



**Hoa Sen Group and its subsidiaries**

Consolidated Financial Statements  
for the year ended 30 September 2020



## Hoa Sen Group Corporate Information

**Business Registration Certificate**      3700381324      8 August 2001

The Company's Business Registration Certificate has been amended several times, the most recent of which is by Business Registration Certificate No. 3700381324 dated 12 June 2020. The Business Registration Certificate and its updates were issued by the Department of Planning and Investment of Binh Duong Province.

<b>Board of Directors</b>	Mr. Le Phuoc Vu	Chairman
	Mr. Tran Ngoc Chu	Vice Chairman
	Mr. Tran Quoc Tri	Member
	Mr. Ly Van Xuan	Member
	Mr. Nguyen Van Luan	Member
	Mr. Dinh Viet Duy	Member

<b>Board of Management</b>	Mr. Tran Quoc Tri	General Director
	Mr. Hoang Duc Huy	Deputy General Director
	Mr. Vu Van Thanh	Deputy General Director
	Mr. Nguyen Minh Khoa	Deputy General Director (until 14 August 2020)
	Mr. Ho Thanh Hieu	Deputy General Director
	Mr. Tran Quoc Pham	Deputy General Director
	Mr. Nguyen Ngoc Huy	Deputy General Director
	Mr. Tran Thanh Nam	Acting Deputy General Director (from 1 January 2020)
	Mr. Nguyen Tan Hoa	Acting Deputy General Director (from 1 August 2020)

<b>Legal Representative</b>	Mr. Le Phuoc Vu	Chairman of the Board of Directors
	Mr. Tran Ngoc Chu	Vice Chairman of the Board of Directors
	Mr. Tran Quoc Tri	General Director

**Registered Office**      No. 9, Thong Nhat Boulevard,  
Song Than II Industrial Park,  
Di An Ward, Di An City,  
Binh Duong Province  
Vietnam

**Auditor**      KPMG Limited  
Vietnam

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## **Hoa Sen Group Statement of Board of Management**

The Board of Management of Hoa Sen Group (“the Company”) presents this statement and the accompanying consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) for the year ended 30 September 2020.

The Board of Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Management:

- (a) the consolidated financial statements set out on pages 5 to 58 give a true and fair view of the consolidated financial position of the Group as at 30 September 2020, and of its consolidated results of operations and consolidated cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

The Board of Management has, on the date of this statement, authorised the accompanying consolidated financial statements for issue.

On behalf of the Board of Management



Trần Quốc Tri  
General Director

Ho Chi Minh City, 24 December 2020



KPMG Limited Branch  
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115 Nguyen Hue Street, Ben Nghe Ward  
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## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders Hoa Sen Group

We have audited the accompanying consolidated financial statements of Hoa Sen Group ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated balance sheet as at 30 September 2020, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 24 December 2020, as set out on pages 5 to 58.

### Management's Responsibility

The Company's Board of Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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 auditor's judgement, 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 auditor considers internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Board of 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.

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## Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Hoa Sen Group and its subsidiaries as at 30 September 2020 and of their consolidated results of operations and consolidated cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

### KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No. 20-01-00180-20-2



Chang Hung Chun  
Practicing Auditor Registration  
Certificate No. 0863-2018-007-1  
*Deputy General Director*

Nguyen Thanh Nghi  
Practicing Auditor Registration  
Certificate No. 0304-2018-007-1

Ho Chi Minh City, 24 December 2020



**Hoa Sen Group and its subsidiaries**  
**Consolidated balance sheet as at 30 September 2020**

**Form B 01 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/9/2020 VND	1/10/2019 VND
<b>ASSETS</b>				
<b>Current assets</b> <b>(100 = 110 + 120 + 130 + 140 + 150)</b>	<b>100</b>		<b>9,022,315,330,402</b>	<b>7,355,652,364,016</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>574,767,066,704</b>	<b>288,707,713,172</b>
Cash	111		546,734,145,565	288,564,191,297
Cash equivalents	112		28,032,921,139	143,521,875
<b>Short-term financial investments</b>	<b>120</b>		<b>516,043,836</b>	<b>76,250,000,000</b>
Held-to-maturity investments	123	6(a)	516,043,836	76,250,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>2,024,273,013,463</b>	<b>1,339,263,670,053</b>
Accounts receivable from customers	131	7(a)	1,778,136,480,894	1,049,450,621,720
Prepayments to suppliers	132	8	100,085,092,644	135,583,407,831
Other short-term receivables	136	9(a)	171,749,127,453	164,521,607,196
Allowance for doubtful debts	137	7(c)	(25,697,687,528)	(10,291,966,694)
<b>Inventories</b>	<b>140</b>	<b>10</b>	<b>5,523,844,442,201</b>	<b>4,547,528,637,193</b>
Inventories	141		5,568,878,411,270	4,599,379,745,104
Allowance for inventories	149		(45,033,969,069)	(51,851,107,911)
<b>Other current assets</b>	<b>150</b>		<b>898,914,764,198</b>	<b>1,103,902,343,598</b>
Short-term prepaid expenses	151	15(a)	141,636,982,795	99,299,504,104
Deductible value added tax	152		757,274,781,403	997,416,186,710
Taxes receivable from State Treasury	153	18(b)	3,000,000	7,186,652,784

*The accompanying notes are an integral part of these consolidated financial statements*



**Hoa Sen Group and its subsidiaries**  
**Consolidated balance sheet as at 30 September 2020 (continued)**

**Form B 01 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/9/2020 VND	1/10/2019 VND
<b>Long-term assets</b> (200 = 210 + 220 + 240 + 250 + 260)	<b>200</b>		<b>8,734,092,334,529</b>	<b>9,869,786,099,023</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>184,949,529,000</b>	<b>226,761,293,160</b>
Other long-term receivables	216	9(b)	184,949,529,000	226,761,293,160
<b>Fixed assets</b>	<b>220</b>		<b>7,594,742,677,985</b>	<b>8,642,006,807,601</b>
Tangible fixed assets	221	11	7,262,428,277,688	8,186,719,713,839
Cost	222		13,329,437,933,511	13,134,211,874,310
Accumulated depreciation	223		(6,067,009,655,823)	(4,947,492,160,471)
Finance lease tangible fixed assets	224	12	112,152,264,648	214,042,830,281
Cost	225		130,467,379,881	237,020,532,992
Accumulated depreciation	226		(18,315,115,233)	(22,977,702,711)
Intangible fixed assets	227	13	220,162,135,649	241,244,263,481
Cost	228		283,098,677,599	294,601,902,380
Accumulated amortisation	229		(62,936,541,950)	(53,357,638,899)
<b>Long-term work in progress</b>	<b>240</b>		<b>575,955,787,725</b>	<b>576,452,872,180</b>
Construction in progress	242	14	575,955,787,725	576,452,872,180
<b>Long-term financial investments</b>	<b>250</b>		<b>26,472,160,000</b>	<b>17,000,000,000</b>
Held-to-maturity investments	255	6(a)	26,472,160,000	17,000,000,000
<b>Other long-term assets</b>	<b>260</b>		<b>351,972,179,819</b>	<b>407,565,126,082</b>
Long-term prepaid expenses	261	15(b)	272,734,770,282	365,534,127,666
Deferred tax assets	262	16	79,237,409,537	42,030,998,416
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>17,756,407,664,931</b>	<b>17,225,438,463,039</b>

*The accompanying notes are an integral part of these consolidated financial statements*



