,704,004</b>
<b>Long-term</b>		
Loans from related parties (Note 27)	169,249,163,882	-
Long-term loans from bank (Note 18.1)	27,984,180,300	91,902,222,232
Bonds (Note 18.2)	1,369,293,602,000	2,194,952,580,171
	<b>1,566,526,946,182</b>	<b>2,286,854,802,403</b>
<i>In which:</i>		
Current portion of long-term loans	1,020,000,000,000	838,455,555,552
Long-term loans	546,526,946,182	1,448,399,246,851

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

**18. LOANS (continued)**

**18.1 Long-term loans from bank**

As at 31 December 2015, details of long term loans from banks are as follows:

<i>Banks</i>	<i>Interest</i>	<i>Principal and interest repayment term</i>	<i>Currency: VND 31 December 2015</i>
Vietnam Bank for Industry and Trade – Que Vo branch	10.5%/year	Loan principal is repaid in every 6 month, from 25 July 2016. Interest shall be paid on the last 25th of each quarter.	27,984,180,300
<b>TOTAL</b>			<b><u>27,984,180,300</u></b>

This loan is secured and guaranteed by factories in Lot L in Que Vo Industrial Park, other assets to be formed in the future related to Lot L and asset rights incurred from contractual agreements (sale/rental of factories in Lot L).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

**18. LOANS (continued)**

**18.2 Bonds**

As at 31 December 2015, bonds issued by the Company are as follows:

<i>Bond</i>	<i>Type of bond</i>	<i>Number of bonds</i>	<i>Par value VND</i>	<i>Amount (VND)</i>	<i>Interest rate per annum</i>	<i>Duration</i>	<i>Description of collateral</i>
KBC Bond 001	Secured corporate bond issued to Vietnam Joint Stock Commercial Bank for Industry and Trade	2,700,000	100,000	270,000,000,000	10.125%	8 May 2017	All assets which the Company have invested and will invest in the future on the 300 ha of land of Que Vo II Industrial Park and 45 ha of land at Phuc Ninh Residential Area.
	Guarantee fee for KBC Bond 001 issuance			(706,398,000)			
KBC Bond 004	Corporate bond issued to PVcombank	4,000,000	100,000	400,000,000,000	9.2%	31 October 2019	Inventories of Trang Cat Urban and Service Zone Project.
KBC Bond 005	Secured corporate bond issued to Vietnam Investment and Development Bank	3,500,000	100,000	350,000,000,000	9.63%	28 December 2017	12.63 million SGT shares and 16.75 million KBC shares owned by Mr. Dang Thanh Tam and asset to be formed in the future at Quang Chau IZ.
KBC Bond 006	Corporate bond issued to PVcombank	500,000	100,000	50,000,000,000	9.2%	31 October 2019	Inventories of Trang Cat Urban and Service Zone Project.
KBC Bond 007	Corporate bond issued to PVcombank	3,000,000	100,000	300,000,000,000	9.2%	31 October 2019	Inventories of Trang Cat Urban and Service Zone Project.
<b>TOTAL</b>		<b>13,700,000</b>		<b>1,369,293,602,000</b>			

*In which:*

*Bonds due in the next 12 months*

*1,020,000,000,000*

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

## 19. CONVERTIBLE BONDS

Currency: VND

	Beginning balance (Restated)	Movement in the year			Ending balance
		New issuance	Transferred to share capital (*)	Due and not transferred to share capital	
Convertible bonds	886,050,000,000	291,411,000,000	1,177,461,000,000	-	-

(\*) Convertible bonds are recorded at the original cost of the bond after deducting cost of bond issuance.

On 23 December 2014, the Company issued a plan to raise 1,200 convertible bonds in VND, with total par value of VND1,200 billion. Up to 31 December 2014, the Company successfully issued 900 convertible bonds with total amount of VND900 billion. On 14 January 2015, the Company has completed the issue of another VND 300 billion convertible-bond, and has, therefore, completed the issue of VND1,200 billion convertible bonds. These bonds are unsecured, bearing interest at a fixed rate of 8% per annum with payment term of 3 years.

In accordance with conditions and terms of convertible bonds issued by the Company, the bondholders are allowed to convert these bonds into ordinary shares in 05 (five) lots, at stipulated conversion date as follows:

- ▶ 1<sup>st</sup> lot: 1 month after issuance date;
- ▶ 2<sup>nd</sup> lot: 6 months after issuance date;
- ▶ 3<sup>rd</sup> lot: 12 months after issuance date;
- ▶ 4<sup>th</sup> lot: 24 months after issuance date; and
- ▶ 5<sup>th</sup> lot: 36 months after issuance date.

