

**Industry and Commercial Bank of China
Limited, Vientiane Branch**

Report of the Management and Audited Financial Statements in
accordance with the Enterprise Accounting Law of Lao P.D.R and
other relevant accounting regulations stipulated by the Bank of
Lao P.D.R

Industry and Commercial Bank of China Limited, Vientiane Branch

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Industry and Commercial Bank of China Limited, Vientiane Branch

GENERAL INFORMATION

THE BANK

Industry and Commercial Bank of China Limited, Vientiane Branch (herein referred to as “the Branch”) is a branch of Industry and Commercial Bank of China which is incorporated in People’s Republic of China. The Branch operates in the Lao People’s Democratic Republic (“Lao PDR”) under Banking Business License No 16/BOL granted by the Bank of Lao P.D.R (“the BOL”) on 25 August 2011 and amendment Banking Business License in February 2012.

The initial registered capital of the Branch is 30 millions of US dollar (“USD”). The actual paid-up capital as at 31 December 2011 is USD 30 million, equivalent to LAK 239,970 million.

The principal activities of the Branch are to provide comprehensive banking and related financial services in Lao P.D.R.

The Head office of the Branch is located at Lanexang Avenue, Home No. 12, Ban Hatsadee - Tai, Chanthabouly District, Vientiane Capital, Lao P.D.R.

THE MANAGEMENT

Members of the Management during the period from 25 August 2011 to 31 December 2011 and at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Lu Jian	Director	Appointed on 28 November 2011

LEGAL REPRESENTATIVE

The legal representative of the Branch during the period from 25 August 2011 to 31 December 2011 and at the date of this report is Mr. Lu Jian - Director.

AUDITORS

The auditors of the Branch are Ernst & Young Lao Limited.

Industry and Commercial Bank of China Limited, Vientiane Branch

REPORT OF THE BOARD OF MANAGEMENT

Management of Industry and Commercial Bank of China Limited, Vientiane Branch (“the Branch”) is pleased to present its report and the Branch’s financial statements as at 31 December 2011 and for the period from 25 August 2011 to 31 December 2011.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Branch’s Management is responsible for preparation of the financial statements of each financial year which give a true and fair view of the state of affairs of the Branch and of its results and cash flows for the year in accordance with the Enterprise Accounting Law of Lao P.D.R and other relevant accounting regulations stipulated by the Bank of Lao P.D.R. In preparing those financial statements, the Management of the Branch is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgments 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 financial statements; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Branch will continue in business.

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

The Branch’s Management has confirmed that the Branch has complied with the above requirements in preparing the financial statements for the period from 25 August 2011 to 31 December 2011.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of Industry and Commercial Bank of China Limited, Vientiane Branch as at 31 December 2011 and of the results of its operations and its cash flows for the period from 25 August 2011 to 31 December 2011 in accordance with the Enterprise Accounting Law of Lao P.D.R and relevant accounting regulations stipulated by the Bank of Lao P.D.R.

Mr. Lu Jian
Director

Vientiane Capital, Lao P.D.R

29 March 2013

INDEPENDENT AUDITORS' REPORT

To: Industry and Commercial Bank of China Limited, Vientiane Branch

We have audited the accompanying financial statements of Industry and Commercial Bank of China Limited, Vientiane Branch ("the Branch") as set out on pages 5 to 20, which comprise the balance sheet as at 31 December 2011, the income statement, the statement of changes in equity and the cash flow statement for the period from 25 August 2011 to 31 December 2011, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Branch's management is responsible for the preparation and fair presentation of these financial statements in accordance with the Enterprise Accounting Law of Lao P.D.R and other relevant accounting regulations stipulated by the Bank of Lao P.D.R, and for such internal control as management determines is necessary to enable the preparation of 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 financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Branch's preparation and fair presentation of the 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 Branch's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the 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 financial statements give a true and fair view of the financial position of Industry and Commercial Bank of China Limited, Vientiane Branch as at 31 December 2011 and of its financial performance and its cash flows for the period from 25 August 2011 to 31 December 2011 in accordance with the Enterprise Accounting Law of Lao P.D.R and relevant accounting regulations stipulated by the Bank of Lao P.D.R.