**Hoa Sen Group and its subsidiaries**  
**Consolidated balance sheet as at 30 September 2020 (continued)**

**Form B 01 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/9/2020 VND	1/10/2019 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>11,165,669,153,608</b>	<b>11,757,157,277,389</b>
<b>Current liabilities</b>	<b>310</b>		<b>8,991,488,795,259</b>	<b>8,767,419,669,924</b>
Accounts payable to suppliers	311	17	1,454,938,948,232	1,379,160,194,955
Advances from customers	312		208,728,376,787	101,394,195,074
Taxes payable to State Treasury	313	18(a)	271,827,347,796	83,658,990,877
Payables to employees	314		75,605,377,314	62,992,350,003
Accrued expenses	315	19	480,647,139,892	124,968,889,487
Other payables – short-term	319	20	433,234,264,391	263,879,077,110
Short-term borrowings and finance lease liabilities	320	21(a)	6,023,444,645,186	6,706,463,172,987
Bonus and welfare fund	322	22	43,062,695,661	44,902,799,431
<b>Long-term liabilities</b>	<b>330</b>		<b>2,174,180,358,349</b>	<b>2,989,737,607,465</b>
Other payables – long-term	337		709,500,000	709,500,000
Long-term borrowings and finance lease liabilities	338	21(b)	2,162,915,544,533	2,986,131,853,215
Provisions – long-term	342	23	10,555,313,816	2,896,254,250
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>6,590,738,511,323</b>	<b>5,468,281,185,650</b>
<b>Owners' equity</b>	<b>410</b>	<b>24</b>	<b>6,590,738,511,323</b>	<b>5,468,281,185,650</b>
Share capital	411	25	4,446,252,130,000	4,234,694,890,000
- Ordinary shares with voting rights	411a		4,446,252,130,000	4,234,694,890,000
Share premium	412		151,583,183,521	151,583,183,521
Treasury shares	415		(3,271,000,000)	(2,459,000,000)
Other equity funds	420		35,535,781,824	55,626,670,135
Retained profits	421		1,954,018,045,161	1,021,280,774,551
- Retained profits brought forward	421a		800,689,731,226	659,928,641,536
- Profit for the current year	421b		1,153,328,313,935	361,352,133,015
Non-controlling interest	429		6,620,370,817	7,554,667,443
<b>TOTAL RESOURCES</b> <b>(440 = 300 + 400)</b>	<b>440</b>		<b>17,756,407,664,931</b>	<b>17,225,438,463,039</b>

24 December 2020

Prepared by



Nguyen Thi Thanh Tuyen  
Accountant

Approved by



Nguyen Thi Ngoc Lan  
Chief Accountant



Tran Quoc Tri  
General Director

*The accompanying notes are an integral part of these consolidated financial statements*



## Hoa Sen Group and its subsidiaries

### Consolidated statement of income for the year ended 30 September 2020

Form B 02 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Year ended	
			30/9/2020 VND	30/9/2019 VND
Revenue from sales of goods and provision of services	01	27	27,765,155,626,306	28,081,303,783,088
Revenue deductions	02	27	234,406,112,472	46,528,664,413
Net revenue from sales of goods and provision of services (10 = 01 - 02)	10	27	27,530,749,513,834	28,034,775,118,675
Cost of sales	11	28	22,903,482,165,423	24,836,155,036,672
Gross profit (20 = 10 - 11)	20		4,627,267,348,411	3,198,620,082,003
Financial income	21	29	77,984,494,109	63,164,230,629
Financial expenses	22	30	645,261,573,177	802,634,741,872
<i>In which: Interest expense</i>	23		560,086,135,926	745,960,164,920
Selling expenses	25	31	2,221,083,074,110	1,748,882,841,240
General and administration expenses	26	32	459,978,781,905	470,700,688,884
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		1,378,928,413,328	239,566,040,636
Other income	31	33	28,617,237,724	253,166,267,295
Other expenses	32	34	31,902,487,528	30,663,011,810
Results of other activities (40 = 31 - 32)	40		(3,285,249,804)	222,503,255,485
Accounting profit before tax (50 = 30 + 40)	50		1,375,643,163,524	462,069,296,121
Income tax expense – current	51	36	259,835,557,336	102,045,530,564
Income tax benefit – deferred	52	36	(37,206,411,121)	(1,347,738,189)
Net profit after tax (60 = 50 - 51 - 52) (carried forward)	60		1,153,014,017,309	361,371,503,746

The accompanying notes are an integral part of these consolidated financial statements



**Hoa Sen Group and its subsidiaries**  
**Consolidated statement of cash flows for the year ended 30 September 2020**  
**(Indirect method)**

**Form B 03 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code Note	Year ended	
		30/9/2020 VND	30/9/2019 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Accounting profit before tax</b>	<b>01</b>	<b>1,375,643,163,524</b>	<b>462,069,296,121</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	1,229,764,453,316	1,187,362,709,449
Allowances and provisions	03	16,247,641,558	12,674,715,631
Losses arising from revaluation of monetary items denominated in foreign currencies	04	8,093,493,896	1,760,428,859
Losses/(profits) from investing activities	05	11,969,098,415	(138,884,054,266)
Interest expense	06	560,086,135,926	745,960,164,920
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>3,201,803,986,635</b>	<b>2,270,943,260,714</b>
Change in receivables	09	(398,108,982,805)	1,207,687,182,269
Change in inventories	10	(969,498,666,166)	2,048,306,428,396
Change in payables and other liabilities	11	983,533,510,048	389,709,901,418
Change in prepaid expenses	12	50,298,250,628	109,444,425,707
		<b>2,868,028,098,340</b>	<b>6,026,091,198,504</b>
Interest paid	14	(563,994,610,863)	(753,141,518,007)
Income tax paid	15	(163,547,497,267)	(78,482,788,446)
Other payments for operating activities	17	(30,964,795,406)	(13,390,811,230)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>2,109,521,194,804</b>	<b>5,181,076,080,821</b>

*The accompanying notes are an integral part of these consolidated financial statements*



**Hoa Sen Group and its subsidiaries**  
**Consolidated statement of cash flows for the year ended 30 September 2020**  
**(Indirect method – continued)**

**Form B 03 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Code Note	Year ended	
		30/9/2020 VND	30/9/2019 VND
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(398,137,474,514)	(1,057,985,115,931)
Collections on disposals of fixed assets	22	7,619,573,128	292,129,010,756
Payments for term deposits and purchase of debt instruments of other entities	23	(9,988,203,836)	(104,750,000,000)
Collections on term deposits	24	76,250,000,000	74,370,387,032
Payments for investments in other entities	25	-	(11,581,401,220)
Proceeds from liquidation of subsidiaries	26	8,882,151,730	14,928,557,806
Receipts of interest	27	4,594,414,990	6,514,604,449
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(310,779,538,502)</b>	<b>(786,373,957,108)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments for shares redemptions	32	(812,000,000)	(1,116,000,000)
Proceeds from borrowings	33	22,583,653,369,329	20,572,520,273,479
Proceeds from sales and lease back fixed assets which are finance leases	33	-	110,741,661,833
Payments to settle loan principals	34	(24,031,275,249,680)	(25,197,752,754,083)
Payments to settle finance lease liabilities	35	(64,120,907,969)	(79,783,030,658)
Payments of dividends	36	(22,299,100)	(225,251,900)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(1,512,577,087,420)</b>	<b>(4,595,615,101,329)</b>
<b>Net cash flows during the year (50 = 20 + 30 + 40)</b>	<b>50</b>	<b>286,164,568,882</b>	<b>(200,912,977,616)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>288,707,713,172</b>	<b>492,079,830,667</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>(105,215,350)</b>	<b>(2,459,139,879)</b>
<b>Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)</b>	<b>70 5</b>	<b>574,767,066,704</b>	<b>288,707,713,172</b>

24 December 2020

Prepared by



Nguyen Thi Thanh Tuyen  
Accountant

Approved by



Nguyen Thi Ngoc Lan  
Chief Accountant



Lan Quoc Tri  
General Director

*The accompanying notes are an integral part of these consolidated financial statements*

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## **Hoa Sen Group and its subsidiaries**

### **Notes to the consolidated financial statements for the year ended 30 September 2020**

**Form B 09 – DN/HN**

*(Issued under Circular No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

#### **1. Reporting entity**

##### **(a) Ownership structure**

Hoa Sen Group (“Company”) is incorporated as a joint stock company in Vietnam.

The Company’s shares were listed on Ho Chi Minh City Stock Exchange with the stock code “HSG” in accordance with Decision No. 117/QĐ-SGDHCM dated 5 November 2008 issued by Ho Chi Minh City Stock Exchange.