The number of bonds eligible for conversion in each lot is at the discretion of bondholders. Ordinary shares issued on the 1<sup>st</sup> and 2<sup>nd</sup> conversion lot will be restricted from trading within 1 year from issuance date. From the 3<sup>rd</sup> lot, ordinary shares issued are freely traded after the conversion and listing.

Since the number of shares to be converted is not fixed (depending on the market value of the shares at the time of conversion), the management has recorded the entire proceeds from the issuance of convertible bonds as liabilities, rather than bifurcating between the debt component and the equity component on the balance sheet at the time of issuance.

In January 2015, bondholders have decided to convert above bonds to shares of the Company. Accordingly, VND 1,200 billion convertible bonds have been converted into 80 million shares, at the conversion price of 15,000 VND/share. This conversion has increased the Company's share capital by an additional VND 800 billion (80,000,000 shares at the par value of 10,000 VND/share).



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

## 20. OWNERS' EQUITY

### 20.1 Increase and decrease in owners' equity

	Contributed charter capital (*)	Share premium (*)	Treasury shares	Investment and development fund	Undistributed earnings	Total
Currency: VND						
<b>Previous year</b>						
Beginning balance	2,957,111,670,000	611,072,430,000	(364,466,650,000)	2,223,693,823	33,695,676,882	3,239,636,820,705
- Increase	1,000,000,000,000	-	-	-	-	1,000,000,000,000
- Net profit for the year	-	-	-	-	192,586,723,671	192,586,723,671
Ending balance	3,957,111,670,000	611,072,430,000	(364,466,650,000)	2,223,693,823	226,282,400,553	4,432,223,544,376
<b>Current year</b>						
Beginning balance	3,957,111,670,000	611,072,430,000	(364,466,650,000)	2,223,693,823	226,282,400,553	4,432,223,544,376
- Increase in capital (*)	800,000,000,000	377,461,000,000	-	-	-	1,177,461,000,000
- Net profit for the year	-	-	-	-	388,470,453,644	388,470,453,644
Ending balance	4,757,111,670,000	988,533,430,000	(364,466,650,000)	2,223,693,823	614,752,854,197	5,998,154,998,020

(\*) See Note 19.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 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	-	3,957,111,670,000	3,957,111,670,000	-
Share premium	988,533,430,000	988,533,430,000	-	611,072,430,000	611,072,430,000	-
Treasury shares	(364,466,650,000)	(364,466,650,000)	-	(364,466,650,000)	(364,466,650,000)	-
<b>TOTAL</b>	<b>5,381,178,450,000</b>	<b>5,381,178,450,000</b>	<b>-</b>	<b>4,203,717,450,000</b>	<b>4,203,717,450,000</b>	<b>-</b>

## 20.3 Capital transactions with owners and distribution of dividends, profits

Currency: VND

	Current year	Previous year
<b>Contributed capital</b>		
Beginning balance	3,957,111,670,000	2,957,111,670,000
Increase	800,000,000,000	1,000,000,000,000
Decrease	-	-
Ending balance	<u>4,757,111,670,000</u>	<u>3,957,111,670,000</u>
<b>Dividends/profit paid</b>	-	-

## 20.4 Dividends

According to the Resolution of the Annual Shareholders Meeting 2015 No.2704/2015/KBC/NQ-ĐHĐCĐ dated 27 April 2015, the Company will proceed to pay dividends at the rate of 4% of the total shares in circulation of the Company (being 469,760,189 shares), with the value of the stock dividend of VND 187,904,070,000, equivalent to 18,790,407 shares. The Company will use the undistributed net profits after tax attributable to shareholders of the parent company as reported in the 2014 financial statements to issue new shares. However, the issue of such stock dividends has not been completed as at the date of these separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

