

KinhBac City Development Holding Corporation

Separate financial statements

31 December 2016



KinhBac City Development Holding Corporation

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KinhBac City Development Holding Corporation

GENERAL INFORMATION

THE COMPANY

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

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

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

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

BOARD OF DIRECTORS

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

Mr Dang Thanh Tam	Chairman
Ms Nguyen Thi Thu Huong	Member
Mr Ngo Manh Hung	Member
Mr Huynh Phat	Member
Mr Pham Phuc Hieu	Member

BOARD OF SUPERVISION

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

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

Resigned on 16 August 2016

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

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 by Mr Dang Thanh Tam to sign the separate financial statements for the year ended 31 December 2016.

AUDITORS

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

KinhBac City Development Holding Corporation

REPORT OF MANAGEMENT

Management of KinhBac City Development Holding Corporation ("the Company") is pleased to present its report and the separate financial statements of the Company for the year ended 31 December 2016.

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 financial position of the Company and of the results of its operations and its 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 2016 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 preparation and presentation of separate financial statements.

For and on behalf of management:



Nguyen Thi Thu Huong
General Director

Bac Ninh, Vietnam

14 March 2017



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Reference: 607/4739/18493823

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 14 March 2017 and set out on pages 6 to 48, which comprise the separate balance sheet as at 31 December 2016, and the separate income statement and the 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 the 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 Company'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 Company'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 2016, 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 the presentation of separate financial statements.



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Emphasis of matter

We draw attention to Note 2.1 of the separate financial statements. The Company prepared the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2016 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 14 March 2017 expressed an unmodified opinion .

Our opinion is not modified in respect of this matter.

Ernst & Young Vietnam Limited




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



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

Hanoi, Vietnam

14 March 2017

SEPARATE BALANCE SHEET
as at 31 December 2016

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		3,233,872,139,517	2,880,877,941,745
110	i. Cash and cash equivalents	4	34,304,041,296	42,339,925,481
111	1. Cash		22,404,041,296	37,339,925,481
112	2. Cash equivalents		11,900,000,000	5,000,000,000
120	ii. Short-term investments	5	1,235,586,230	1,738,191,200
121	1. Held-for-trading securities		7,490,461,369	7,490,461,369
122	2. Provision for held-for-trading securities		(6,254,875,139)	(5,752,270,169)
130	iii. Current accounts receivable		1,785,079,716,605	1,400,308,410,127
131	1. Short-term trade receivables	6.1	391,707,171,286	182,147,291,535
132	2. Short-term advances to suppliers	6.2	427,326,733,012	354,606,940,872
135	3. Short-term loan receivables	7	119,209,020,811	800,000,000
136	4. Other short-term receivables	8	854,171,829,146	870,018,660,620
137	5. Provision for doubtful short-term receivables	6.3	(7,335,037,650)	(7,264,482,900)
140	IV. Inventories	9	1,411,506,419,638	1,436,473,528,280
141	1. Inventories		1,411,506,419,638	1,436,473,528,280
150	V. Other current assets		1,746,375,748	17,886,657
151	1. Short-term prepaid expenses		1,728,309,091	-
152	2. Value-added tax deductible		18,066,657	17,886,657

SEPARATE BALANCE SHEET (continued)
as at 31 December 2016

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		6,495,187,255,222	6,449,931,369,325
210	I. Long-term receivables		2,559,982,112,902	2,686,840,884,683
211	1. Long-term trade receivables	6.1	211,863,915,704	332,305,529,704
215	2. Long-term loan receivables	7	1,951,832,633,533	2,166,826,333,533
216	3. Other long-term receivables	8	396,285,563,665	187,710,021,446
220	II. Fixed assets		86,782,219,855	96,973,620,094
221	1. Tangible fixed assets	10	86,782,219,855	96,973,620,094
222	Cost		178,687,826,946	173,690,725,238
223	Accumulated depreciation		(91,905,607,091)	(76,717,105,144)
227	2. Intangible fixed assets		-	-
228	Cost		36,958,000	36,958,000
229	Accumulated amortisation		(36,958,000)	(36,958,000)
240	III. Long-term assets in progress		115,038,553,515	234,740,661,548
242	1. Construction in progress	11	115,038,553,515	234,740,661,548
230	IV. Investment properties		68,431,657,532	-
231	1. Cost	12	68,431,657,532	-
250	V. Long-term investments	14	3,664,325,227,018	3,429,067,802,189
251	1. Investment in subsidiaries	14.1	2,894,189,897,744	2,749,066,314,000
252	2. Investments in jointly controlled entities and associates	14.2	723,655,091,074	723,655,091,074
253	3. Investment in other entities	14.3	448,500,200,000	452,867,200,000
254	4. Provision for diminution in value of long-term investments		(402,019,961,800)	(496,520,802,885)
260	VI. Other long-term assets		627,484,400	2,308,400,811
261	1. Long-term prepaid expenses		627,484,400	2,308,400,811
270	TOTAL ASSETS		9,729,059,394,739	9,330,809,311,070

SEPARATE BALANCE SHEET (continued)
as at 31 December 2016

Currency: VND

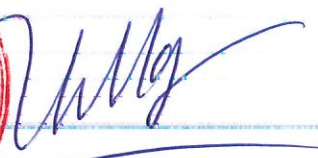
Code	ASSETS	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		3,397,271,319,344	3,332,654,313,050
310	I. Current liabilities		1,997,199,321,456	2,016,993,145,713
311	1. Short-term trade payables	15.1	53,649,599,129	31,796,058,861
312	2. Short-term advances from customers	15.2	713,183,552,330	294,807,228,734
313	3. Statutory obligations	16	104,892,958,728	123,742,429,172
314	4. Payables to employees		28,928,000	51,428,000
315	5. Short-term accrued expenses	17	211,480,827,583	210,107,062,599
319	6. Other short-term payables	18	88,593,857,611	83,131,134,223
320	7. Short-term loans	19	821,066,218,742	1,269,234,424,791
322	8. Bonus and welfare fund		4,323,379,333	4,323,379,333
330	II. Non-current liabilities		1,400,071,997,888	1,315,661,167,337
333	1. Long-term accrued expenses	17	752,634,304,581	672,941,388,491
337	2. Other long-term liabilities	18	61,950,580,036	56,694,272,880
338	3. Long-term loans	19	546,196,613,739	546,526,946,182
341	4. Deferred tax liabilities	26.3	38,338,531,570	38,546,591,822
342	5. Long-term provisions		951,967,962	951,967,962
400	D. OWNERS' EQUITY		6,331,788,075,395	5,998,154,998,020
410	I. Capital	20	6,331,788,075,395	5,998,154,998,020
411	1. Share capital		4,757,111,670,000	4,757,111,670,000
411a	- Shares with voting rights		4,757,111,670,000	4,757,111,670,000
412	2. Share premium		988,533,430,000	988,533,430,000
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		948,385,931,572	614,752,854,197
421a	- Undistributed earnings up to end of prior year		614,752,854,197	226,282,400,553
421b	- Undistributed earnings of current year		333,633,077,375	388,470,453,644
440	TOTAL LIABILITIES AND OWNERS' EQUITY		9,729,059,394,739	9,330,809,311,070