The consolidated financial statements for the year ended 30 September 2020 comprise the Company and its subsidiaries (collectively referred to as “the Group”).

##### **(b) Principal activities**

The principal activities of the Group are to manufacturing roofing sheets by galvanised steel, zinc alloy, paint galvanised zinc plating and plating of other alloys; producing steel purlins, galvanised purlins; manufacturing black steel pipes, galvanised steel pipes and other alloys; manufacturing steel mesh, galvanized steel wire, steel wire; manufacturing PVC ceiling; buying and selling building materials, capital goods and consumer goods; providing warehousing and transportation services; building industrial and civil constructions and producing cold rolled steel coils and leasing machinery and equipment and other tangible belongings.

##### **(c) Normal operating cycle**

The normal operating cycle of the Group is within 12 months.

##### **(d) Group structure**

As at 30 September 2020, the Group has 10 subsidiaries and 1 associate (1/10/2019: 16 subsidiaries and 1 associate), as follows:

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**Hoa Sen Group and its subsidiaries**  
**Notes to the consolidated financial statements for the year ended 30 September 2020**  
**(continued)**

**Form B 09 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

Name	Principal activities	Percentage of ownership/ voting rights	
		30/9/2020	1/10/2019
<b>Subsidiaries</b>			
▪ Hoa Sen Nghe An One Member Limited Liabilities Company	Manufacturing and trading metal roofing sheets and steel pipe products.	100%	100%
▪ Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	Manufacturing and trading metal roofing sheets.	100%	100%
▪ Hoa Sen Steel One Member Company Limited	Manufacturing and trading in cold rolled steel products.	100%	100%
▪ Hoa Sen Phu My One Member Limited Liabilities Company	Manufacturing steel for building materials and consumer goods.	100%	100%
▪ Hoa Sen Ha Nam One Member Limited Liability Company	Manufacturing and trading in plastic building materials and steel pipe products.	100%	100%
▪ Hoa Sen Building Materials Company Limited	Manufacturing and trading in plastic building materials and steel pipe products.	100%	100%
▪ Hoa Sen Binh Dinh Sole Member Limited Company	Manufacturing and trading in plastic building materials and steel pipe products.	100%	100%
▪ Hoa Sen Yen Bai Joint Stock Company	Operating a hotel, restaurant services and commercial center.	95%	95%
▪ Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company	Manufacturing and trading in steel pipe products.	100%	100%
▪ Hoa Sen Ca Na - Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liability Company (*)	Manufacturing iron, steel and cast iron products.	-	100%
▪ Hoa Sen Ca Na - Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liability Company (**)	Trading in real estate and land use right for use or rent.	-	100%
▪ Hoa Sen Ca Na - Ninh Thuan International General Seaport One Member Limited Liability Company (**)	Investing in riverport and seaport.	-	100%
▪ Hoa Sen Ca Na - Ninh Thuan Renewable Energy One Member Limited Liability Company (*)	Manufacturing, transmitting and distributing electricity.	-	100%
▪ Hoa Sen Ca Na - Ninh Thuan Cement One Member Limited Liability Company (*)	Manufacturing cement, lime and plaster.	-	100%

**Hoa Sen Group and its subsidiaries**  
**Notes to the consolidated financial statements for the year ended 30 September 2020**  
**(continued)**

**Form B 09 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

Name	Principal activities	Percentage of ownership/ voting rights	
		30/9/2020	1/10/2019
<b>Subsidiaries (continued)</b>			
▪ Hoa Sen Quy Nhon Joint Stock Company (*)	Trading real estate and provide support services for trading real estate.	-	99%
▪ Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company	Investing, constructing and trading industrial park infrastructure.	95%	95%
<b>Associates</b>			
▪ Hoa Sen International Port Joint Stock Company (***)	Providing supporting services related to transportation.	49%	49%

(\*) As at 27 July 2020, the Company's Board of Directors decided to dissolve Hoa Sen Ca Na – Ninh Thuan One Member Limited Liability Company, Hoa Sen Ca Na - Ninh Thuan Renewable Energy One Member Limited Liability Company, Hoa Sen Ca Na - Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liability Company and Hoa Sen Quy Nhon Joint Stock Company. The dissolution of these subsidiaries was completed before 30 September 2020.

(\*\*) As at 27 July 2020, the Company's Board of Directors of decided to transfer capital in Hoa Sen Ca Na - Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liability Company and Hoa Sen Ca Na - Ninh Thuan International General Seaport One Member Limited Liability Company to Trung Nam Construction Investment Joint Stock Company. The transfer of these subsidiaries was completed before 30 September 2020.

(\*\*\*) As at 30 September 2020, the Group has not yet contributed capital to these companies. These subsidiaries are in the pre-operating stage.

As at 30 September 2020, the Group had 7,209 employees (1/10/2019: 6,637 employees).

## 2. Basis of preparation

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirement applicable to financial reporting.

### (b) Basis of measurement

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the indirect method.



**Hoa Sen Group and its subsidiaries**  
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**(c) Annual accounting period**

The annual accounting period of the Group is from 1 October to 30 September of following calendar year.

**(d) Accounting and presentation currency**

The Group's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statement presentation purpose.

**3. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated financial statements.

**(a) Basis of consolidation**

**(i) Subsidiaries**

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

**(ii) Non-controlling interests**

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

**(iii) Associates**

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of the associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in associates, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associates.



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**(iv) Transactions eliminated on consolidation**

Intra-group transactions, balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

**(b) Foreign currency transactions**

Transactions in currencies other than VND during the year have been translated into VND at actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and account transfer selling rate, respectively, at the end of the accounting period quoted by the commercial bank where the Group most frequently conduct transactions.

All foreign exchange differences are recorded in the consolidated statement of income.

**(c) Cash and cash equivalents**

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(d) Held-to-maturity investments**

Held-to-maturity investments are those that the Group's management has intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank and bonds. These investments are stated at costs less doubtful debts.

**(e) Accounts receivable**

Trade and other receivables are stated at cost less allowance for doubtful debts.

**Hoa Sen Group and its subsidiaries**

**Notes to the consolidated financial statements for the year ended 30 September 2020**

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**(f) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and direct selling expenses.

The Group applies the perpetual method of accounting for inventories.

**(g) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use, and the costs of dismantling and removing the asset and restoring the site on which it is located. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the consolidated statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

**(ii) Depreciation**

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings and structures	5 – 50 years
▪ machinery and equipment	3 – 10 years
▪ motor vehicles	2 – 10 years
▪ office equipment	3 – 10 years
▪ others	3 – 8 years

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**Hoa Sen Group and its subsidiaries**  
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**(h) Intangible fixed assets**

**(i) Land use rights**

Land use rights comprise:

- Those granted by the State for which land use payments are collected;
- Those acquired in a legitimate transfer; and
- Rights to use leased land obtained before the effective date of Land Law (2003) for which payments have been made in advance for more than 5 years and supported by land use right certificate issued by competent authority.

Land use rights are stated at cost less accumulated amortisation. The initial cost of land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Definite land use rights are amortised on a straight-line basis over a period ranging from 14 to 55 years. Indefinite land use rights are not amortised.

**(ii) Software**

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over a period ranging from 3 to 6 years.

**(i) Construction in progress**

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

**(j) Long-term prepaid expenses**

**(i) Tools and instruments**

Tools and instruments include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.

**(ii) Land clearance cost**

Land clearance cost including cost for ground clearing before construction which is amortised on a straight-line basis over the land lease term of 49 years 8 months.

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**(iii) Rental expenses**

Rental expenses include prepaid warehouse rentals for use of the warehouse during the Group's business operations and are initially recognised at cost. Rental expenses are amortised on a straight-line basis over lease term ranging from 2 to 3 years.

**(iv) Advertising panels**

Advertising panels are recognised at costs and are amortised on a straight-line basis over a period ranging from 2 to 3 years.