20. OWNERS' EQUITY (continued)

20.5 Shares

	Ending balance		Beginning balance	
	Shares	Par value (VND)	Shares	Par value (VND)
<b>Issued shares</b>	<b>475,711,167</b>	<b>4,757,111,670,000</b>	<b>395,711,167</b>	<b>3,957,111,670,000</b>
<b>Issued and paid-up shares</b>	<b>475,711,167</b>	<b>4,757,111,670,000</b>	<b>395,711,167</b>	<b>3,957,111,670,000</b>
<i>Ordinary shares</i>	475,711,167	4,757,111,670,000	395,711,167	3,957,111,670,000
<i>Preferred shares</i>	-	-	-	-
<b>Treasury shares</b>	<b>5,950,978</b>	<b>59,509,780,000</b>	<b>5,950,978</b>	<b>59,509,780,000</b>
<i>Ordinary shares</i>	5,950,978	59,509,780,000	5,950,978	59,509,780,000
<i>Preferred shares</i>	-	-	-	-
<b>Shares in circulation</b>	<b>469,760,189</b>	<b>4,697,601,890,000</b>	<b>389,760,189</b>	<b>3,897,601,890,000</b>
<i>Ordinary shares</i>	469,760,189	4,697,601,890,000	389,760,189	3,897,601,890,000
<i>Preference shares</i>	-	-	-	-

Par value of outstanding share: VND10,000/share (2014: VND10,000/share).

21. REVENUE

21.1 Revenue from sales of goods and rendering of services

	Currency: VND	
	Current year	Previous year
<b>Gross revenue</b>	<b>410,905,086,146</b>	<b>487,608,490,050</b>
<i>Of which:</i>		
Revenue from lease of land and infrastructures (*)	125,890,401,298	189,551,793,479
Revenue from sale of factories	224,685,952,000	229,531,415,000
Revenue from warehouse, building and office lease	5,885,098,254	26,634,865,743
Revenue from supply of clean water, electricity, management service, waste water treatment supply	54,443,634,594	41,890,415,828
<b>Less</b>		
Sales returns	-	-
<b>Net revenue</b>	<b>410,905,086,146</b>	<b>487,608,490,050</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

21. REVENUE (continued)

21.1 Revenue from sales of goods and rendering of services (continued)

(\*) During the year, the Company has recorded revenue from long-term lease of land with infrastructure in the industrial parks in the separate 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 land lease term, the impacts to revenue, cost of goods sold and services rendered and profit before and after corporate income tax of the Company are as follows:

	Currency: VND	
	<i>Revenue recognized in full at the handover date</i>	<i>Revenue is amortized over the lease term</i>
Revenue from sales of goods sold and services rendered	410,905,086,146	286,886,186,646
<i>In which:</i>		
<i>Revenue from lease of land and infrastructures (*)</i>	<u>125,890,401,298</u>	<u>3,312,905,297</u>
Cost of goods sold and services rendered	<u>(140,177,369,285)</u>	<u>(125,542,156,724)</u>
Gross profit from sales of goods sold and services rendered	270,727,716,861	162,785,433,421
Profit before tax	477,087,481,552	369,145,198,112
Current corporate income tax expenses	(88,825,088,158)	(73,144,268,988)
Deferred tax income/(expense)	208,060,250	(15,040,969,345)
Net profit after tax	<u>388,470,453,644</u>	<u>280,528,170,204</u>

21.2 Finance income

	Currency: VND	
	<i>Current year</i>	<i>Previous year</i>
Gain on transfer of financial investments (*)	289,800,000,000	106,950,000,000
Interest income on outstanding receivables from sale of land and factories (**)	19,632,630,216	19,340,455,246
Interest income from deposits	2,088,263,214	1,570,009,575
Gains from securities trading and financial investment activities	1,727,440,000	1,139,594,814
Unrealised foreign exchange gains	576,935,843	-
<b>TOTAL</b>	<u><b>313,825,269,273</b></u>	<u><b>129,000,059,635</b></u>

(\*) This is profit from the transfer of shares in Saigon - Binh Dinh Power Corporation during the year (Note 13.3).

(\*\*) This mostly comprised of the interest on receivable from Kinh Bac Service JSC under the contracts for lease of land and sale of factories.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

## 22. COST OF GOODS SOLD AND SERVICES RENDERED

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Cost leased land and infrastructures	15,030,758,846	40,491,833,667
Cost of factories sold	98,262,928,829	81,063,911,451
Cost of leased warehouses, factories and offices	1,773,841,629	8,241,080,516
Others	25,109,839,981	18,128,855,942
<b>TOTAL</b>	<b><u>140,177,369,285</u></b>	<b><u>147,925,681,576</u></b>

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

	<i>Currency: VND</i>			
	<i>Current year</i>		<i>Previous year</i>	
	<i>Cost of goods sold</i>	<i>Accrual expense</i>	<i>Cost of goods sold</i>	<i>Accrual expense</i>
Long-term land lease with infrastructure	15,030,758,846	5,438,932,317	40,491,833,667	8,793,895,007
<b>TOTAL</b>	<b><u>15,030,758,846</u></b>	<b><u>5,438,932,317</u></b>	<b><u>40,491,833,667</u></b>	<b><u>8,793,895,007</u></b>