Luu Phuong Mai
Preparer



Pham Phuc Hieu
Deputy General Director and
Chief Accountant


Nguyen Thi Thu Huong
General Director


14 March 2017

SEPARATE INCOME STATEMENT
for the year ended 31 December 2016

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	21.1	353,321,179,166	410,905,086,146
02	2. Deductions	21.1	-	-
10	3. Net revenue from sale of goods and rendering of services	21.1	353,321,179,166	410,905,086,146
11	4. Cost of goods sold and services rendered	22	(73,339,644,528)	(140,177,369,285)
20	5. Gross profit from sale of goods and rendering of services		279,981,534,638	270,727,716,861
21	6. Finance income	21.2	211,441,191,878	313,825,269,273
22	7. Finance expenses	23	(5,437,299,410)	(42,828,996,818)
23	<i>In which: Interest expenses</i>		(99,309,867,914)	(28,722,879,897)
25	8. Selling expenses	24	(13,815,527,773)	(21,764,644,011)
26	9. General and administrative expenses	24	(52,964,873,856)	(42,832,644,734)
30	10. Operating profit		419,205,025,477	477,126,700,571
31	11. Other income		4,491,350,982	19,562,032
32	12. Other expenses		(214,080,956)	(58,781,051)
40	13. Other profit/(loss)		4,277,270,026	(39,219,019)
50	14. Accounting profit before tax		423,482,295,503	477,087,481,552
51	15. Current corporate income tax expenses	26.1	(90,057,278,380)	(88,825,088,158)
52	16. Deferred tax income	26.3	208,060,252	208,060,250
60	17. Net profit after tax		333,633,077,375	388,470,453,644


Luu Phuong Mai
Preparer


Pham Phuc Hieu
Deputy General Director and
Chief Accountant


Nguyen Thi Thu Huong
General Director

14 March 2017

KinhBac City Development Holding Corporation

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SEPARATE CASH FLOW STATEMENT for the year ended 31 December 2016

		Currency: VND		
Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		423,482,295,503	477,087,481,552
	<i>Adjustments for:</i>			
02	Depreciation of fixed assets		15,188,501,947	16,646,945,825
03	Provisions		(93,927,681,365)	7,688,416,036
04	Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currency		(105,981,613)	(576,935,843)
05	Profits from investing activities	21.2	(211,331,240,828)	(313,248,333,430)
06	Interest expenses	23	99,309,867,914	28,722,879,897
08	Operating profit before changes in working capital		232,615,761,558	216,318,454,036
09	Increase in receivables		(243,642,626,934)	(62,089,812,850)
10	Decrease/(increase) in inventories		24,967,108,642	(10,181,957,404)
11	Increase/(decrease) in payables (other than interest, corporate income tax)		430,719,763,610	(14,849,423,371)
12	Increase in prepaid expenses		286,780,719	(1,940,839,732)
13	Interest paid		(61,897,813,413)	(103,339,103,544)
14	Corporate income tax paid		(88,111,806,746)	-
20	Net cash flows from operating activities		294,937,167,436	23,917,317,135
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets and other long-term assets		(55,621,806,315)	(34,268,963,254)
22	Proceeds from disposals of fixed assets and other long-term assets		2,500,000,000	-
23	Loans to other entities and payments for purchase of debt instruments of other entities		(50,000,000,000)	(116,900,000,000)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		160,157,899,189	226,922,423,661
25	Payments for investments in other entities		(191,690,284,000)	-
26	Proceeds from sale of investments in other entities		278,279,899,189	148,283,000,000
27	Interest and dividends received		2,217,561,721	3,815,703,214
30	Net cash flows from investing activities		145,843,269,784	227,852,163,621

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

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		225,070,679,100	660,591,327,696
34	Repayment of borrowings		(673,885,504,334)	(951,189,929,407)
40	Net cash flows used in financing activities		(448,814,825,234)	(290,598,601,711)
50	Net decrease in cash and cash equivalents for the year		(8,034,388,014)	(38,829,120,955)
60	Cash and cash equivalents at the beginning of the year		42,339,925,481	81,177,184,342
61	Impact of exchange rate fluctuation		(1,496,171)	(8,137,906)
70	Cash and cash equivalents at the end of the year	4	34,304,041,296	42,339,925,481



Luu Phuong Mai
Preparer



Pham Phuc Hieu
Deputy General Director and
Chief Accountant




Nguyen Thi Thu Huong
General Director

14 March 2017

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
as at 31 December 2016 and for the year then ended

1. CORPORATE INFORMATION

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

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

Business cycle of the Company starts from the acquisition of investment license, land clearance, infrastructure construction of industrial 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 Ho Chi Minh branch is located at 20 Phung Khac Khoan, Da Kao Ward, No. 1 District, Ho Chi Minh City.

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

The total number of employees as at 31 December 2016 was 162 (31 December 2015: 159).

Corporate structure

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

No	Company's name	Voting right (%)	Equity interest (%)	Head office	Main activities
1	Saigon - Bacgiang Industrial Park JSC	79.50	76.81	Quang Chau Industrial Park, Quang Chau commune, Viet Yen district, Bac Giang province	Investment, building and trading real estates
2	Saigon - Hai Phong Industrial Park JSC	86.54	86.54	Trang Due Industrial Park, Le Loi commune, An Duong district, Hai Phong city	Investment, building and trading real estates
3	Norlhwest Saigon City Development JSC	63.02	62.68	Tram Bom, National Road No. 22, Tan Phu Trung, Cu Chi, Ho Chi Minh city	Investment, building and trading real estates
4	Trang Cat Urban Development One Member Limited Company	100	100	Bai Trieu Area, Trang Cat Commune, Hai An District, in Dinh Vu - Cat Hai Economical Zone, Hai Phong city	Investment, building and trading real estates
5	Lotus Hotel Development Sole Member Company Limited	100	100	No. 100 An Trach street, Quoc Tu Giam ward, Dong Da district, Ha Noi city	Trading real estates

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

2. BASIS OF PREPARATION

2.1 Purpose of preparation the separate financial statements

KinhBac City Development Holding Corporation has the subsidiaries as disclosed in Note 1. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 155/2015/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 2016 on 14 March 2017.

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

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

2.3 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 2016 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Cash and cash equivalents*

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

3.2 *Inventories*

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

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

Net realisable value 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 separate balance sheet date.

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

3.3 *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 or decreases to the provision balance are recorded as general and administrative expense in the separate income statement.

3.4 *Tangible fixed assets*

~~Tangible fixed assets are stated at cost less accumulated depreciation.~~

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *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.

3.6 *Depreciation and amortisation*

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

Buildings and structures (including 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.

3.7 *Investment properties*

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

Subsequent expenditure relating to an investment property that has already been recognized is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing Investment property, will flow to the 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 and warehouses	8 years
Land and infrastructure development cost	40 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 *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 expenses:

- ▶ Prepaid rental expenses are amortised over the lease period; and
- ▶ Other long-term prepaid expenses are amortised over 1 to 3 years.