**(v) Maintenance expenses**

Maintenance expenses of fixed assets represent the cost of repairing and replacing machinery, equipment and other fixed assets but do not meet the capitalisation requirements of fixed asset. Maintenance expenses are initially recognised at cost and are amortised on a straight-line basis over a period ranging from 2 to 3 years.

**(k) Goodwill**

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (gain from bargain purchase), it is recognised immediately in the consolidated statement of income

Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis not more than 10 years. Carrying value of goodwill arising on acquisition of a subsidiary is written down to recoverable amount as management determines that it is not fully recoverable.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and is not amortised.

**(l) Trade and other payables**

Trade and other payables are stated at their costs.

**(m) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.



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***Severance allowance***

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the six-month period prior to the end of the accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group are excluded.

**(n) Share capital**

**(i) Ordinary shares**

Ordinary shares are recognised at par value.

**(ii) Share premium**

Excess of cash receipt from share issues over par value is recorded as share premium. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.

**(iii) Repurchase and reissue of ordinary shares (treasury shares)**

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognized as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are sold for reissue subsequently, cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the shares reissued is presented within share premium.

**(o) Taxation**

Income tax on the consolidated profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the accounting period, and any adjustment to tax payable in respect of previous years.



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Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(p) Revenue and other income**

**(i) Goods sold**

Revenue from the sale of goods is recognised in the consolidated statement of income when significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

**(ii) Services rendered**

Revenue from services rendered is recognised in the consolidated statement of income in proportion to the stage of completion of the transaction. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

**(iii) Interest income**

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

**(q) Leases**

**(i) Leased assets**

Leases in terms of which the Company, as lessee, assumes substantially all the risks and rewards of ownership are classified as finance leases. Tangible fixed assets acquired by way of finance leases are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation.

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**Hoa Sen Group and its subsidiaries**  
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Depreciation on finance leased assets is computed on a straight-line basis over the shorter of the lease term and the estimated useful lives of the leased assets unless it is reasonably certain that the Company will obtain ownership by the end of lease term. The estimated useful lives of finance leased assets are consistent with the useful lives of tangible fixed assets as described in Note 3(h).

Assets held under other leases are classified as operating leases and are not recognised in the Company's balance sheet.

**(ii) Lease payments**

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**(r) Borrowing costs**

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

**(s) Earnings per share**

The Group presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders (after deducting any amounts appropriated to bonus and welfare fund for the accounting period) of the Company by the weighted average number of ordinary shares outstanding during the year.

The Group has no shares with impact of potential dilution. Therefore, regulations on presentation of diluted earnings per share are not applied.

**(t) Segment reporting**

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments.

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**Hoa Sen Group and its subsidiaries**  
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**(u) Related parties**

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

**4. Segment reporting**

**(a) Business segments**

The Group's principal activities are buying and selling steel roofing sheets, steel pipes, building materials. Other activities are asset leasing and service provision. During the year, other activities accounted for an insignificant proportion of total revenue and business operating results of the Group, accordingly, the financial information presented in the consolidated balance sheet as at 30 September 2020 and 1 October 2019 and all revenue, expenses presented in the consolidated statement of income for the year ended 30 September 2020 and 30 September 2019 are mainly related to the Group's principal business activities.

**(b) Geographical segments**

The Group's geographical segments are distinguished based on the locations of customers as follows:

	Geographical segments		
	Domestic VND	Oversea VND	Total VND
<b>Year ended</b>			
<b>30 September 2020</b>			
Revenue	17,439,544,287,525	10,091,205,226,309	27,530,749,513,834
Cost of sales	(13,329,842,491,295)	(9,573,639,674,128)	(22,903,482,165,423)
	4,109,701,796,230	517,565,552,181	4,627,267,348,411
<b>Year ended</b>			
<b>30 September 2019</b>			
Revenue	19,382,187,270,908	8,652,587,847,767	28,034,775,118,675
Cost of sales	(16,503,791,346,217)	(8,332,363,690,455)	(24,836,155,036,672)
	2,878,395,924,691	320,224,157,312	3,198,620,082,003





**Hoa Sen Group and its subsidiaries**

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- (\*) Bonds with original term of 10 years were denominated in VND and earned annual interest at floating interest rate plus 1.2% (1/10/2019: floating interest rate plus 1.2%).
- (\*\*) Bonds with original term of 7 years were denominated in VND and earned annual interest at floating interest rate plus 1.2% (1/10/2019: floating interest rate plus 1.2%).
- (\*\*\*) Bonds with original term of 6 years were denominated in VND and earned annual interest at floating interest rate plus 1.25% as at 30 December 2020.
- (\*\*\*\*) This term represented term deposit with original terms to maturity of more than 12 months from the period ended at Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch, and earned annual interest rate of 5.5%. As at 30 September 2020, all this deposit was used to secure for the guarantee contract at Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch.



**Hoa Sen Group and its subsidiaries**

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**(b) Long-term investments**

	30/9/2020			1/10/2019				
	% equity owned/ voting rights	Cost VND	Equity accounted VND	Fair value VND	% equity owned/ voting rights	Cost VND	Equity accounted VND	Fair value VND
<b>Investment in associates</b>								
▪ Hoa Sen International Port Joint Stock Company (**)	49%	-	-	-	49%	-	-	-
		-	-	-		-	-	-

(\*\*) Hoa Sen International Port Joint Stock Company was incorporated under the Enterprise Registration Certificate No. 3502399898 issued by the Department of Planning and Investment of Ba Ria Vung Tau Province on 5 July 2019, in which the Company owned 49% ownership. As at 30 September 2020, the Company has not contributed capital to Hoa Sen International Port Joint Stock Company.

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**7. Accounts receivable from customers**

**(a) Accounts receivable from customers detailed by significant customers**

	<b>30/9/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Isi Steel Co., Ltd	338,062,125,796	134,835,130,364
Other customers	1,440,074,355,098	914,615,491,356
	1,778,136,480,894	1,049,450,621,720

As at 30 September 2020, accounts receivable with carrying value of VND570,000 million and receivable arising from export bill collection with the value of VND2,300,000 million (1/10/2019: VND570,000 million of trade receivable and VND2,300,000 million arising from export bill collection) were pledged with banks as security for loan granted to the Company (Note 21).

**(b) Accounts receivable from customers who are related parties**

	<b>30/9/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
<i>Companies owned by the Group's Chairman</i>		
Hoa Sen Holdings Group	34,749,020	13,384,000
Hoa Sen Nghe An Investment Company Limited	19,800,000	19,800,000

The trade related amounts due from the related parties were unsecured, interest free and are receivable in 45 days from invoice date.

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**Hoa Sen Group and its subsidiaries**  
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(c) Bad and doubtful debts	30/9/2020			1/10/2019				
	Overdue days	Cost VND	Allowance VND	Recoverable amount VND	Overdue days	Cost VND	Allowance VND	Recoverable amount VND
<i>Overdue debts</i>								
Me Kong Consultant Trading Construction	2 – 3 years	1,648,743,436	(1,648,743,436)	-	1 – 2 years	1,648,743,436	(1,648,743,436)	-
Joint Stock Company								
Hai Thuy Limited Liability Company	More than 1 year	1,545,000,625	(1,545,000,625)	-	More than 6 months	1,545,000,625	(1,545,000,625)	-
Hiep Loan Steel Construction Limited Liability Company	More than 1 year	1,243,508,106	(1,243,508,106)	-	More than 6 months	1,243,508,106	(1,243,508,106)	-
Phuc Duc Production And Trading One Member Limited Liability Company	More than 6 months	1,096,410,095	(1,096,410,095)	-	In due	1,096,410,095	-	1,096,410,095
Hoang Thai Private Enterprise	More than 1 year	1,023,359,294	(1,023,359,294)	-	More than 1 year	1,023,359,294	(1,023,359,294)	-
Yen Mai Trading Service and Construction Company Limited	More than 6 months	839,518,227	(839,518,227)	-	-	5,862,857,951	-	5,862,857,951
Toan Phat HN Trading & Production Limited Liability Company	6 months – 1 year	1,426,131,048	(1,426,131,048)	-	In due	592,356,915	-	592,356,915
Others		16,875,016,697	(16,875,016,697)	-		4,831,355,233	(4,831,355,233)	-
		25,697,687,528	(25,697,687,528)	-		17,843,591,655	(10,291,966,694)	7,551,624,961