## 23. FINANCE EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Loan interest	23,781,816,442	158,373,193,438
Bond issue and guarantee cost	3,165,408,455	10,388,230,849
Provision for long-term investments	7,357,865,202	50,047,250,902
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	975,751,170
Security custody fees	145,250,725	111,335,841
Unrealised foreign exchange losses	-	3,588,622,690
Realised foreign exchange losses	337,059,146	128,413,584
<b>TOTAL</b>	<b><u>42,828,996,818</u></b>	<b><u>223,612,798,474</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

#### 24. SELLINGS EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
General and administrative expenses		
Depreciation	5,237,606,937	4,367,769,772
Labour costs	21,325,525,573	19,383,517,682
External expenses	9,714,457,372	12,557,735,682
Others	6,555,054,852	4,299,069,688
	<b>42,832,644,734</b>	<b>40,608,092,824</b>
Selling expenses		
Purchases of Company's logo	14,901,600,000	-
Consultant and promotion expenses	4,633,071,893	9,169,679,020
Labour cost	2,213,972,118	2,663,813,894
Others	16,000,000	45,600,000
	<b>21,764,644,011</b>	<b>11,879,092,914</b>

#### 25. PRODUCTION AND OPERATING COSTS

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year (restated)</i>
Land, infrastructure, building development and services rendering expenses	100,323,619,822	101,815,871,657
Labour costs	24,649,068,966	25,983,824,222
Depreciation of fixed assets	16,646,945,825	21,565,971,530
Expenses for external services	56,657,889,315	36,785,848,043
Other expenses	6,497,134,102	14,261,351,862
<b>TOTAL</b>	<b>204,774,658,030</b>	<b>200,412,867,314</b>

#### 26. CORPORATE INCOME TAX

The corporate income tax ("CIT") rate applicable to the Company is 22% of profit after tax except for the followings:

For the operating activities at Que Vo I Industrial Park, the Company is obliged to pay Corporate Income Tax ("CIT") with an applicable rate of 10% for the first 15 years of operations and of 20% for the following years. The Company is entitled to an exemption from CIT for four years from 2005 to 2008, and a 50% reduction of the applicable CIT rate for the following nine years. The statutory CIT rate applicable for the year ended 31 December 2015 is 10%, with a 50% reduction.

For the operating activities at Que Vo II Industrial Park, the Company is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operations and of 22% for the following years. The Company is entitled to an exemption from CIT for three years from 2008 to 2010, and a 50% reduction of the applicable CIT rate for the following seven years from 2011 to 2017. The statutory CIT rate applicable for the year ended 31 December 2015 is 10%, with a 50% reduction.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

## 26. CORPORATE INCOME TAX (continued)

For leasing factories in industrial zone, the Company is obliged to pay corporate income tax at the rate of 15% for the first 12 years of operation and of 20% for the following years. The Company is entitled to an exemption from CIT for the three years from 2005 to 2007, and a 50% reduction of the applicable CIT rate for the following seven years from 2008 to 2014. The statutory CIT rate applicable for the year ended 31 December 2015 is 22%.

The tax returns filed by Company 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 separate financial statements could change at a later date upon final determination by the tax authorities.

### 26.1 CIT expenses

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Current CIT expenses	88,825,088,158	208,054,254
Deferred CIT income	(208,060,250)	(208,054,254)
<b>TOTAL</b>	<b>88,617,027,908</b>	<b>-</b>

### 26.2 Current CIT

The current tax payable is based on taxable profit for the year. The taxable profit of the Company for the year differs from the profit as reported in the separate 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 Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

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

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
<b>Profit before tax</b>	<b>477,087,481,552</b>	<b>192,586,723,671</b>
<b>Adjustments to increase/(decrease)accounting profit</b>		
<i>Adjustments to increase</i>		
Non-deductible expenses	15,524,312,785	482,271,000
Taxable income from previous years' land leasing activities which is taxable in the current year	4,161,204,996	4,161,204,996
<b>Adjusted net profit before loss carried forward</b>	<b>496,772,999,333</b>	<b>197,230,199,667</b>
<i>In which:</i>		
<i>Profit before tax in current year</i>	492,652,574,169	193,086,997,911
<i>Losses before tax in current year (Hochiminh city branch)</i>	(40,779,832)	(18,003,240)
<i>Taxable income from land leasing activities in previous years</i>	4,161,204,996	4,161,204,996
<i>Tax loss carried forward</i>	(80,075,083,631)	(193,086,997,911)
<b>Estimated current taxable income</b>	<b>416,738,695,534</b>	<b>4,161,204,996</b>
<b>Estimated current CIT</b>	<b>88,825,088,158</b>	<b>208,054,254</b>
CIT payable at the beginning of the year	(6,267,075,116)	(6,475,129,370)
CIT paid during the year	-	-
<b>CIT payable/(prepaid) at the end of the year (Note 15)</b>	<b>82,558,013,042</b>	<b>(6,267,075,116)</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