3.9 *Investments*

Investment in subsidiaries

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

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

Investment in associates

Investments in associates over which the Company has significant influence are accounted for under the cost method of accounting.

Distributions from the accumulated net profits of the associates arising subsequent to the date of acquisition by the Company are recognized as income 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 held-for-trading securities and other investments

Provision is made for any diminution in value of the held-for-trading securities and investments in capital of other entities at the separate balance sheet date in accordance with the guidance under Circular 228/2009/TT-BTC dated 7 December 2009 and amended Circular 89/2013/TT-BTC dated 28 June 2013 and Circular 200/2014/TT-BTC dated 22 December 2014 by the Ministry of Finance. Increases or 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 *Borrowing costs*

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

~~Borrowing costs are recorded as expense during the period 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.

3.11 *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.

3.12 *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. Increase or decrease to the accrued amount other than actual payment to employee 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.

3.13 *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 commercial banks designated for payment; and
- ▶ Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 *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.

3.15 *Appropriation of net profits*

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to shareholders in the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnamese'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.

Investment and development fund

This fund is set aside for use in the Company'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.

3.16 *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 Company 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 *Revenue recognition* (continued)

Gains from securities trading and capital transfer

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

Revenue from project transfer

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

Interest

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

Dividends

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

3.17 *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.

3.18 *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 offset current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 *Taxation* (continued)

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

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

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

The carrying amount of deferred tax assets is reviewed at each 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 is 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 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.

4. CASH AND CASH EQUIVALENTS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	4,110,727,392	183,829,311
Cash at banks	18,293,313,904	37,156,096,170
Cash equivalents (*)	11,900,000,000	5,000,000,000
TOTAL	<u>34,304,041,296</u>	<u>42,339,925,481</u>

(*) Cash equivalents as at 31 Dec 2016 represent time deposits at Vietnam Joint Stock Commercial Bank for Industry and Trade - Que Vo Branch with term from 1 month to 3 months and earn interest rates from 4.3% to 4.8% per annum.

Additional information regarding the separate cash flow statement:

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Significant non-cash transactions that are excluded from the cash flow statement in the future:		
Conversion of debt to equity		- 1,200,000,000,000
Actual cash received from loans		
- Cash received from normal loan agreements	226,070,679,100	360,591,327,696
- Cash received from issuance of convertible bonds		- 300,000,000,000
Actual cash payment of loans		
- Cash payment for normal loan agreements	203,885,504,334	121,189,929,407
- Cash payment for principal of bonds	470,000,000,000	830,000,000,000

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

5. SHORT-TERM INVESTMENTS

Currency: VND

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

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

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Trade receivables

Currency: VND

	Ending balance	Beginning balance
Short-term		
- KCT Engineering Corporation (*)	218,749,608,000	-
- Sai Gon Investment JSC (**)	104,130,000,000	104,130,000,000
- Kinh Bac Service JSC (***)	40,000,000,000	40,000,000,000
Other customers	28,827,563,286	38,017,291,535
	391,707,171,286	182,147,291,535
Long-term		
- Kinh Bac Service JSC (***)	211,863,915,704	332,305,529,704
	211,863,915,704	332,305,529,704

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

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

(***) These are 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 Zone. These receivables are committed to be paid no later than 31 December 2018, earning interest at 8-9% per annum.

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

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)

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)	420,788,273,570	320,336,319,170
- Foster and Partners Limited Company (ii)	-	25,961,600,000
Other advance to suppliers	6,540,459,442	8,309,021,702
TOTAL	<u>427,326,733,012</u>	<u>354,606,940,872</u>

- (i) The Company 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 advanced to Foster and Partners Limited Company for the design of Hanoi Lotus Hotel Project. On 22 June 2016, the Company used this advance as capital contribution to Lotus Hotel Development Sole Member Company Limited (Note 12).

6.3 *Provision for trade receivables*

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

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	7,264,482,900	17,530,932,067
Provision made for the year	121,555,000	328,550,833
Reversal of provision for doubtful debts	(51,000,250)	(3,390,400,000)
Other decrease	-	(7,204,600,000)
Ending balance	<u>7,335,037,650</u>	<u>7,264,482,900</u>
<i>In which:</i>		
Provision for short-term receivables	6,835,037,650	6,764,482,900
Provision for loan receivables	500,000,000	500,000,000

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

7. OTHER LOAN RECEIVABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Receivables from related parties (Note 27)	111,416,320,811	-
Kinh Bac Investment and Consulting JSC (**)	6,992,700,000	-
Saigon-Tay Ninh Industrial Park JSC	300,000,000	300,000,000
Saigon Tourism JSC	500,000,000	500,000,000
	<u>119,209,020,811</u>	<u>800,000,000</u>
Long-term		
Receivable from related parties (Note 27)	1,901,132,633,533	2,159,132,633,533
Vien Dong Real Estate and Property JSC (*)	50,000,000,000	-
Kinh Bac Investment and Consulting JSC (**)	-	6,992,700,000
Construction Project Management Unit of Bac Ninh City (Bac Ninh People's Committee)	700,000,000	700,000,000
	<u>1,951,832,633,533</u>	<u>2,166,825,333,533</u>

(*) This is a loan receivables with interest rate of 10,5% per annum which will be due on 30 December 2018.

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

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

8. OTHER RECEIVABLES

Currency: VND

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Short-term				
Receivable from share transfer				
(i)	549,714,032,444	-	672,730,000,000	-
Advance to PVcomBank for investment purchase	191,690,284,000	-	-	-
Receivables from Kinh Bac Investment and Consulting JSC relating to the liabilities with SGI - Lao Hydro Power JSC (ii)	21,766,558,152	-	151,146,558,152	-
Receivable from related parties (Note 27)	46,810,136,608	-	4,070,772,420	-
Receivables from Bac Ninh's People Committee for land rental support (iii)	19,440,000,000	-	19,440,000,000	-
Deposit receivable (iv)	12,851,128,404	-	12,851,128,404	-
Van Duong Commune People's Committee	3,327,780,000	-	2,228,672,000	-
Other short-term receivables	8,571,309,538	-	7,551,529,644	-
	854,171,829,146	-	870,018,660,620	-
Long-term				
Receivable from related parties (Note 27)	355,300,428,072	-	172,291,671,329	-
Kinh Bac Service JSC (v)	40,925,135,593	-	15,358,350,117	-
Other long-term receivables	60,000,000	-	60,000,000	-
	396,285,563,665	-	187,710,021,446	-

- (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 the Contract dated 22 June 2015 and 15 December 2015.
- (ii) According to the minutes of General Shareholders Meeting dated 1 July 2015, SGI - Lao Hydro Power JSC decided to dissolve and return the contributed capital to the Company with the amount of VND 185,586,558,152. This receivable, however, was transferred to Kinh Bac Investment and Consulting JSC under three-party offsetting minutes on 3 July 2015.
- (iii) According to the minutes of interdisciplinary meeting between the Finance Department of Bac Ninh Province, the Department of Planning and Investment of Bac Ninh Province, the Department of Natural Resources and Environment of Bac Ninh Province, the Management Board of Industrial Zones and the Company dated 14 August 2007 and the Decision No. 1951/QĐ-UBND on support of investment capital for enterprises dated 31 December 2007, the People's Committee of Bac Ninh Province is committed to supporting on land rental rates for Que Vo Industrial Park project. Accordingly, the capital support available to the Company is VND 19.44 billion which will be used for the construction of waste water treatment plant at Que Vo Industrial Park.
- (iv) This is the deposit to Hanoi Agriculture Investment and Development One Member Co., Ltd. in accordance with Contract No.128/2010/HĐ-HTKD dated 29 June 2010 to co-operate to develop a complex of trade center, offices, luxury houses, ecotourism, villas, garden houses, apartment units at Minh Khai Commune, Tu Liem District, Ha Noi.
- (v) This represents the interest on deferred payment for long-term lease of land and sale of factories to Kinh Bac Service JSC.