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**8. Prepayments to suppliers**

	<b>30/9/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Hoa Phat Hung Yen Steel Limited Liability Company – Binh Duong Branch	21,469,960,714	-
Vietnam Kinex Construction Joint Stock Company	14,348,431,632	14,348,431,632
Kim Nguon Limited Liability Company	11,650,000,000	4,500,000,000
Vung Tau Low Pressure Gas Distribution Enterprise	12,151,382,390	12,463,350,777
Other suppliers	40,465,317,908	104,271,625,422
	<b>100,085,092,644</b>	<b>135,583,407,831</b>

**9. Other receivables**

**(a) Other short-term receivables**

	<b>30/9/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Advances for purchase of lands	45,462,225,000	45,462,225,000
Advances to employees	42,103,309,219	43,061,645,310
Receivables from transfer land use rights	12,818,775,000	-
Compensation and ground clearing	20,000,000,000	21,348,158,000
Short-term deposits and deposits for rental	42,305,656,080	48,608,966,594
Others	9,059,162,154	6,040,612,292
	<b>171,749,127,453</b>	<b>164,521,607,196</b>

*Other short-term receivables from related parties*

	<b>30/9/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
<i>Companies owned by the Group's Chairman</i>		
Hoa Sen Holdings Group	2,059,900,000	1,870,000,000
<i>Key management personnel</i>		
Mr. Hoang Duc Huy – Deputy General Director	45,462,225,000	45,474,025,000

The other receivables amount due from the related parties were unsecured, interest free and are receivable on demand.

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	<b>30/9/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Deposits for rental	181,758,529,000	222,016,729,000
Others	3,191,000,000	4,744,564,160
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	<b>184,949,529,000</b>	<b>226,761,293,160</b>

**10. Inventories**

	<b>30/9/2020</b>		<b>1/10/2019</b>	
	<b>Cost VND</b>	<b>Allowance VND</b>	<b>Cost VND</b>	<b>Allowance VND</b>
Goods in transit	1,382,843,392,363	-	677,285,188,372	-
Raw materials	1,130,658,074,684	(16,115,794,147)	810,129,847,544	(3,196,773,239)
Tools and supplies	569,463,528,312	-	674,389,686,696	-
Work in progress	1,646,096,388	-	4,817,698	-
Finished goods	1,694,167,547,960	(24,672,838,046)	1,904,587,813,297	(40,109,352,098)
Merchandise	790,099,771,563	(4,245,336,876)	532,982,391,497	(8,544,982,574)
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	<b>5,568,878,411,270</b>	<b>(45,033,969,069)</b>	<b>4,599,379,745,104</b>	<b>(51,851,107,911)</b>

As at 30 September 2020, inventories with carrying value of VND2,800,786 million (1/10/2019: VND2,488,159 million) were pledged with banks as security for loans granted to the Group (Note 21).

Included in inventories at 30 September 2020 was VND125,360 million of raw materials, VND373,343 million of finished goods and VND67,954 million of merchandise (1/10/2019: VND172,695 million of raw materials, VND484,357 million of finished goods and VND224,093 million of merchandise) carried at net realisable value.

Movements in allowance for inventories during the year were as follows:

	<b>Year ended</b>	
	<b>30/9/2020</b>	<b>30/9/2019</b>
	<b>VND</b>	<b>VND</b>
Opening balance	51,851,107,911	40,691,706,865
Allowance (reversed)/made during the year	(6,817,138,842)	11,159,401,046
	<hr/>	<hr/>
Closing balance	<b>45,033,969,069</b>	<b>51,851,107,911</b>

**Hoa Sen Group and its subsidiaries**

**Notes to the consolidated financial statements for the year ended 30 September 2020 (continued)**

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**11. Tangible fixed assets**

Cost	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Opening balance	2,446,810,631,951	10,173,108,549,352	412,675,421,363	74,566,896,721	27,050,374,923	13,134,211,874,310
Additions	271,304,165	9,040,988,505	2,161,963,843	102,500,000	-	11,576,756,513
Transfer from construction in progress	28,328,337,590	174,454,530,895	667,335,340	-	-	203,450,203,825
Transfer from finance lease tangible fixed assets	-	30,618,347,412	57,298,442,063	18,636,363,636	-	106,553,153,111
Transfer to long-term prepaid expenses	-	535,510,031	-	-	-	535,510,031
Reclassification	-	5,708,714,437	-	(5,708,714,437)	-	-
Disposals	-	(69,423,521,593)	(2,367,903,173)	-	-	(71,791,424,766)
Written off	-	(55,905,961,343)	(370,000,000)	-	-	(56,275,961,343)
Increase/(decrease) as a result of construction finalisation	(3,995,203,849)	5,173,025,679	-	-	-	1,177,821,830
Closing balance	2,471,415,069,857	10,273,310,183,375	470,065,259,436	87,597,045,920	27,050,374,923	13,329,437,933,511
<b>Accumulated depreciation</b>						
Opening balance	563,091,144,114	4,128,553,570,400	200,630,701,973	33,762,296,721	21,454,447,263	4,947,492,160,471
Charge for the year	126,000,384,220	1,006,791,572,009	52,063,468,125	9,576,593,702	616,618,651	1,195,048,636,707
Transfer from finance lease tangible fixed assets	-	6,317,615,506	17,798,334,682	3,865,326,067	-	27,981,276,255
Transfer to long-term prepaid expenses	-	371,881,966	-	-	-	371,881,966
Reclassification	-	1,059,780,286	-	(1,059,780,286)	-	-
Disposals	-	(57,667,080,137)	(1,193,567,964)	-	-	(58,860,648,101)
Written off	-	(44,653,651,475)	(370,000,000)	-	-	(45,023,651,475)
Closing balance	689,091,528,334	5,040,773,688,555	268,928,936,816	46,144,436,204	22,071,065,914	6,067,009,655,823
<b>Net book value</b>						
Opening balance	1,883,719,487,837	6,044,554,978,952	212,044,719,390	40,804,600,000	5,595,927,660	8,186,719,713,839
Closing balance	1,782,323,541,523	5,232,536,494,820	201,136,322,620	41,452,609,716	4,979,309,009	7,262,428,277,688

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**Hoa Sen Group and its subsidiaries****Notes to the consolidated financial statements for the year ended 30 September 2020****(continued)****Form B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

Included in tangible fixed assets were assets costing VND1,166,403 million which were fully depreciated as at 30 September 2020 (1/10/2019: VND849,054 million), but which are still in active use.

As at 30 September 2020, tangible fixed assets with net book value of VND6,185,137 million (1/10/2019: VND6,821,624 million) were pledged with banks as security for loans granted to the Group (Note 21).

**12. Finance lease tangible fixed assets**

	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Cost</b>				
Opening balance	151,525,727,293	66,858,442,063	18,636,363,636	237,020,532,992
Transfer to tangible fixed assets	(30,618,347,412)	(57,298,442,063)	(18,636,363,636)	(106,553,153,111)
Closing balance	120,907,379,881	9,560,000,000	-	130,467,379,881
<b>Accumulated depreciation</b>				
Opening balance	6,481,723,299	14,423,003,074	2,072,976,338	22,977,702,711
Charge for the year	16,332,666,030	5,193,673,018	1,792,349,729	23,318,688,777
Transfer to tangible fixed assets	(6,317,615,506)	(17,798,334,682)	(3,865,326,067)	(27,981,276,255)
Closing balance	16,496,773,823	1,818,341,410	-	18,315,115,233
<b>Net book value</b>				
Opening balance	145,044,003,994	52,435,438,989	16,563,387,298	214,042,830,281
Closing balance	104,410,606,058	7,741,658,590	-	112,152,264,648

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**Hoa Sen Group and its subsidiaries****Notes to the consolidated financial statements for the year ended 30 September 2020**

(continued)

**Form B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***13. Intangible fixed assets**

	Land use rights VND	Software VND	Total VND
<b>Cost</b>			
Opening balance	247,710,409,765	46,891,492,615	294,601,902,380
Additions	-	3,000,000,000	3,000,000,000
Disposals	(12,685,000,000)	-	(12,685,000,000)
Written off	-	(1,818,224,781)	(1,818,224,781)
Closing balance	235,025,409,765	48,073,267,834	283,098,677,599
<b>Accumulated amortisation</b>			
Opening balance	37,616,564,694	15,741,074,205	53,357,638,899
Charge for the year	3,453,969,163	7,943,158,669	11,397,127,832
Written off	-	(1,818,224,781)	(1,818,224,781)
Closing balance	41,070,533,857	21,866,008,093	62,936,541,950
<b>Net book value</b>			
Opening balance	210,093,845,071	31,150,418,410	241,244,263,481
Closing balance	193,954,875,908	26,207,259,741	220,162,135,649

Included in intangible fixed assets were assets costing VND456 million which were fully depreciated as at 30 September 2020 (1/10/2019: VND2,275 million), but which are still in active use.