Ernst & Young Lao Limited

Vientiane, Lao P.D.R

29 March 2013

Industry and Commercial Bank of China Limited, Vientiane Branch

INCOME STATEMENT

for the period from 25 August 2011 to 31 December 2011

Code	ITEMS	Notes	<i>For the period from 25 Aug 2011 to 31 Dec 2011 LAK</i>
A.	OPERATING INCOME AND EXPENSES		
1.	Interest and similar income	3	17,523,457
1.1	Interest and similar income from interbank		17,523,457
2.	Interest and similar expenses	3	(5,009,374)
2.2	Interest and similar expenses for customers		(5,009,374)
I.	NET INTEREST AND SIMILAR INCOME		12,514,083
9	Fee and commission income	4	8,877,223
12	Net gain/(loss) from dealing in foreign currencies and gold		(256,634,648)
II.	NET OPERATING INCOME		(235,243,342)
B	OTHER INCOME AND EXPENSES		
13	Other operating income		998,994
14	General and Administration expenses		(2,500,915,851)
14.1	Payroll and other staff costs	5	(688,780,184)
14.2	Other administration expenses	6	(1,812,135,667)
15	Depreciation and amortization charges		(103,888,080)
16	Other operating expenses		(35,550,343)
III.	TOTAL PROFIT BEFORE TAX		(2,874,598,622)
18	Current enterprise income tax	14	(1,423,478)
IV.	LOSS AFTER TAX		(2,876,022,100)

Mr. Lu Jian
Director

Mr. Zhang Daxiang
Head of Accounting

Vientiane Capital, Lao P.D.R

29 March 2013

The accompanying notes from 1 to 18 form part of these financial statements.

Industry and Commercial Bank of China Limited, Vientiane Branch

BALANCE SHEET
as at 31 December 2011

Code		Notes	31 December 2011 LAK
	ASSETS		
I	Cash and balances with the "BOL"		156,332,958,082
1	Cash on hand	7	6,516,742,984
2	Demand deposits	8	149,816,215,098
II	Amounts due from other banks	9	166,467,878,629
1	Demand deposits		166,467,878,629
VIII	Fixed assets		12,072,082,507
2	Intangible fixed assets		44,384,841
3	Tangible fixed assets	10	12,027,697,666
X	Other assets		11,348,917,218
1	Accrued interest		15,733,884
2	Other assets	11	11,333,183,334
	TOTAL ASSETS		346,221,836,436
	LIABILITIES AND CAPITAL		
II	Amounts due to customers	12	107,916,900,009
1	Demand and saving deposits		36,785,395,804
2	Term deposits		845,464,200
3	Other payables to customers		70,286,040,005
V	Other liabilities		1,210,958,527
1	Accrued interest		5,001,267
2	Tax payable		39,376,594
3	Other payables	13	1,166,580,666
	TOTAL LIABILITIES		109,127,858,536
VI	Capital and reserves		237,093,977,900
1	Paid-up capital	15	239,970,000,000
7	Accumulated Losses		(2,876,022,100)
	TOTAL CAPITAL		237,093,977,900
	TOTAL LIABILITIES AND CAPITAL		346,221,836,436

Mr. Lu Jian
Director

Mr. Zhang Daxiang
Head of Accounting Department

Vientiane Capital, Lao P.D.R

29 March 2013

The accompanying notes from 1 to 18 form part of these financial statements.