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

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	824,899,200,580	-	791,241,769,241	-
Que Vo II Industrial Park	288,590,532,478	-	337,106,227,151	-
Nam Son - Hap Linh Industrial Park	234,647,430,022	-	206,869,480,433	-
Que Vo I Industrial Park	50,222,049,281	-	64,211,681,110	-
Houses for low - income residents	-	-	23,897,163,067	-
Other projects	13,147,207,277	-	13,147,207,278	-
TOTAL	1,411,506,419,638	-	1,436,473,528,280	-

Work in progress of the Company as at 31 December 2016 comprises land clearance and land compensation costs, infrastructure development cost, capitalized borrowing costs and allocated overhead which incurred for the development of Que Vo I Industrial Park, Que Vo II Industrial Park, Phuc Ninh Urban Area, Nam Son - Hap Linh Industrial Park 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 19.

KinhBac City Development Holding Corporation

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

10. TANGIBLE FIXED ASSETS

Currency: VND

	Buildings and structures (including cost of land development and infrastructure)	Machinery and equipment	Transportations	Office equipment	Others	Total
Cost:						
Beginning balance	132,813,487,450	5,177,115,945	28,746,036,651	6,165,703,374	788,381,818	173,690,725,238
- Newly purchased	-	259,636,362	3,956,666,908	187,447,818	-	4,403,751,088
- Transfer from construction in progress	593,350,620	-	-	-	-	593,350,620
Ending balance	133,406,838,070	5,436,752,307	32,702,703,559	6,353,151,192	788,381,818	178,687,826,946
<i>In which:</i>						
Fully depreciation	5,032,705,679	1,223,291,668	8,321,488,728	1,942,846,748	788,381,818	17,308,714,641
Accumulated depreciation:						
Beginning balance	53,630,434,153	3,509,248,550	14,768,360,169	4,049,567,953	755,494,319	76,717,105,144
- Depreciation for the year	11,249,434,586	487,751,888	2,697,385,619	725,042,355	28,887,499	15,188,501,947
Ending balance	64,879,868,739	3,997,000,438	17,465,745,788	4,774,610,308	788,381,818	91,905,607,091
Net carrying amount:						
Beginning balance	79,183,053,297	1,667,867,395	13,977,676,482	2,116,135,421	26,887,499	96,973,620,094
Ending balance	68,526,969,331	1,439,751,869	15,236,957,771	1,578,540,884	-	86,782,219,855

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

11. CONSTRUCTION IN PROGRESS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Hanoi Diplomatic Area (*)	108,555,116,818	108,555,116,818
Que-Vo-Industrial Park	4,516,537,647	4,592,921,893
Bac Giang Thermal Power Plant	3,116,503,893	3,116,503,893
Hanoi Lotus Hotel Project (**)	-	119,161,983,744
Other construction in progress	850,395,157	1,314,135,200
TOTAL	115,038,553,515	234,740,661,548

(*) In accordance with the contract for transfer of infrastructure works No. 2592/2009/HANCORP-KBC dated 5 October 2009, Hanoi Construction Corporation transferred the existing infrastructure works to the Company for further development of a complex of offices, representative offices for international agencies located at Hanoi Diplomatic Area.

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

12. INVESTMENT PROPERTIES

	<i>Currency: VND</i>	
	<i>Factories (including land and infrastructure development cost)</i>	
Cost:		
Beginning balance		-
Transfer from construction in progress		68,431,657,532
Ending balance		68,431,657,532
Accumulated depreciation and amortisation:		
Beginning balance		-
Amortization for the year		-
Ending balance		-
Net carrying amount:		
Beginning balance		-
Ending balance		68,431,657,532

Investment properties comprise factories of lot L4, 5, 8 and 9 at Que Vo Industrial Park, which are held for operating lease and used as collateral for long-term loans at Vietnam Joint Stock Commercial Bank for Industry and Trade - Que Vo Branch, as presented in Note 19.1.

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

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

13. CAPITALIZED BORROWING COSTS

During the year, the Company capitalized borrowing costs amounting to VND 22.59 billion. These costs relate to borrowings taken to finance the construction of Que Vo II Industrial Park, Nam Son - Hap Linh Industrial Park and Phuc Ninh Urban Area.

14. LONG-TERM INVESTMENTS

		<i>Currency: VND</i>	
	<i>Notes</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Investments in subsidiaries	14.1	2,894,189,897,744	2,749,066,314,000
Investments in associates	14.2	723,655,091,074	723,655,091,074
Other long-term investments	14.3	448,500,200,000	452,867,200,000
Provision for long-term investments		<u>(402,019,961,800)</u>	<u>(496,520,802,885)</u>
TOTAL		<u>3,664,325,227,018</u>	<u>3,429,067,802,189</u>

14.1 Investments in subsidiaries

	<i>Ending balance</i>			<i>Beginning balance</i>		
	<i>% of voting rights</i>	<i>No. of shares</i>	<i>Net book value (VND)</i>	<i>% of voting rights</i>	<i>No. of shares</i>	<i>Net book value (VND)</i>
Trang Cat Urban Development One Member Company Limited	100%	-	1,500,000,000,000	100%	-	1,500,000,000,000
Northwest Saigon city Development JSC	63.02%	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
Lotus Hotel Development Sole Member Company Limited (*)	100%	-	145,123,583,744	-	-	-
Saigon - Bacgiang Industrial Park JSC	79.50%	1,309,000	119,000,000,000	59.50%	1,309,000	119,000,000,000
TOTAL			<u>2,894,189,897,744</u>			<u>2,749,066,314,000</u>
Provision for impairment of investment in subsidiaries						<u>(116,748,699,701)</u>
NET VALUE			<u>2,894,189,897,744</u>			<u>2,632,317,614,299</u>

Detailed information on subsidiaries as at 31 December 2016 is presented in Note 1.

(*) During the year, the Company made a capital contribution by the Hoa Sen Hotel project to establish Lotus Hotel Development Sole Member Company Limited.