As at 30 September 2020, intangible fixed assets with net book value of VND99,988 million (1/10/2019: VND105,350 million) were pledged with banks as security for loans granted to the Group (Note 21).

**Hoa Sen Group and its subsidiaries**  
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**14. Construction in progress**

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Opening balance	576,452,872,180	1,512,774,341,255
Increases from business combination	-	26,839,374,200
Additions during the year	246,758,507,548	708,722,466,177
Transfer to tangible fixed assets	(203,450,203,825)	(1,585,009,466,653)
Transfer to short-term prepaid expenses	(2,419,457,088)	(376,444,294)
Transfer to long-term prepaid expenses	(12,637,706,813)	(18,860,179,511)
Other decreases (*)	-	(60,000,000,000)
Disposals	-	(476,066,951)
Decreases due to dissolution of subsidiaries	(28,748,224,277)	(7,161,152,043)
	<hr/>	<hr/>
Closing balance	575,955,787,725	576,452,872,180

- (\*) Other decreases represented prepayments to suppliers to purchase land use rights at the intersection of IC12 Minh Quan Commune and Bao Hung Commune, Tran Yen District, Yen Bai Province in accordance with Decision no. 2014/STNMT-VPĐK dated 15 December 2016 by the Department of Natural Resources and Environment Yen Bai Province, which was refunded during the year.

Major constructions in progress were as follows:

	30/9/2020 VND	1/10/2019 VND
Machinery and equipment waiting for installation	67,957,814,979	224,957,322,430
Factories	110,723,594,232	86,859,494,955
Hoa Sen Yen Bai project	347,706,768,372	219,694,039,271
Ground clearing cost of Hoa Sen Ha Nam project	38,794,072,000	38,794,072,000
Major maintenance expenses of fixed assets	10,597,766,331	3,865,509,172
Others	175,771,811	2,282,434,352
	<hr/>	<hr/>
	575,955,787,725	576,452,872,180

During the year, borrowing costs were capitalised into the construction in progress equivalent to VND10,038 million, identified based on capitalisation ratio from 5% to 9% (year ended 30/9/2019: VND40,640 million, identified based on capitalisation from 5% to 9%).



**Hoa Sen Group and its subsidiaries**

**Notes to the consolidated financial statements for the year ended 30 September 2020**  
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**15. Prepaid expenses**

**(a) Short-term prepaid expenses**

	<b>30/9/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Rental fee	59,399,652,052	48,587,023,377
Advertising expenses	24,829,641,795	17,509,179,783
Tools and instruments	43,529,656,120	18,409,533,006
Insurance fee	1,585,945,970	484,984,056
Maintenance expenses	5,140,546,849	4,924,160,066
Consultancy expenses	1,889,338,410	640,750,877
Others	5,262,201,599	8,743,872,939
	<b>141,636,982,795</b>	<b>99,299,504,104</b>

**(b) Long-term prepaid expenses**

	<b>30/9/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Tools and instruments	100,595,642,595	132,377,002,232
Rental fee	76,600,246,305	71,457,221,006
Land clearance cost	52,465,115,643	78,277,621,218
Advertising panels	15,374,300,149	38,709,350,763
Maintenance expenses	12,292,628,995	23,475,312,366
Others	15,406,836,595	21,237,620,081
	<b>272,734,770,282</b>	<b>365,534,127,666</b>

Movements of long-term prepaid expenses during the year were as follows:

	<b>Year ended</b>	
	<b>30/9/2020</b>	<b>30/9/2019</b>
	<b>VND</b>	<b>VND</b>
Opening balance	365,534,127,666	475,698,024,116
Additions during the year	82,532,801,042	127,211,978,389
Transfer (to)/from tangible fixed assets	(163,628,065)	743,974,195
Transfer from construction in progress	12,637,706,813	18,860,179,511
Transfer to short-term prepaid expenses	240,769,417	(2,827,127,400)
Amortisation during the year	(187,417,700,068)	(241,251,667,989)
Disposals	(629,306,523)	(12,901,233,156)
	<b>272,734,770,282</b>	<b>365,534,127,666</b>

**Hoa Sen Group and its subsidiaries**

**Notes to the consolidated financial statements for the year ended 30 September 2020 (continued)**

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**16. Deferred tax assets**

	<b>30/9/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
<i>Deferred tax assets are recognised for:</i>		
▪ Unrealised profits	39,216,457,247	21,926,066,092
▪ Accrued expenses	24,728,361,887	9,022,541,606
▪ Provisions	11,977,576,816	8,713,422,216
▪ Foreign exchange differences	-	559,610,798
▪ Others	3,315,013,587	1,809,357,704
	<hr/>	<hr/>
	79,237,409,537	42,030,998,416
	<hr/>	<hr/>

**17. Accounts payable to suppliers**

**(a) Accounts payable to suppliers detailed by significant suppliers**

	<b>30/9/2020</b>	<b>1/10/2019</b>
	<b>Cost/amount</b>	<b>Cost/amount</b>
	<b>within payment</b>	<b>within payment</b>
	<b>capacity</b>	<b>capacity</b>
	<b>VND</b>	<b>VND</b>
Nippon Steel Trading Corporation	303,482,841,213	56,854,815,173
Hung Nghiep Formosa Ha Tinh Iron Steel Limited Liability Company	296,702,697,996	22,869,689,975
Other suppliers	854,753,409,023	1,299,435,689,807
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	1,454,938,948,232	1,379,160,194,955
	<hr/>	<hr/>

**(b) Accounts payable to suppliers who are related parties**

	<b>30/9/2020</b>	<b>1/10/2019</b>
	<b>Cost/amount</b>	<b>Cost/amount</b>
	<b>within payment</b>	<b>within payment</b>
	<b>capacity</b>	<b>capacity</b>
	<b>VND</b>	<b>VND</b>
<i>Companies owned by the Group's Chairman</i>		
Hoa Sen Holdings Group	7,018,375,408	5,931,497,565
Hoa Sen Nghe An Investment Company Limited	2,449,892,438	2,957,890,162
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The trade payable amounts due to the related parties were unsecured, interest free and are payable within 45 days from invoice date.