Industry and Commercial Bank of China Limited, Vientiane Branch

STATEMENT OF CHANGES IN EQUITY
for the period from 25 August 2011 to 31 December 2011

	<i>Paid-up capital LAK</i>	<i>Accumulated losses LAK</i>	<i>Total LAK</i>
Balance at 25 August 2011	-	-	-
Paid-up capital contributed during the period	239,970,000,000	-	239,970,000,000
Net loss for the period	-	(2,876,022,100)	(2,876,022,100)
Balance at 31 December 2011	239,970,000,000	(2,876,022,100)	237,093,977,900

Mr. Lu Jian
Director

Mr. Zhang Daxiang
Head of Accounting

Vientiane Capital, Lao P.D.R

29 March 2013

The accompanying notes from 1 to 18 form part of these financial statements.

Industry and Commercial Bank of China Limited, Vientiane Branch

CASH FLOW STATEMENT

For the period from 25 August 2011 to 31 December 2011

	Notes	For the period from 25 Aug 2011 to 31 Dec 2011 LAK
Net gain/(loss) after tax		(2,876,022,100)
<i>Adjustments for:</i>		
Enterprise tax expense payable	15	1,423,478
Depreciation and amortization charges		103,888,080
Cash flows from operating profit before changing in operating assets and liabilities		(2,770,710,542)
(Increase)/Decrease in operating assets		
Accrued interest income		(15,733,884)
Other assets		(11,377,791,214)
(Increase)/Decrease in operating liabilities		
Customer deposits and other amounts due to customers	12	107,916,900,009
Accrued interest expense		5,001,267
Other liabilities		1,204,533,782
Net cash flows from operating activities		94,962,199,418
INVESTING ACTIVITIES		
Payments to acquire property and equipment	10	(12,131,362,707)
Net cash flows used in investing activities		(12,131,362,707)
FINANCING ACTIVITIES		
Paid-up capital contributed during the period	15	239,970,000,000
Net cash flows used in financing activities		239,970,000,000
Net increase in cash and cash equivalents		322,800,836,711
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	16	322,800,836,711

Mr. Lu Jian
Director

Vientiane Capital, Lao P.D.R

29 March 2013

Mr. Zhang Daxiang
Head of Accounting Department

The accompanying notes from 1 to 18 form part of these financial statements.

Industry and Commercial Bank of China Limited, Vientiane Branch

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2011 and for the period from 25 August 2011 to 31 December 2011

1. CORPORATE INFORMATION

Industry and Commercial Bank of China Limited, Vientiane Branch (herein referred to as “the Branch”) is a branch of Industry and Commercial Bank of China which is incorporated in People’s Republic of China.

Establishment and operations

The Branch operates in the Lao People’s Democratic Republic (“Lao PDR”) under Banking Business License No 16/BOL granted by the Bank of Lao P.D.R (“the BOL”) on 25 August 2011 and amendment Banking Business License in February 2012.

The principal activities of the Branch are to provide comprehensive banking and related financial services in Lao P.D.R

Paid-up capital

The initial registered capital of the Branch is 30 millions of US dollar (“USD”). The actual paid-up capital as at 31 December 2011 is USD 30 million, equivalent to LAK 239,970 million.

Management

Members of the Management during the period from 25 August 2011 to 31 December 2011 and at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Lu Jian	Director	Appointed on 28 November 2011

Location

The Head office of the Branch is located at Lanexang Avenue, Home No. 12, Ban Hatsadee - Tai, Chanthabouly District, Vientiane Capital, Lao P.D.R.

Employees

Total employees of the Branch as at 31 December 2011 are 19 people.

Industry and Commercial Bank of China Limited, Vientiane Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2011 and for the period from 25 August 2011 to 31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

2.1. *Statement of compliance with the Enterprise Accounting Law of Lao P.D.R and other relevant accounting regulations as stipulated by the Bank of Lao P.D.R*

Management of the Branch states that the accompanying financial statements have been prepared in compliance with the Enterprise Accounting Law of the Lao P.D.R and other relevant accounting regulations as stipulated by the Bank of Lao P.D.R.