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

14. LONG-TERM INVESTMENTS (continued)

14.2 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	1,077,528	7,204,600,000
TOTAL				723,655,091,074		723,655,091,074
Provision for impairment of investment in associates				(362,306,818,124)		(356,719,286,549)
NET VALUE				361,348,272,950		366,935,804,525

(i) Saigon Telecommunication & Technologies JSC

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

Its registered office is located at 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 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 VND 350 billion. Its principal activities include investment, construction and trading on infrastructure inside and outside industrial zone, residential areas, resettlement area, housing for worker; industrial and civil construction works, transport and power projects up to 35kV.

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

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

14. LONG-TERM INVESTMENTS (continued)

14.2 Investments in associates (continued)

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

Saigon High-tech Park Infrastructure Development Investment Joint Stock Company was established pursuant to the Business Registration Certificate No. 4103006017 issued by the Department of Planning and Investment of Ho Chi Minh City on 31 January 2007 and the first amended subsequent Business Registration Certificate dated 2 July 2014 with a registered charter capital of VND 300 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, Vietnam.

(iv) Scanviwood Joint Stock Company

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

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

14.3 Other long-term investments

Currency: VND

	Ending balance			Beginning balance		
	% of voting right	No. of shares	Historical cost (book value)	% of voting right	No. of shares	Historical cost (book value)
Saigon - Quy Nhon Mineral JSC	5.75	6,900,000	339,000,000,000	5.75	6,900,000	339,000,000,000
Saigon - Da Nang Investment JSC	19.5	3,900,000	39,000,000,000	19.5	3,900,000	39,000,000,000
VTC-Saigontel Media JSC	19.19	3,070,020	30,700,200,000	19.19	3,070,020	30,700,200,000
Saigon-Binh Phuoc Industrial Park JSC	10.50	190,000	19,000,000,000	10.66	190,000	19,000,000,000
Saigon - Nhon Hoi Industrial Park JSC	10	100,000	10,000,000,000	10	100,000	10,000,000,000
Saigon - Ham Tan Tourism JSC	1.63	70,000	7,000,000,000	1.63	70,000	7,000,000,000
Saigon - Binh Thuan Investment Development Power Plant JSC	0.35	350,000	3,500,000,000	0.35	350,000	3,500,000,000
Saigon - Long An Industrial Park JSC	0.15	30,000	300,000,000	0.15	30,000	300,000,000
Ban Viet Capital Fund Management JSC	-	-	-	3	43,67	4,367,000,000
TOTAL			448,500,200,000			452,867,200,000
Provision for other long-term investments			(39,713,143,676)			(23,052,816,635)
NET CARRYING VALUE			408,787,056,324			429,814,383,365

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

15. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

15.1 Short-term trade payables

Currency: VND

	Ending balance		Beginning balance	
	Amount	Amount payable	Amount	Amount payable
Truong Phat Investment JSC	11,760,407,800	11,760,407,800	9,559,539,000	9,559,539,000
Trung Tien Transportation and Construction JSC	9,363,043,000	9,363,043,000	-	-
HPN Electronic and Construction Limited Company	5,064,630,000	5,064,630,000	-	-
BlueScope Buildings Vietnam Limited Company	4,870,800,000	4,870,800,000	4,365,000,000	4,365,000,000
Trong Cuong Limited Company	2,479,560,679	2,479,560,679	2,929,856,895	2,929,856,895
Ha Noi Construction No.1 JSC	2,317,260,652	2,317,260,652	2,317,260,652	2,317,260,652
Other suppliers	17,793,897,198	17,793,897,198	12,624,402,314	12,624,402,314
TOTAL	53,649,599,129	53,649,599,129	31,796,058,861	31,796,058,861

15.2 Short-term advances from customers

Currency: VND

	Ending balance	Beginning balance
Deposit for contract obligation execution	450,000,000,000	-
Deposit for purchase of houses and land use rights at Phuc Ninh Urban Project	195,253,258,200	195,253,258,200
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
Electric Power Sector 1 JSC	-	22,500,000,000
Other advances from customers	1,327,454,130	10,271,130,534
TOTAL	713,163,552,330	294,607,228,734

16. STATUTORY OBLIGATIONS

Currency: VND

	Beginning balance	Payable/off-set for the year	Payment made in the year	Ending balance
Payables				
Corporate income tax (Note 25.2)	82,558,013,042	90,057,278,380	(88,111,806,746)	84,503,484,676
Value added tax	40,736,370,490	(10,944,895,610)	(10,852,926,874)	18,938,548,006
Personal income tax	136,948,333	2,103,163,254	(2,122,167,809)	117,943,778
Other taxes	311,097,307	1,841,472,756	(819,587,795)	1,332,982,268
TOTAL	123,742,429,172	83,057,018,780	(101,906,489,224)	104,892,958,728

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

17. ACCRUED EXPENSES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Accrued future development cost for recognised sales	167,846,470,702	189,882,476,080
- Que Vo II Industrial Park	137,339,779,736	158,932,801,994
- Que Vo I Industrial Park	50,506,690,967	30,949,674,086
Accrued interest expenses	4,470,193,703	6,646,130,200
Accrued expenses to related parties (Note 27)	16,088,372,329	4,756,563,836
Other accrued expenses	3,075,700,849	8,821,892,483
	<u>211,480,827,583</u>	<u>210,107,062,599</u>
Long-term		
Accrued interest expenses (*)	732,179,909,040	670,054,155,614
Accrued expenses to related parties (Note 27)	20,454,395,541	2,887,232,877
	<u>752,634,304,581</u>	<u>672,941,388,491</u>

(*) This is bond interest expenses payable to PVcomBank. PVcomBank has issued an amendment to revise the terms over payment of bond principal and interest. Accordingly, these bond interests will be due in 2020 (Note 19.2).

18. OTHER PAYABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
- Nguyen Son (i)	78,613,649,508	110,000,000
Other payables to related parties (Note 27)	-	80,050,248,635
Other payables	9,980,208,103	2,970,885,588
	<u>88,593,857,611</u>	<u>83,131,134,223</u>
Long-term		
Cholimex Mechatronics Informatics JSC (ii)	55,500,000,000	55,500,000,000
Other deposits	6,450,580,036	1,194,272,880
	<u>61,950,580,036</u>	<u>56,694,272,880</u>

(i) This is the payable relating to the title transfer for customers who will sublease the land in the industrial park.