Hoa Sen Group and its subsidiaries

Notes to the consolidated financial statements for the year ended 30 September 2020 (continued)

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18. Taxes payable to and receivable from State Treasury

(a) Taxes payable to State Treasury	1/10/2019	Incurred	Paid	Netted-off	Reclassified	30/9/2020
	VND	VND	VND	VND	VND	VND
Value added tax	76,622,874,045	8,050,264,190,614	(1,193,090,655,891)	(6,757,331,581,138)	(1,323,542,817)	175,141,284,813
Import-export tax	78,347,372	10,156,495,285	(9,778,653,525)	-	-	456,189,132
Corporate income tax	4,094,140,040	259,835,557,336	(163,547,497,267)	-	(7,108,371,598)	93,273,828,511
Personal income tax	2,785,578,830	23,130,152,288	(22,963,546,309)	(12,196,329)	(76,622,840)	2,863,365,640
Other taxes	78,050,590	3,654,453,458	(3,639,824,348)	-	-	92,679,700
	83,658,990,877	8,347,040,848,981	(1,393,020,177,340)	(6,757,343,777,467)	(8,508,537,255)	271,827,347,796
(b) Taxes receivable from State Treasury						
	1/10/2019	Incurred	Reclassified	30/9/2020		
	VND	VND	VND	VND		
Corporate income tax	7,108,371,598	-	(7,108,371,598)	-		
Other taxes	78,281,186	1,341,654	(76,622,840)	3,000,000		
	7,186,652,784	1,341,654	(7,184,994,438)	3,000,000		

**Hoa Sen Group and its subsidiaries****Notes to the consolidated financial statements for the year ended 30 September 2020  
(continued)****Form B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC  
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	30/9/2020 VND	1/10/2019 VND
Salary and bonus	442,569,291,620	22,458,770,000
Construction in progress	10,787,448,808	21,579,861,989
Interest expenses	7,418,835,510	11,327,310,447
Tax provision expenses	3,912,745,955	68,689,580,004
Electricity expenses	380,529,874	242,293,646
Transportation expenses	219,189,613	-
Others	15,359,098,512	671,073,401
	480,647,139,892	124,968,889,487

**20. Other payables – short-term**

	30/9/2020 VND	1/10/2019 VND
Import sponsor payables (*)	245,638,100,621	123,526,267,272
Discount export documents payables	142,966,821,833	109,826,375,736
Short-term deposits received	23,105,461,713	13,910,435,118
Dividend payables	4,247,322,425	4,402,225,525
Social insurance, health insurance, unemployment insurance and union funds	2,474,430,995	1,953,755,850
Others	14,802,126,804	10,260,017,609
	433,234,264,391	263,879,077,110

- (\*) These amounts represented Usance payable at sight Letter of credit (UPAS L/C) provided by Vietnam International Commercial Joint Stock Bank – Ho Chi Minh Branch, Tien Phong Commercial Joint Stock Bank – Ben Thanh Branch and Vietnam Joint Stock Commercial Bank for Industry and Trade – Nghe An Branch (1/10/2019: provided by Vietnam Joint Stock Commercial Bank for Industry and Trade – Binh Duong Industrial Park Branch) with tenor from 90 to 120 days after sight. If the Company cannot make payment on the due date, they will be automatically converted into bank loans.

***Other payables – short-term to related parties***

	30/9/2020 VND	1/10/2019 VND
<b><i>Company owned by the Group's Chairman</i></b>		
Hoa Sen Holdings Group	-	863,000,000

The other payable amounts due to the related parties were unsecured, interest free and are payable on demand.

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21. Borrowings and finance lease liabilities

(a) Short-term borrowings and finance lease liabilities

	1/10/2019	Movements during the year			30/9/2020
	Carrying amount/ Amount within repayment capacity VND	Additions VND	Decreases VND	Foreign exchange differences VND	Carrying amount/ Amount within repayment capacity VND
Short-term borrowings	5,984,633,062,602	22,583,653,369,329	(23,307,737,280,093)	5,507,951,837	5,266,057,103,675
Current portion of long-term borrowings (b)	669,132,423,536	756,352,763,420	(700,756,215,109)	-	724,728,971,847
Finance lease principals due within twelve months (c)	52,697,686,849	39,667,081,659	(59,706,198,844)	-	32,658,569,664
	6,706,463,172,987	23,379,673,214,408	(24,068,199,694,046)	5,507,951,837	6,023,444,645,186





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Terms and conditions of outstanding short-term borrowings were as follows:

Lenders	Note	Currency	30/9/2020 VND	1/10/2019 VND
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	VND	1,171,017,687,810	1,994,915,518,201
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	USD	531,104,907,733	129,916,416,765
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(ii)	VND	947,943,944,130	1,567,097,214,485
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(ii)	USD	413,037,687,997	54,253,608,247
▪ Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	(iii)	VND	-	395,058,324,455
▪ Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	(iii)	VND	472,377,287,783	252,269,997,400
▪ Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	(iii)	USD	99,439,545,965	-
▪ HSBC Bank (Vietnam) Ltd.	(iv)	VND	608,438,856,420	589,496,289,578
▪ Ho Chi Minh City Development Joint Stock Commercial Bank	(v)	USD	213,385,900,000	299,706,629,722
▪ Sinopac Bank - Ho Chi Minh City Branch	(vi)	VND	-	132,961,671,917
▪ Sinopac Bank - Ho Chi Minh City Branch	(vi)	VND	32,300,000,000	-
▪ United Overseas Bank (Vietnam) Limited	(vii)	VND	101,516,310,719	114,584,761,996
▪ United Overseas Bank (Vietnam) Limited	(vii)	USD	57,085,000,000	-
▪ United Overseas Bank (Vietnam) Limited	(viii)	VND	61,832,823,335	53,513,456,332
▪ Malayan Banking Berhad Ho Chi Minh City Branch	(ix)	VND	42,323,443,406	-
▪ Malayan Banking Berhad Ho Chi Minh City Branch	(ix)	USD	46,084,500,000	85,446,513,628
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Nghe An Branch	(x)	VND	145,844,804,159	266,182,861,076
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Ria Vung Tau Branch	(xi)	VND	-	49,229,798,800
▪ Vietnam Maritime Joint Stock Commercial Bank - Ho Chi Minh City Branch	(xii)	USD	97,147,784,400	-
▪ Saigon Thuong Tinh Joint Stock Commercial Bank - Center Branch	(xiii)	VND	50,000,000,000	-
▪ CTBC Bank Limited Liability Company - Ho Chi Minh City Branch	(xiv)	USD	19,942,608,592	-
▪ CTBC Bank Limited Liability Company - Ho Chi Minh City Branch	(xiv)	VND	155,234,011,226	-
			<b>5,266,057,103,675</b>	<b>5,984,633,062,602</b>



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Terms and conditions of short-term borrowings were as follows:

<b>Lenders</b>	<b>Currency</b>	<b>Credit limit</b>	<b>Interest rate</b> 30/9/2020	<b>Interest rate</b> 1/10/2019	<b>Pledged assets</b>
i. Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	VND USD	VND3,000 billion	4.50% - 4.90% 1.85% - 2.00%	5.50% - 6.30%	Land use rights, buildings, structures, machinery and equipment and accounts receivable from customers
ii. Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	VND USD	VND1,697 billion	4.50% - 5.00% 1.80% - 2.10%	6.20% 3.60%	Land use rights, machinery and equipment and inventories
iii. Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	VND VND USD	VND1,500 billion	- 4.20% - 4.50% 3.00%	6.00% 6.00%	Inventories and bonds of the Company; machinery and equipment and a part of the construction on land of Hoa Sen Nghe An One Member Limited Liabilities Company, subsidiary.
iv. HSBC Bank (Vietnam) Ltd.	VND	USD40 million	4.10% - 4.90%	5.80% - 6.15%	Inventories, machinery and equipment, land use rights and a part of the construction on land and fixed assets of Hoa Sen Binh Dinh Sole Member Limited Company, subsidiary.
v. Ho Chi Minh City Development Joint Stock Commercial Bank	USD	VND800 billion	1.80%	4.20%	Unsecured
vi. Sinopac Bank - Ho Chi Minh City Branch	VND	USD3 million	5.00%	5.90%	Unsecured
vii. United Overseas Bank (Vietnam) Limited	VND USD	USD12 million	4.00% - 4.20% 1.64%	5.90% - 6.19%	Inventories
viii. United Overseas Bank (Vietnam) Limited	VND	USD3 million	4.00% - 4.50%	4.20% - 4.50%	Inventories
ix. Malayan Banking Berhad Ho Chi Minh City Branch	VND USD	USD4 million	4.10% - 4.70% 1.80%	- 4.20%	Inventories