2.2. *Basis of preparation*

The Branch maintains its records in Lao Kip ("LAK") and prepared its financial statement in LAK in accordance with the Decree No. 02/PR by the Prime Minister of Lao P.D.R dated 22 March 2000 on the accounting system applicable to BOL and other financial institutions.

The accompanying financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Lao P.D.R. Accordingly, the accompanying the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes thereto are not designed for those who are not informed about Lao P.D.R'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 Lao P.D.R.

2.3. *Fiscal year*

The Branch's first fiscal year starts on the 25 August 2011 and ends on 31 December 2011. The following fiscal years start on 1 January and end on 31 December.

2.4. *Recognition of interest income and expense*

Interest income and expense are recognized in the income statement on accrual basis using straight-line method and the interest rates stipulated in the lending/depositing contracts with clients.

The recognition of accrued interest income is suspended when the loans becoming non-performing or when management believes that the borrower has no ability to repay the interest and principal. Interest income on such loans is only recorded in the income statement when actually received.

2.5. *Recognition of fee and commission income*

Fee and commission consists of fees received for fund transfer (including trade settlement, fee arising for foreign currency exchange transactions, fee arising from financial guarantees).

Fee and commissions are recognized in to income statement on cash basis.

Industry and Commercial Bank of China Limited, Vientiane Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2011 and for the period from 25 August 2011 to 31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6. Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid short-term investments with an original maturity of less than 30 days that are readily convertible to known amount of cash and accounts due from banks with original maturity of less than 30 days.

2.7. Fixed assets

Fixed asset includes of tangible fixed assets and intangible fixed assets. Tangible fixed assets consist of building, furniture and fixtures and office equipments. Intangible fixed assets consist of computer software.

Fixed assets are stated at cost less accumulated depreciation, if any

The cost of an asset comprises its purchase price plus any directly attributable costs of bringing the asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are capitalized and expenditures for maintenance and repairs are charged to the income statement.

Cost and accumulated depreciation of sold or retired assets are derecognized in the balance sheet and any gains or losses resulting from their disposal are recorded in the income statement.

2.8. Depreciation and amortization of fixed assets

Depreciation is provided on the straight line basis at prescribed rates over their estimated useful lives in accordance with the Tax Law of Lao P.D.R issued by the Ministry of Finance ('MOF') dated 1 March 2011. The following are the annual rates used:

Office equipment	20%
Furniture and fixtures	20%
Computer equipment and software	20%

2.9. Foreign currency transactions

The Bank maintains its accounting system and records all transactions in Lao Kip. Monetary assets and liabilities denominated in currencies other than Lao Kip at year end are translated into LAK at exchange rates ruling on the balance sheet date (see list of exchange rates of applicable foreign currencies against LAK on 31 December 2011 as presented below). Income and expenses arising in foreign currencies during the period are converted into LAK at rates ruling on the transaction dates. Unrealized exchange differences arising from the translation of monetary assets and liabilities on the balance date are recognized in the income statement.

	<i>31 December 2011</i>
	<u>LAK</u>
United State Dollar ("USD")	8,007
Thai baht ("THB")	251.75
Chinese Yuan ("CNY")	1,233

Industry and Commercial Bank of China Limited, Vientiane Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2011 and for the period from 25 August 2011 to 31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10. Taxation

Provision is made for taxation on the period's profits, based on the laws governing taxation within Lao P.D.R. For each profitable year, the company was subject to the tax rate of 35% on total profit before tax or 1% minimum tax of total revenue in case of losses. The Bank's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

2.11. Employee benefit

Post employment benefits

Post employment benefits are paid to retired employees of the Branch by the Social Security Fund Department which belongs to the Ministry of Labor and Social Welfare. The Branch is required to contribute to these post employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 5.00% of employee's basic salary on a monthly basis. The Branch has no further obligation concerning post employment benefits for its employees other than this.