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

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

19. LOANS

	Beginning balance		Movement during the year		Ending balance	
	Balance	Payable amount	Increase	Decrease	Balance	Payable amount
Short-term						
Current portion of long-term loans (Note 19.2)	1,020,000,000,000	1,020,000,000,000	-	(420,390,111,258)	599,609,888,742	599,609,888,742
Short-term loans from related parties (Note 27)	247,901,106,339	247,901,106,339	133,555,223,661	(160,000,000,000)	221,456,330,000	221,456,330,000
Loans from others	1,333,318,452	1,333,318,452	-	(1,333,318,452)	-	-
	<u>1,269,234,424,791</u>	<u>1,269,234,424,791</u>	<u>133,555,223,661</u>	<u>(581,723,429,710)</u>	<u>821,066,218,742</u>	<u>821,066,218,742</u>
Long-term						
Loans from related parties (Note 27)	169,249,163,882	169,249,163,882	72,000,000,000	(35,178,887,543)	206,070,276,339	206,070,276,339
Long-term loans from bank (Note 19.1)	27,984,180,300	27,984,180,300	50,845,179,100	(38,703,022,000)	40,126,337,400	40,126,337,400
Bonds (Note 19.2)	349,293,602,000	349,293,602,000	420,706,398,000	(470,000,000,000)	300,000,000,000	300,000,000,000
	<u>546,526,946,182</u>	<u>546,526,946,182</u>	<u>543,551,577,100</u>	<u>(543,881,909,543)</u>	<u>546,196,613,739</u>	<u>546,196,613,739</u>
TOTAL						

Currency: VND

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

19. LOANS (continued)

19.1 Long-term loans from bank

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

			Currency : VND
<i>Banks</i>	<i>Interest</i>	<i>Principal and interest repayment term</i>	<i>Ending balance</i>
Vietnam Joint Stock Commercial Bank for Industry and Trade - Que Vo Industrial Park Branch	10.5% per annum	Loan principal repayment in every 6 month. Interest payment on the last 25th of each quarter.	40,126,337,400
TOTAL			<u>40,126,337,400</u>

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) and all the assets formed in the future of the 100 hecta project in Phase 1 of Nam Son - Hap Linh Industrial park; along with the properties rights arising from the economic contracts for trading of infrastructure, land and other attached properties of this project.

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

19. LOANS (continued)

19.2 Bonds

As at 31 December 2016, bonds issued by the Company are as follows:

Bond	Type of bond	Number of bonds	Par value VND	Amount (VND)	Interest rate per annum	Duration	Description of collateral
KBC Bond 001	Secured corporate bond issued to Vietnam Joint Stock Commercial Bank for Industry and Trade	1,500,000	100,000	150,000,000,000	10.1% - 10.6%	8 May 2017	All assets which the Company has invested and will invest in the future on the 300 ha of land of Que Vo II Industrial Park and 45 ha of land at Phuc Ninh Residential Area.
KBC Bond 004	Guarantee fee for KEC Bond 001 issuance			(390,111,258)			
KBC Bond 005	Corporate bond issued to PVcomBank	4,000,000	100,000	400,000,000,000	9.2% - 9.7%	31 December 2019	Inventories of Trang Cat Urban and Service Zone Project.
KBC Bond 007	Secured corporate bond issued to Vietnam Investment and Development Bank	2,000,000	100,000	200,000,000,000	9.6% - 10.2%	28 December 2017	12.63 million SGT shares and 16.75 million KBC shares owned by Mr. Dang Thanh Tam and assets to be formed in the future at Quang Chau IZ.
KBC Bond 007	Corporate bond issued to PVcomBank	1,500,000	100,000	150,000,000,000	9.2% - 9.7%	31 December 2017	Inventories of Trang Cat Urban and Service Zone Project.
TOTAL		9,000,000		899,609,888,742			
<i>In which:</i>							
Bonds due in the next 12 months							
Long-term bonds							
Guarantee fee for bond issuance							
				600,000,000,000			
				300,000,000,000			
				(390,111,258)			

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

20. OWNERS' EQUITY

20.1 Increase and decrease in owners' equity

	Contributed charter capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
Previous year:						
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	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	5,993,154,998,020
Current year:						
Beginning 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
- Net profit for the year	-	-	-	-	333,633,077,375	333,633,077,375
Ending balance	4,757,111,670,000	988,533,430,000	(364,466,650,000)	2,223,693,823	948,385,931,572	6,331,788,075,395

Currency: VND

20.2 Contributed charter capital

	Ending balance		Beginning balance			
	Total	Ordinary shares	Preference shares	Total	Ordinary shares	Preference shares
Contributed by shareholders	4,757,111,670,000	4,757,111,670,000	-	4,757,111,670,000	4,757,111,670,000	-
Share premium	988,533,430,000	988,533,430,000	-	988,533,430,000	988,533,430,000	-
Treasury shares	(364,466,650,000)	(364,466,650,000)	-	(364,466,650,000)	(364,466,650,000)	-
TOTAL	5,381,178,450,000	5,381,178,450,000	-	5,381,178,450,000	5,381,178,450,000	-

Currency: VND

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

20. OWNERS' EQUITY (continued)

20.3 Capital transactions with owners and distribution of dividends, profits

	Currency: VND	
	Current year	Previous year
Contributed capital		
Beginning balance	4,757,111,670,000	3,967,111,670,000
Increase	-	800,000,000,000
Ending balance	<u>4,757,111,670,000</u>	<u>4,757,111,670,000</u>
Dividends/profit paid	-	-

20.4 Dividends

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

20.5 Shares

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

Par value of outstanding share: VND10,000/share (2015: VND10,000/share).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2016 and for the year then ended**21. REVENUES****21.1 Revenue from sales of goods and rendering of services**

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Gross revenue	353,321,179,166	410,905,086,146
<i>Of which:</i>		
Revenue from transfer of project	218,749,608,000	-
Revenue from supply of clean water, electricity, management service, waste water treatment supply	80,764,463,121	54,443,634,594
Revenue from lease of land and infrastructures	53,320,834,389	125,890,401,298
Revenue from warehouse, building and office lease	486,273,656	5,885,098,254
Revenue from sale of factories	-	224,685,952,000
Less	-	-
Sales returns	-	-
Net revenue	353,321,179,166	410,905,086,146

21.2 Finance income

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Interest income from deposits and lending (*)	183,938,724,867	2,088,263,214
Gain on transfer of financial investments	1,825,730,485	291,527,440,000
Interest income on outstanding receivables from lease of land and factories (**)	25,566,785,476	19,632,630,216
Foreign exchange gains	109,951,050	576,935,843
TOTAL	211,441,191,878	313,825,269,273

(*) This pertains mainly to interest income under Loan contract No.0207/2012/HĐV-TCC dated 2 July 2012 and Notification dated 2 January 2016 about the interest rate of the first six-month period of 2016 between Trang Cat Urban Development One Member Limited Company and the Company, with interest rate of 9.6% per annum.