## 26. CORPORATE INCOME TAX (continued)

### 26.3 *Deferred CIT*

The following are the deferred tax assets and liabilities recognised by the Company, and the movements thereon, during the current and previous year:

Currency: VND

	<i>Separate balance sheet</i>		<i>Separate income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
<b>Deferred tax assets</b>				
<b>Deferred tax liabilities</b>				
Deferred tax liabilities arising from allocation of CIT over the lease term of Que Vo II	38,546,591,822	38,754,652,071	208,060,250	208,054,254
	<u>38,546,591,822</u>	<u>38,754,652,071</u>	-	-
<b>Net deferred income tax credit to the separate income statement</b>	-	-	<u>208,060,250</u>	<u>208,054,254</u>

### 26.4 *Unrecognized deferred tax assets*

#### *Tax losses carried forward*

The Company 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 2015, the Company has accumulated losses which are available for offset against future taxable profits. Details are as follows:

Currency: VND

<i>Originating year</i>	<i>Can be utilized up to</i>		<i>Tax loss amount</i>	<i>Utilized up to 31 December 2015</i>	<i>Forfeited</i>	<i>Unutilized at 31 December 2015</i>
2011	2016	(i)	12,781,432,837	(12,781,432,837)	-	
2012	2017	(ii)	216,260,159,914	(216,255,685,478)	-	4,474,436
2013	2018	(ii)	57,504,657,460	(44,124,963,229)	(13,358,056,421)	21,637,810
2014	2019	(ii)	18,003,240	-	-	18,003,240
2015	2020	(ii)	40,779,832	-	-	40,779,832
<b>TOTAL</b>			<u>286,605,033,283</u>	<u>(273,162,081,544)</u>	<u>(13,358,056,421)</u>	<u>84,895,318</u>

(i) Tax loss as assessed by the local tax authority.

(ii) These are estimated tax losses as per the Company's corporate income tax declarations which have not been audited by the local tax authorities as of the date of these separate financial statements.

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



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

## 27. TRANSACTIONS WITH RELATED PARTIES

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

No,	Related party	Relationship
1	Saigon - Bacgiang Industrial Park JSC	Subsidiary
2	Saigon - Hai Phong Industrial Park JSC	Subsidiary
3	Trang Cat One Member Urban Development Company Limited	Subsidiary
4	Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Associate
5	Saigon Telecommunication & Technologies Corporation	Associate
6	Saigon - Hue Investment Joint Stock Company	Associate
7	Scanviwood Joint Stock Company	Associate
8	Saigon - Da Nang Investment Joint Stock Company	Common investor
9	Mr. Dang Thanh Tam	Chairman
10	Ms. Nguyen Thi Thu Huong	General Director
11	Mr. Phan Anh Dung	Deputy General Director

### 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 2015 are unsecured, interest free and will be settled in cash. For the year ended 31 December 2015, the Company 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 Company and its related parties in the year are follows:

Related party	Description	Currency: VND	
		Current year	Previous year
Saigon - Hai Phong Industrial Park JSC	Loan to related party	33,000,000,000	136,929,723,661
	Collection of loan principal	169,929,723,661	-
	Loan from related party	299,470,276,339	201,769,000,000
	Payment of loan principal	-	527,070,276,339
Saigon - Bacgiang Industrial Park JSC	Receivable of KBCbond005 interest	43,539,340,182	56,498,972,603
	Offset of bond interest, bond guarantee fee with outstanding loan principal	43,539,340,182	56,498,972,603
	Loan from related party	23,260,000,000	960,000,000
	Payment of loan principal	31,000,000,000	-
Trang Cat One Member Urban Development Company Limited	Loan to related party	83,900,000,000	-
	Receivable from bond interest	96,274,703,557	59,771,155,069
	Collection of loan principal	-	93,200,000,000
Mr. Dang Thanh Tam	Loan from related party	33,136,871,057	-
	Payment of loan principal	29,287,707,175	-
	Advance	13,679,289,000	38,297,901,111
	Advance clearance	18,289,115,088	33,688,647,105
Saigon Telecommunication & Technologies Corporation	Payment for installation fee of Video Conference System	1,485,599,500	-