Termination benefits

In accordance with Article 29 of the Amended Labour Law issued by the President of the Lao People's Democratic Republic on 16 January 2007, the Branch has the obligation to pay allowance for employees who are terminated by dismissal in the following cases:

- The worker lacks specialised skills or is not in good health and thus cannot continue to work;
- The employer considers it necessary to reduce the number of workers in order to improve the work within the labour unit.

For the termination of an employment contract on any of the above-mentioned basis, the employer must pay a termination allowance which is calculated on the basis of 10% of the basic monthly salary earned before the termination of work for the worker who has worked for less than three years. For workers who have worked for more than three years, the basis of calculation shall be 15%. As at 31 December 2011, there is no employees of the Branch who were dismissed under the above-mentioned grounds; therefore the Branch has not made a provision for termination allowance in the financial statements.

Industry and Commercial Bank of China Limited, Vientiane Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2011 and for the period from 25 August 2011 to 31 December 2011

3. NET INTEREST AND SIMILAR INCOME

	<i>For the period from 25 Aug 2011 to 31 Dec 2011 LAK</i>
Interest and similar income:	
Interest income from placement with other banks	17,523,457
Interest and similar expenses:	
Interest expense from customer deposits	<u>(5,009,374)</u>
Net interest and similar income	<u>12,514,083</u>

4. NET FEES AND COMMISSION INCOME

	<i>For the period from 25 Aug 2011 to 31 Dec 2011 LAK</i>
Fees and commission income from	
Providing services to customers	<u>8,877,223</u>
	<u>8,877,223</u>

5. PAYROLL AND OTHER STAFF COSTS

	<i>For the period from 25 Aug 2011 to 31 Dec 2011 LAK</i>
Wages and salaries	<u>688,780,184</u>
	<u>688,780,184</u>

Industry and Commercial Bank of China Limited, Vientiane Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2011 and for the period from 25 August 2011 to 31 December 2011

6. OTHER GENERAL AND ADMINISTRATION EXPENSES

	<i>For the period from 25 Aug 2011 to 31 Dec 2011 LAK</i>
Office rental expenses	869,158,333
Fuel expenses	24,140,611
Office stationery expenses	126,062,600
Publication, marketing and promotion expenses	258,348,860
Telecommunication expenses	116,728,179
Repair and maintenance expenses	29,139,536
Electricity and water expenses	30,380,052
Insurance fee	7,024,084
Expenses on welcoming guests	218,089,332
Other	133,064,080
	<u>1,812,135,667</u>

7. CASH ON HAND

	<i>31 December 2011 LAK</i>
Cash on hand in LAK	533,815,500
Cash on hand in foreign currencies	5,982,927,484
	<u>6,516,742,984</u>

8. BALANCES WITH THE BANK OF LAO P.D.R (“BOL”)

	<i>31 December 2011 LAK</i>
Demand deposit	90,412,995,215
Registered capital deposit	59,403,219,883
	<u>149,816,215,098</u>

Balances with the BOL include settlement and compulsory deposits. These balances bear no interest.

Under regulations of the BOL, the Branch is required to maintain certain cash reserves with the BOL in the form of compulsory deposits, which are computed at 5.00% and 10.00% on a bi-monthly basis, (2011: 5.00% and 10.00%) of customer deposits having original maturities of less than 12 months, after deducting the balances of cash on hand, in LAK, USD and THB, respectively.

During the year 2011, the Branch maintained its compulsory deposits in compliance with the requirements of the BOL.