(**) This pertains mainly to interest income on receivables 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 2016 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 of transfer of project	23,945,143,067	-
Cost of services rendered	28,431,294,881	25,109,839,981
Cost leased land and infrastructures	22,963,206,800	15,030,750,846
Cost of factories sold	-	98,262,928,829
Cost of leased warehouses, factories and offices	-	1,773,841,629
TOTAL	<u>73,339,644,528</u>	<u>140,177,369,285</u>

Included in costs of sold properties are the following accruals:

	<i>Currency: VND</i>			
	<i>Current year</i>		<i>Previous year</i>	
	<i>Cost of sales</i>	<i>Accrued amount</i>	<i>Cost of sales</i>	<i>Cost of sales</i>
Long-term land lease with infrastructure	22,963,206,800	20,247,853,084	15,030,758,846	5,438,932,317
TOTAL	<u>22,963,206,800</u>	<u>20,247,853,084</u>	<u>15,030,758,846</u>	<u>5,438,932,317</u>

23. FINANCE EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Loan interest and bond issuance guarantee cost	99,309,867,914	28,722,879,897
(Reversal)/provision for long-term investments	(93,998,236,115)	7,357,865,202
Lost from disposal of investments	-	6,265,941,848
Other financial expenses	125,667,611	482,309,871
TOTAL	<u>5,437,299,410</u>	<u>42,828,996,818</u>

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	5,093,403,450	5,237,606,937
Labour costs	23,705,289,248	21,325,525,578
External expenses	17,752,381,708	9,714,457,372
Others	6,413,799,452	6,555,054,852
TOTAL	<u>52,964,873,856</u>	<u>42,832,644,734</u>
Selling expenses		
Purchases of the Company's logo	-	14,901,600,000
Legal consultant and promotion expenses	12,112,370,207	4,633,071,893
Labour cost	1,682,198,000	2,213,972,118
Others	20,959,566	16,000,000
TOTAL	<u>13,815,527,773</u>	<u>21,764,644,011</u>

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

25. PRODUCTION AND OPERATING COSTS

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Land, infrastructures, buildings development and services rendering expenses	46,908,349,867	100,323,619,822
Labour costs	27,240,003,248	24,549,068,966
Depreciation of fixed assets	15,188,601,947	16,646,945,825
Expenses for external services	46,203,151,108	56,657,889,315
Other expenses	4,580,039,989	6,497,134,102
TOTAL	<u>140,120,046,157</u>	<u>204,774,658,030</u>

26. CORPORATE INCOME TAX

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

For the operating activities at Que Vo I Industrial Park, the Company is obliged to pay CIT with an applicable rate of 10% for the first 15 years of 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 9 years until 2017. The statutory CIT rate applicable for the year ended 31 December 2016 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 20% 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 7 years from 2011 to 2017. The statutory CIT rate applicable for the year ended 31 Dec 2016 is 10%, with a 50% reduction.

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 3 years from 2005 to 2007, and a 50% reduction of the applicable CIT rate for the following 7 years from 2008 to 2014. The statutory CIT rate applicable for the year ended 31 December 2016 is 20%.

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 expense

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Current CIT expenses	90,057,278,380	88,825,088,158
Deferred CIT income	<u>(208,060,252)</u>	<u>(208,060,250)</u>
TOTAL	<u>89,849,218,128</u>	<u>88,617,027,908</u>

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

26. CORPORATE INCOME TAX (continued)

26.1 CIT expense (continued)

Reconciliation between CIT expense and the accounting profit/(loss) multiplied by CIT rate is presented below:

	<i>Current year</i>	<i>Previous year</i>
Accounting profit before tax	423,482,295,503	477,087,481,552
Tax at applicable CIT rate	84,696,459,101	102,453,139,339
<i>In which:</i>		
<i>Preferential tax rate for land lease activities</i>	-	14,839,778,064
<i>20% tax rate of other activities</i>	84,696,459,101	-
<i>22% tax rate of other activities</i>	-	87,613,361,275
<i>Adjustments for:</i>		
Non-deductible expenses	5,152,759,027	3,780,406,968
Tax losses carried forward	-	(17,616,518,399)
CIT expense	<u>89,849,218,128</u>	<u>88,617,027,908</u>

26.2 Current CIT

The current CIT payable is based on taxable profit for the period. The taxable profit of the Company for the period 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 separate balance sheet date.

26.3 Deferred tax

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

	<i>Currency: VND</i>			
	<i>Separate balance sheet</i>		<i>Separate income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Deferred tax liabilities				
Deferred tax liabilities arising from allocation of CIT over the lease term of Que Vo II	38,338,531,570	38,546,591,822	208,060,252	208,060,250
	<u>38,338,531,570</u>	<u>38,546,591,822</u>		
Net deferred tax credit to the separate income statement			<u>208,060,252</u>	<u>208,060,250</u>

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

26. CORPORATE INCOME TAX (continued)

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 2016, the Company has accumulated losses which are available for offset against future taxable profits. Details are as follows:

Currency: VND

Originating year	Can be utilized up to		Tax loss amount(*)	Utilized up to 31 December 2016	Forfeited	Unutilized at 31 December 2016
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
2016	2021	(ii)	7,252,824	-	-	7,252,824
TOTAL			286,612,286,107	(273,162,081,544)	(13,358,056,421)	92,148,142

- (i) Tax loss as per Company's corporate income tax minute.
(ii) Estimated tax loss as per 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.

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 Corporation	Subsidiary
2	Saigon - Hai Phong Industrial Park Corporation	Subsidiary
3	Trang Cat Urban Development One Member Limited Company	Subsidiary
4	Lotus Hotel Development Sole Member Company Limited	Subsidiary
5	Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Associate
6	Saigon Telecommunication & Technologies Corporation	Associate
7	Saigon - Hue Investment Joint Stock Company	Associate
8	Scanwood Joint Stock Company	Associate
9	Saigon - Da Nang Investment Joint Stock Company	Common investor
10	Mr Dang Thanh Tam	Chairman
11	Ms Nguyen Thi Thu Huong	General Director
12	Mr Phan Anh Dung	Deputy General Director

Terms and conditions of transactions with related parties

The purchase and rendering of services from/to related parties are made on contractual basis.

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

27. TRANSACTIONS WITH RELATED PARTIES (continued)

Outstanding balances at 31 December 2016 are unsecured, interest free and will be settled in cash. For the year ended 31 December 2016, 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 as follows:

Related party	Description	Currency: VND	
		Current year	Previous year
Saigon - Hai Phong Industrial Park Corporation	Loan from related party	174,225,500,000	299,470,276,339
	Payment of loan principal	160,000,000,000	-
	Payment of interest expense	28,764,174,161	-
	Loan to related party	-	33,000,000,000
	Collection of loan principal	-	169,929,723,661
Saigon - Bacgiang Industrial Park Corporation	Collection of loan principal	195,400,000,000	-
	Payment of loan principal	61,783,679,189	31,000,000,000
	Receivable of KBC Bond 005 interest	33,241,652,778	43,539,340,182
	Receivable guarantee fee of KBC Bond 005	18,266,569,446	43,539,340,182
Trang Cat One Member Urban Development Company Limited	Receivable of bond interest	183,008,756,743	96,274,703,557
	Loan to related party	-	83,900,000,000
Mr Dang Thanh Tam	Advance	82,397,476,856	13,679,289,000
	Advance clearance	54,161,635,400	18,289,115,088
	Payment of loan principal	3,849,163,882	29,287,707,175
	Loan from related party	-	33,136,871,057
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 2016 and for the year then ended