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

27. TRANSACTIONS WITH RELATED PARTIES (continued)

As at 31 December 2015, amount due from and to related parties of the Company are follows:

		<i>Currency: VND</i>
<i>Related party</i>	<i>Description</i>	<i>Amount</i>
<b><i>Long-term loan receivables (Note 7)</i></b>		
Trang Cat One Member Urban Development Company Limited (*)	Loan receivable	1,901,132,633,533
Saigon - Bacgiang Industrial Park JSC (**)	Loan receivable (for KBCbond 005)	258,000,000,000
		<b><u>2,159,132,633,533</u></b>
<b><i>Other short-term receivables (Note 8)</i></b>		
Mrs. Nguyen Thi Thu Huong	Advance	3,960,772,420
Mr. Phan Anh Dung	Advance	110,000,000
		<b><u>4,070,772,420</u></b>
<b><i>Other long-term receivables (Note 8)</i></b>		
Trang Cat One Member Urban Development Company Limited	Loan, other construction in progress	172,291,671,329
		<b><u>172,291,671,329</u></b>

(\*) On 1 July 2014, the Company has signed an annex to the Loan Agreement No. 0107/2014/KBC-TCC/PL2 with Trang Cat One Member Urban Development Company Limited to adjust the term of the loan. Thus, the Company will send an announcement stating actual loan principal and loan interest rate to Trang Cat One Member Urban Development Company Limited on a six-monthly basis.

(\*\*) This is the loan provided using proceeds from the issuance of KBC Bond 005, which bear interest rate at 9.63% per annual and will mature on 28 December 2017 (Note 18.2).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

## 27. TRANSACTIONS WITH RELATED PARTIES (continued)

As at 31 December 2015, amount due from and to related parties of the Company are as follows (continued):

		<i>Currency: VND</i>
<i>Related party</i>	<i>Description</i>	<i>Amount</i>
<b>Short-term accrued expenses (Note 16)</b>		
Saigon - Hai Phong Industrial Park JSC	Loan interest payable	4,385,872,097
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company (*)	Loan interest payable	370,691,739
		<b><u>4,756,563,836</u></b>
<b>Long-term accrued expenses (Note 16)</b>		
Saigon - Hai Phong Industrial Park JSC	Loan interest payable	2,887,232,877
		<b><u>2,887,232,877</u></b>
<b>Other short-term trade payables (Note 17)</b>		
Saigon – Bac Giang Investment JSC	Other payables	80,050,248,635
		<b><u>80,050,248,635</u></b>
<b>Short-term loan (Note 18)</b>		
Saigon - Hai Phong Industrial Park JSC (i)	Short-term loan	134,070,276,339
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company (iii)	Short-term loan	112,330,830,000
Saigon – Da Nang Investment JSC (iv)	Current –portion of long-term payable	1,500,000,000
		<b><u>247,901,106,339</u></b>
<b>Long-term loans (Note 18)</b>		
Saigon – Da Nang Investment JSC (ii)	Long-term loan	165,400,000,000
Mr. Dang Thanh Tam (v)	Long-term loan	3,849,163,882
		<b><u>169,249,163,882</u></b>

- (i) This is the short-term loan from Saigon - Hai Phong Industrial Park Corporation which bears interest at 8%/ per month and will mature on 3 August 2016.
- (ii) This is the short-term loan from Saigon - Hai Phong Industrial Park Corporation which bears interest at 8%/ per month and will mature in 2 years from the date of the first withdrawal.
- (iii) 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 2016.
- (iv) This is the short-term loan from Saigon – Da Nang Investment JSC. This loan bears no interest and requires no collateral, which will mature on 10 July 2016.
- (v) This is the long-term loan which is non-interest bearing and requires no collateral based on Loan Agreement No.01/TTMV/KBC-DTT/2015 dated 7 May 2017.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

27. TRANSACTIONS WITH RELATED PARTIES (continued)

As at 31 December 2014, amount due from and to related parties of the Company are as follows:

		<i>Currency: VND</i>
<i>Related party</i>	<i>Description</i>	<i>Amount</i>
<b><i>Other short-term receivable (Note 7)</i></b>		
Saigon - Hai Phong Industrial Park JSC	Interest free loan receivable	136,929,723,661
		<b><u>136,929,723,661</u></b>
<b><i>Other long-term loan receivables (Note 7)</i></b>		
Trang Cat One Member Urban Development Company Limited (**)	Loan receivable	1,817,232,633,533
Saigon - Bacgiang Industrial Park JSC (*)	Loan receivable (for KBC Bond 005)	258,000,000,000
		<b><u>2,075,232,633,533</u></b>
<b><i>Other short-term receivables (Note 8)</i></b>		
Mr. Dang Thanh Tam	Advance	4,609,826,088
Mrs. Nguyen Thi Thu Huong	Advance	3,960,772,420
Mr. Phan Anh Dung	Advance	110,000,000
		<b><u>8,680,598,508</u></b>
<b><i>Other long-term receivables (Note 8)</i></b>		
Trang Cat One Member Urban Development Company Limited	Interest and other construction costs	76,016,967,772
		<b><u>76,016,967,772</u></b>
<b><i>Trade payable (Note 14.1)</i></b>		
Saigon Telecommunication & Technologies Corporation – Bac Ninh Branch	Purchase of goods	17,160,000
		<b><u>17,160,000</u></b>
<b><i>Accrued expenses (Note 16)</i></b>		
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Accrued interest	235,894,743
		<b><u>235,894,743</u></b>
<b><i>Other payable (Note 17)</i></b>		
Saigon - Bacgiang Industrial Park Corporation	Other payable	115,849,588,817
		<b><u>115,849,588,817</u></b>
<b><i>Short-term loan (Note 18)</i></b>		
Saigon – Da Nang Investment Joint Stock Company	Current-portion	1,500,000,000
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Short-term loan	112,330,830,000
		<b><u>113,830,830,000</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

## 27. TRANSACTIONS WITH RELATED PARTIES (continued)

(\*) This is the loan provided using proceeds from issuance of KBC Bond 005. The loan will mature on 28 December 2017.

(\*\*) On 1 July 2014, the Company has signed an annex to the Loan Agreement No. 0107/2014/KBC-TCC/PL2 with Trang Cat One Member Urban Development Company Limited to adjust the term of the loan. Thus, the Company will send an announcement stating actual loan principal and loan interest rate to Trang Cat One Member Urban Development Company Limited on a six-monthly basis.

### Transactions with other related parties

Remuneration to members of the management and Board of Directors:

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Salaries and bonus	5,602,960,000	3,667,829,000
	<u>5,602,960,000</u>	<u>3,667,829,000</u>

## 28. COMMITMENTS AND CONTINGENCIES

### 28.1 Commitments relating to real estate investment projects

#### Commitments relating to the State

- (i) According to Decision 413/QD-UBND issued by 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 m<sup>2</sup> with the estimated total investment capital of US\$ 250,000,000. At the same time, the Company is also obliged to construct a children playground in a rural, poor area within Hanoi with an estimated investment value of US\$1,500,000.
- (ii) According to Decision No. 1526/QD-CT 17 December 2003 and Decision No. 971/QD-UBND 15 July 2009 of the People's Committee of Bac Ninh Province 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 is under 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 hectare of land in 2010, completed the land marking for 47,2 hectare of land in 2013 with the People's Committee of Bac Ninh province and settled the land use fees of VND175,735,431,000 in accordance with the Decision No. 2229/QD-CT of Bac Ninh province at 23 December 2004 which approved the land use fee (phase 1) and the notices of payment of land use fee by the Tax Department of Bac Ninh Province. As at 31 December 2015, the Company is still in the process of completing the land use fee settlement to the People's Committee of Bac Ninh province for the above assigned land.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

## 28. COMMITMENTS AND CONTINGENCIES (continued)

### 28.1 *Commitments relating to real estate investment projects* (continued)

- (iii) From 2003 to 2014, the Company signed a number of land lease agreements with the People's Committee of Bac Ninh province for the land area at Que Vo I Industrial Park and the Extended Que Vo, which is 2,268,388,8 m<sup>2</sup> and 1,652,779 m<sup>2</sup> respectively. As at 31 December 2015, the Company is in the process of working with the relevant authority to determine land rental obligations applicable to the Company. According to the Official Letter No. 323 / BTC-QLCS issued by the Ministry of Finance on 12 January 2015, Que Vo Industrial Park is entitled to land rent exemption for 11 years from the date the project is completed and put into operations.
- (iv) On 10 June 2015, the Company signed land lease agreement with the People's Committee of Bac Ninh province for the land area of 766,858.9 m<sup>2</sup> at Nam Son – Hap Linh Industrial Park. As at 31 December 2015, the Company is still in the process of working with the authority to determine land lease obligation.