Industry and Commercial Bank of China Limited, Vientiane Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2011 and for the period from 25 August 2011 to 31 December 2011

9. AMOUNT DUE FROM OTHER BANKS

	31 December 2011 LAK
Demand deposits at overseas banks	
Industry and Commercial Bank of China (Asia) Limited Hongkong	37,656,090,209
Industry and Commercial Bank of China Limited, Head Office	<u>128,811,788,420</u>
	<u>166,467,878,629</u>

10. FIXED ASSETS

Tangible fixed assets

Movement of the balance of tangible fixed assets for the period from 25 August 2011 to 31 December 2011 is as follows:

	<i>Office equipment LAK</i>	<i>Furniture & fixtures LAK</i>	<i>Computer equipment LAK</i>	<i>Total LAK</i>
Cost:				
At 25 August 2011	-	-	-	-
Additions	<u>41,896,000</u>	<u>10,361,077,500</u>	<u>1,728,389,207</u>	<u>12,131,362,707</u>
At 31 December 2011	<u>41,896,000</u>	<u>10,361,077,500</u>	<u>1,728,389,207</u>	<u>12,131,362,707</u>
Accumulated Depreciation:				
At 25 August 2011	-	-	-	-
Charge for the period	<u>46,551</u>	<u>94,976,544</u>	<u>8,641,946</u>	<u>103,665,041</u>
At 31 December 2011	<u>46,551</u>	<u>94,976,544</u>	<u>8,641,946</u>	<u>103,665,041</u>
Net book value:				
At 25 August 2011	-	-	-	-
At 31 December 2011	<u>41,849,449</u>	<u>10,266,100,956</u>	<u>1,719,747,261</u>	<u>12,027,697,666</u>

Industry and Commercial Bank of China Limited, Vientiane Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2011 and for the period from 25 August 2011 to 31 December 2011

10. FIXED ASSETS (continued)

Intangible fixed assets

Movement of the balance of intangible fixed assets for the year ended 31 December 2011 is as follows:

	<i>Computer software LAK</i>
Cost:	
At 25 August 2011	-
Additions	44,607,880
At 31 December 2011	<u>44,607,880</u>
Accumulated Depreciation:	
At 25 August 2011	-
Charge for the period	223,039
At 31 December 2011	<u>223,039</u>
Net book value:	
At 25 August 2011	-
At 31 December 2011	<u><u>44,384,841</u></u>

11. OTHER ASSETS

	<i>31 December 2011 LAK</i>
Prepaid for rental building fees	11,165,341,667
Prepaid for internet line service	167,841,667
	<u><u>11,333,183,334</u></u>

Industry and Commercial Bank of China Limited, Vientiane Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2011 and for the period from 25 August 2011 to 31 December 2011

12. AMOUNTS DUE TO CUSTOMERS

Balance of customer deposits and other amounts due to customers as at 31 December 2011 is as follows:

	<i>31 December 2011</i>
	<i>LAK</i>
Demand deposits	27,660,689,759
In LAK	25,000,000
In foreign currencies	27,635,689,759
Saving deposits	9,124,706,045
In LAK	868,577,650
In foreign currencies	8,256,128,395
Fixed term deposits	845,464,200
In LAK	200,100,000
In foreign currencies	645,364,200
Other payables to customers	70,286,040,005
In LAK	-
In foreign currencies	70,286,040,005
	107,916,900,009

The interest rates for amount due to customers are as follows:

	<i>2011</i>
	<i>Interest rate</i>
Demand deposits in LAK	No interest
Demand deposits in foreign currencies	No interest
Saving deposits in LAK	1.00% - 3.00%
Saving deposits in USD	0.25% - 1.25%
Saving deposits in THB	0.25% - 1.00%
Fixed term deposits in LAK	5% - 12%
Fixed term deposits in foreign currencies	0.50% - 6.25%

13. OTHER PAYABLES

	<i>31 December 2011</i>
	<i>LAK</i>
Payable to employees	480,420,000
Deferred income	686,160,666
	1,166,580,666

Industry and Commercial Bank of China Limited, Vientiane Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2011 and for the period from 25 August 2011 to 31 December 2011

14. TAXATION

In accordance with the Lao Tax Law dated 14 October 1995 stipulated by the President of the National Assembly, and the following Agreement 553/TO dated 27 June 1997 issued by the Tax Authority, income tax is payable at the higher of the minimum tax of 1% on total revenue ("1% method") or at 35% on the taxable profit of the Branch reported under the Lao Accounting System.