27. TRANSACTIONS WITH RELATED PARTIES (continued)

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

		Currency: VND	
Related party	Description	Ending balance	Beginning balance
Long-term loan receivables (Note 7)			
Saigon - Bacgiang Industrial Park Corporation (*)	Loan receivable (for KBCbond 005)	111,416,320,811	-
		<u>111,416,320,811</u>	<u>-</u>
Long-term loan receivables (Note 7)			
Trang Cat One Member Urban Development Company Limited (**)	Loan receivable	1,901,132,633,533	1,901,132,633,533
Saigon - Bacgiang Industrial Park Corporation	Loan receivable (for KBCbond 005)	-	258,000,000,000
		<u>1,901,132,633,533</u>	<u>2,159,132,633,533</u>
Other short-term receivables (Note 8)			
Saigon - Bacgiang Industrial Park Corporation	Interest and fee of KBC Bond 5	14,975,083,332	-
Mr Dang Thanh Tam	Advance	28,235,841,456	-
Ms Nguyen Thi Thu Huong	Advance	3,489,211,820	3,960,772,420
Mr Phan Anh Dung	Advance	110,000,000	110,000,000
		<u>46,810,136,608</u>	<u>4,070,772,420</u>
Other long-term receivables (Note 8)			
Trang Cat Urban Development One Member Limited Company	Loan interest, other construction in progress	355,300,428,072	172,291,671,329
		<u>355,300,428,072</u>	<u>172,291,671,329</u>

(*) This is the loan provided using proceeds from the issuance of KBC Bond 005, which bears interest rate at 10.2% per annum and will mature on 28 December 2017 (Note 19.2).

(**) On 2 July 2015, the Company signed an Annex to the Loan Agreement No. 0207/2015/KBC-TCC/PL3 with Trang Cat Urban Development One Member Company Limited to adjust the term of the loan principal. Accordingly, the Company sent a notice stating actual loan principal and loan interest rate to Trang Cat Urban Development One Member Limited Company on a six-monthly basis.

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

27. TRANSACTIONS WITH RELATED PARTIES (continued)

As at 31 December 2016, amount due from and to related parties of the Company are follows (continued):

Related party	Description	Currency: VND	
		Ending balance	Beginning balance
Short-term accrued expenses (Note 17)			
Saigon - Hai Phong Industrial Park JSC	Loan interest payable	15,582,883,594	4,385,872,097
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Loan interest payable	505,488,735	370,691,739
		16,088,372,329	4,756,563,836
Long-term accrued expenses (Note 17)			
Saigon - Hai Phong Industrial Park JSC	Loan interest payable	20,454,395,541	2,887,232,877
		20,454,395,541	2,887,232,877
Other short-term trade payables (Note 18)			
Saigon - Bac Giang Investment JSC	Other payables	-	80,050,248,635
		-	80,050,248,635
Short-term loans (Note 19)			
Saigon - Hai Phong Industrial Park JSC (i)	Short-term loan	107,625,500,000	134,070,276,339
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company (ii)	Short-term loan	112,330,830,000	112,330,830,000
Saigon - Da Nang Investment JSC	Current-portion of long-term payable	1,500,000,000	1,500,000,000
		221,456,330,000	247,901,106,339
Long-term loans (Note 19)			
Saigon - Hai Phong Industrial Park JSC (iii)	Long-term loan	206,070,276,339	165,400,000,000
Mr Dang Thanh Tam	Long-term loan	-	3,849,163,882
		206,070,276,339	169,249,163,882

(i) This is the short-term loan from Saigon - Hai Phong Industrial Park Corporation which bears interest at 8% per annum and will mature on 3 August 2016.

(ii) This is the short-term loan from Saigon High-tech Park Infrastructure Development Investment Joint Stock Company which bears interest at 0.01% per month and will mature on 30 June 2017.

(iii) This is the long-term loan from Saigon - Hai Phong Industrial Park Corporation which bears interest from 8% to 9.6% per annum and will mature in 2 years from the date of the first withdrawal.

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

27. TRANSACTIONS WITH RELATED PARTIES (continued)

Transactions with other related parties

Remuneration to members of management and Board of Directors: :

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

28. COMMITMENTS AND CONTINGENCIES

28.1 Commitments relating to real estate investment projects

Commitments relating to the State

- (i) According to Decision 413/QĐ-UBND issued by the Hanoi People's Committee on 22 January 2010, the Company is selected as the developer of Hanoi Lotus Hotel Project which is located on a land area of approximately 40,484 m² with the estimated total investment capital of US\$ 250,000,000. At the same time, the 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/QĐ-CT dated 17 December 2003 and Decision No. 971/QĐ-UBND dated 15 July 2009 by the Bac Ninh Provincial People's Committee regarding the assignment of land to the Company for the development of Phuc Ninh New Urban Area Project, Bac Ninh Town, Bac Ninh Province, the Company has an obligation to pay land use fees and other charges for the residential land area, commercial and public areas within the Phuc Ninh Residential Area. Accordingly, the Company was handed over with 49,53 hectare of land in 2010, completed the land marking for 47,2 hectare of land in 2013 with the Bac Ninh Provincial People's Committee and settled the land use fees of VND 175,735,431,000 in accordance with the Decision No. 2229/QĐ-CT dated 23 December 2004 by the Bac Ninh Provincial People's Committee which approved the land use fee (phase 1) and the notice of payment of land use fee by the Tax Department of Bac Ninh Province. As at 31 December 2016, the Company is in the process of finalizing the land use fee settlement to the Bac Ninh Provincial People's Committee for the above assigned land.
- (iii) From 2003 to 2014, the Company signed a number of land lease agreements with the Bac Ninh Provincial People's Committee for the land area at Que Vo I Industrial Park and the Extended Que Vo, which is 2,268,388,8 m² and 1,652,779 m², respectively. According to the Official Letter No. 323/BTC-QLCS dated 12 January 2015 by the Ministry of Finance, the investment project on construction and operation of infrastructure of Que Vo Industrial Park is entitled to land rental exemption in 11 years from the date the project is completed and put into operation. As at 31 December 2016, the Company is still in the process of finalizing land use payments with the Bac Ninh Provincial People's Committee for the above-mentioned land areas under the Land Law No. 45/2013/QH13 dated 1 July 2014 by the National Assembly and Decree 135/2016/ND-CP dated 9 September 2016 by the Government with effect from 15 November 2016 and relevant regulations on collection land use right fees.
- (iv) As at 10 June 2015, the Company signed land lease agreement with the Bac Ninh Provincial People's Committee for the land area of 766,858.9 m² assigned at Nam Son – Hap Linh Industrial Park. As at 31 December 2016, the Company is still in the process of working with the authority to determine land lease obligation.

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

28. COMMITMENTS AND CONTINGENCIES (continued)

28.1 Commitments relating to real estate investment projects (continued)

Capital expenditure commitments

As at 31 December 2016, 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 54 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 related 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 contribution rate is 19.2%. Accordingly, the Company transferred VND 30,700,200,000 (19.2% of charter capital) to Huu Nghi Communication JSC (the company authorized by VTC) on 10 March 2008 for VTC Wireless Telecommunications Company to purchase assets for VTC - Saigontel Media Corporation, However, VTC has not completed the purchase of assets for VTC - Saigontel Media Company as committed. Therefore, the Company is currently in the process of working with VTC to recall this investment. The 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.

29. EVENTS AFTER THE BALANCE SHEET DATE

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


Luu Phuong Mai
Preparer


Pham Phuc Hieu
Deputy General Director and
Chief Accountant


Nguyen Thi Thu Huong
General Director



14 March 2017