#### *Capital expenditure commitments*

As at 31 December 2015, the Company entered into contractual agreements relating to the construction and development of the Que Vo I Industrial Park, Que Vo II Industrial Park, and Phuc Ninh Residential area with a total value of approximately VND 40 billion.

### 28.2 *Guarantee and security*

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.

### 28.3 *Disputes*

#### *Disputes with VTC Wireless Telecommunications Company*

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 ownership interest is 19,2 %. Accordingly, the Company has 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 Company'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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

## 29. RECLASSIFICATION OF CORRESPONDING FIGURES

Certain corresponding figures on the separate financial statements for the year ended 31 December 2014 have been reclassified to reflect the presentation of the current year's separate financial statements in accordance with Circular 200. Details are as follows:

		<i>Currency: VND</i>			
<i>Code</i>	<i>Items</i>	<i>Note</i>	<i>31 December 2014 (previously presented)</i>	<i>Reclassification</i>	<i>31 December 2014 (reclassified)</i>
<b>Separated balance sheet</b>					
135	Short-term loan receivables	(i)	-	187,729,723,661	187,729,723,661
136	Other short-term receivables	(i)	251,573,314,760	(178,700,024,227)	72,873,290,533
155	Other current assets	(ii)	23,715,099,434	(23,715,099,434)	-
215	Long-term loan receivables	(iii)	-	2,089,918,033,533	2,089,918,033,533
216	Other long-term receivables	(iii)	2,151,249,601,305	(2,075,172,633,533)	76,076,967,772
261	Long-term prepaid expenses	(iv)	19,364,980,908	(18,997,419,829)	367,561,079
268	Other long-term assets	(v)	60,000,000	(60,000,000)	-
315	Short-term accrued expenses	(vi)	784,427,627,466	(573,779,452,057)	210,648,175,409
319	Other short-term payables	(vii)	321,572,872,254	(55,500,000,002)	266,072,872,252
333	Long-term accrued expenses	(vi)	-	573,779,452,057	573,779,452,057
337	Other long-term liabilities	(vii)	1,903,046,982	54,548,032,040	56,451,079,022
338	Long-term loans and finance lease obligations	(viii)	2,353,446,666,680	(905,047,419,829)	1,448,399,246,851
339	Convertible bonds	(viii)	-	886,050,000,000	886,050,000,000
342	Other long-term provisions	(ix)	-	951,967,962	951,967,962
<b>Separate cash flow statement</b>					
09	Decrease in receivables	(x)	(216,122,532,597)	(5,517,050,957)	(221,639,583,554)
16	Other cash outflows from operating activities	(x)	(5,517,050,957)	5,517,050,957	-

- (i) These are loans of Kinh Bac City Development Holding Corporation to other entities, which are reclassified from other short-term receivables to short-term loan receivables;
- (ii) These are advances to employees and deposits, which are reclassified into other short-term receivables;
- (iii) There are loans of Kinh Bac City Development Holding Corporation to other entities, which are reclassified from other long-term receivables to long-term loan receivables;
- (iv) This is the convertible bond issue costs and bond guarantee fee which are deducted against long-term loans and finance leases;
- (v) There are deposits to supplier, which are reclassified from other long-term current assets to other long-term receivables;


NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2015 and for the year then ended

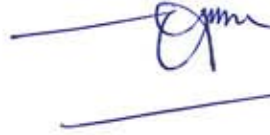
**29. RECLASSIFICATION OF CORRESPONDING FIGURES (continued)**

- (vi) There are accrual of loan interest of bond 003, 004, 006 and 007, which is reclassified from short-term accrued expenses to long-term accrued expenses after agreement with the bondholders;
- (vii) This is deposit from Cholimex Company for Phuc Ninh urban, which is reclassified from other short-term payables to other long-term payables;
- (viii) These are loans and convertible bond issuance costs, which are reclassified to convertible bond;
- (ix) These are provisions for unemployment allowance, which are reclassified to long-term provision.
- (x) This deposit is reclassified from "Other cash outflows from operating activities" to "Decrease in receivables".

**30. EVENTS AFTER THE BALANCE SHEET DATE**

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

  
\_\_\_\_\_  
Luu Phuong Mai  
Preparer

  
\_\_\_\_\_  
Pham Phuc Hieu  
Chief Accountant

  
\_\_\_\_\_  
Nguyen Thi Thu Huong  
General Director



24 March 2016