During the period from 25 August 2011 to 31 December 2011, the Branch suffered losses of LAK 2,874,598,622, hence the Branch was subject to the minimum tax of 1% on total revenue. Detailed corporate income tax computation for the period are as follows:

	<i>For the period from 25 Aug 2011 to 31 Dec 2011 LAK</i>
Option 1	
Total taxable revenues	142,347,795
Corporate Income Tax at 1% of total taxable revenues	1,423,478
Option 2	
Profit before tax of the period	(2,874,598,622)
Loss carried forward from previous year	-
Net profit before tax of the period after and loss carried forward	(2,874,598,622)
Non-deductible expenses	-
Taxable loss	(2,874,598,622)
Corporate Income Tax at 35% of total taxable profit	-
Current Corporate Income Tax (higher between two options)	1,423,478
Payable at the beginning of the period	-
Tax paid during the period	-
Payable at the end of the period	1,423,478

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

Industry and Commercial Bank of China Limited, Vientiane Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2011 and for the period from 25 August 2011 to 31 December 2011

15. PAID-UP CAPITAL

The movement of paid up capital during the period is presented below:

	<i>31 December 2011</i> <i>LAK</i>
Opening balance	-
Additional paid-up capital during the period	<u>239,970,000,000</u>
Closing balance	<u>239,970,000,000</u>

16. CASH AND CASH EQUIVALENTS

	<i>31 December 2011</i> <i>LAK</i>
Cash on hand	6,516,742,984
Current accounts with the BOL	149,816,215,098
Current accounts with other banks	<u>166,467,878,629</u>
	<u>322,800,836,711</u>

17. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other parties to which the Branch is related. A party is related to the Branch if:

(a) directly, or indirectly through one or more intermediaries, the party:

- ▶ controls, is controlled by, or is under common control with, the Branch (this includes parents, subsidiaries and fellow subsidiaries);
- ▶ has an interest in the Branch that gives it significant influence over the Branch; or
- ▶ has joint control over the Branch.

(b) the party is a joint venture in which the Branch is a venture;

(c) the party is a member of the key management personnel of the Branch or its parent;

(d) the party is a close member of the family of any individual referred to in (a) or (d);

(e) the party is an Bank that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such Bank resides with, directly or indirectly, any individual referred to in (c) or (d); or

(f) the party is a post-employment benefit plan for the benefit of employees of the Branch, or of any Bank that is a related party of the Branch.

Industry and Commercial Bank of China Limited, Vientiane Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2011 and for the period from 25 August 2011 to 31 December 2011

17. RELATED PARTY TRANSACTIONS (continued)

Balances with related parties as at 31 December 2011 are as follows:

	<i>Receivable</i> <i>LAK</i>	<i>(Payable)</i> <i>LAK</i>
Industry and Commercial Bank of China, Head Office		
<i>Demand deposits</i>	37,656,090,210	-
Industry and Commercial Bank of China, (ASIA) Limited Hongkong		
<i>Demand deposits</i>	128,811,788,420	-

Significant transactions with related parties during the period were as follows:

	<i>Transactions</i>	<i>LAK</i>
Industry and Commercial Bank of China, Head Office	Capital contributed	239,970,000,000
	Interest income	4,579,418
Industry and Commercial Bank of China, (ASIA) Limited Hongkong	Interest income	11,154,483

18. EVENTS AFTER THE BALANCE SHEET DATE

Other than as disclosed elsewhere in these financial statements, at the date of this report, there were no events, which occurred subsequent to 31 December 2011 that significantly impacted the financial position of the Branch as at 31 December 2011.

Mr. Lu Jian
Director

Mr. Zhang Daxiang
Head of Accounting Department

Vientiane Capital, Lao P.D.R

29 March 2013