*(Handwritten stamp: NH, 100)*

**Hoa Sen Group and its subsidiaries**

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Lenders	Currency	Credit limit	Interest rate		Pledged assets
			30/9/2020	1/10/2019	
x. Vietnam Joint Stock Commercial Bank for Industry and Trade - Nghe An Branch	VND	VND800 billion	3.20% - 4.50%	6.40% - 6.50%	Inventories
xi. Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Ria Vung Tau Branch	VND	VND300 billion	-	5.50%	Inventories
xii. Vietnam Maritime Joint Stock Commercial Bank - Ho Chi Minh City Branch	VND	VND195 billion	4.50%	-	Unsecured
xiii. Saigon Thuong Tinh Joint Stock Commercial Bank - Center Branch	VND	VND1,000 billion	5.00%	-	Land use rights and accounts receivable from customers
xiv. CTBC Bank Limited Liability Company - Ho Chi Minh City Branch	VND USD	USD8 million	3.80% - 4.00% 1.80% - 1.85%	- -	Unsecured -

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**(b) Long-term borrowings and finance lease liabilities**

	<b>30/9/2020</b>	<b>1/10/2019</b>
	<b>VND</b>	<b>VND</b>
Long-term borrowings	2,859,921,776,235	3,583,459,745,822
Finance lease liabilities (c)	60,381,309,809	124,502,217,778
	<hr/>	<hr/>
	2,920,303,086,044	3,707,961,963,600
Repayable within twelve months	(757,387,541,511)	(721,830,110,385)
	<hr/>	<hr/>
Repayable after twelve months	2,162,915,544,533	2,986,131,853,215
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**Hoa Sen Group and its subsidiaries**

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Terms and conditions of long-term borrowings were as follows:

<b>Lenders</b>	<b>Note</b>	<b>Currency</b>	<b>Year of maturity</b>	<b>30/9/2020 VND</b>	<b>1/10/2019 VND</b>
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	VND	2021 – 2024	2,102,282,791,370	2,628,554,307,862
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(ii)	VND	2022 – 2023	303,150,862,940	406,350,862,940
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - Vung Tau Branch	(iii)	VND	2024	291,633,669,442	330,863,669,442
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Yen Bai Branch	(iv)	VND	2025 – 2026	132,670,311,741	142,550,691,493
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Ria Vung Tau Branch	(v)	VND	2021	30,184,140,742	73,358,614,085
▪ Asia Commercial Joint Stock Bank - Tan Thuan Branch	(vi)	VND	2020	-	1,781,600,000
				<b>2,859,921,776,235</b>	<b>3,583,459,745,822</b>



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- (i) This loan was secured by land use rights, buildings and structures, machinery and equipment and bore annual interest rate ranging from 8.0% to 9.0% (1/10/2019: from 8.8% to 9%).
- (ii) This loan was secured by land use rights, machinery and equipment, motor vehicles and inventories and bore annual interest rate ranging from 7.5% to 8.7% (1/10/2019: from 7.5% to 8.7%).
- (iii) This loan was secured by buildings and structures and machinery and equipment and bore annual interest rate ranging from 8.2% to 9.1% (1/10/2019: from 8.95% to 9.025%).
- (iv) This loan was secured by land use rights, buildings and structures, machinery and equipment and motor vehicles and bore annual interest rate ranging from 8.2% to 9.8% (1/10/2019: from 9% to 11%).
- (v) This loan was secured by buildings and structures, machinery and equipment and bore annual interest rate at 8.0% (1/10/2019: 8.8%).
- (vi) This loan was secured by motor vehicles and bore annual interest rate ranging from 9.5% to 10.1% (1/10/2019: from 9.5% to 10.1%). As at 30 September 2020, this loan has been fully paid.

**Hoa Sen Group and subsidiaries**

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**(c) Finance lease liabilities**

The future minimum lease payments under non-cancellable finance leases are:

	30/9/2020		1/10/2019	
	Payments VND	Interest VND	Payments VND	Interest VND
Within one year	36,840,545,897	4,181,976,233	61,714,978,238	9,017,291,389
Within two to five years	28,935,494,777	1,212,754,632	77,991,799,125	6,187,268,196
	65,776,040,674	5,394,730,865	139,706,777,363	15,204,559,585
			60,381,309,809	124,502,217,778
			32,658,569,664	52,697,686,849
			27,722,740,145	71,804,530,929

**Hoa Sen Group and subsidiaries****Notes to the consolidated financial statements for the year ended 30 September 2020  
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Movements of bonus and welfare fund during the year were as follows:

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Opening balance	44,902,799,431	41,477,023,767
Appropriation from retained profit (Note 24)	3,613,521,330	4,092,340,379
Reversal of unused fund in accrued expenses of prior year	-	1,702,655,525
Utilisation of fund during the year	(5,453,625,100)	(2,369,220,240)
Closing balance	43,062,695,661	44,902,799,431

**23. Provisions – long-term**

Provisions – long-term represented provision for severance allowance. Movements of provision for severance allowance during the year as follows:

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Opening balance	2,896,254,250	3,712,433,500
Appropriation/(reversed) provision during the year	7,659,059,566	(816,179,250)
Closing balance	10,555,313,816	2,896,254,250

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**Hoa Sen Group and subsidiaries**

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**24. Changes in owners' equity**

	Share capital VND	Share premium VND	Treasury shares VND	Other equity funds VND	Retained profits VND	Non-controlling interest VND	Total VND
<b>Balance at 1 October 2018</b>	3,849,903,280,000	151,583,183,521	(1,343,000,000)	60,509,750,556	1,055,058,327,742	35,914,177,106	5,151,625,718,925
Net profit for the year	-	-	-	-	361,352,133,015	19,370,731	361,371,503,746
Shares issued to pay dividends	384,791,610,000	-	-	-	(384,791,610,000)	-	-
Repurchase of treasury shares	-	-	(1,116,000,000)	-	(4,092,340,379)	-	(1,116,000,000)
Appropriation to bonus and welfare fund	-	-	-	-	(4,092,340,379)	-	(4,092,340,379)
Appropriation to equity funds	-	-	-	6,138,510,569	(6,138,510,569)	-	-
Utilisation of funds	-	-	-	(11,021,590,990)	-	-	(11,021,590,990)
Increase due to increasing ownership from associates to subsidiaries	-	-	-	-	18,830,555	1,495,063,793	1,513,894,348
Changes in ownership percentage of non-controlling interest	-	-	-	-	(126,055,813)	(29,873,944,187)	(30,000,000,000)
<b>Balance at 1 October 2019</b>	4,234,694,890,000	151,583,183,521	(2,459,000,000)	55,626,670,135	1,021,280,774,551	7,554,667,443	5,468,281,185,650
Net profit for the year	-	-	-	-	1,153,328,313,935	(314,296,626)	1,153,014,017,309
Shares issued to pay dividends (*)	211,557,240,000	-	-	-	(211,557,240,000)	-	-
Repurchase of treasury shares	-	-	(812,000,000)	-	-	-	(812,000,000)
Appropriation to bonus and welfare fund	-	-	-	-	(3,613,521,330)	-	(3,613,521,330)
Appropriation to equity funds (**)	-	-	-	5,420,281,995	(5,420,281,995)	-	-
Utilisation of funds	-	-	-	(25,511,170,306)	-	-	(25,511,170,306)
Decreased due to dissolution of subsidiaries	-	-	-	-	-	(620,000,000)	(620,000,000)
<b>Balance at 30 September 2020</b>	4,446,252,130,000	151,583,183,521	(3,271,000,000)	35,535,781,824	1,954,018,045,161	6,620,370,817	6,590,738,511,323

**Hoa Sen Group and its subsidiaries****Notes to the consolidated financial statements for the year ended 30 September 2020**

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**Form B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

- (\*) In accordance with the Resolution of Board of Directors dated 29 April 2020, the Company increased share capital from shares issued to pay dividends. There were 21,155,724 shares issued at par value of VND10,000/share.
- (\*\*) In accordance with the Resolution of Board of Directors dated 17 December 2019, the Company appropriated 1.5% retained profits to other equity funds for the purpose of remuneration, charity and operation expenses of Board of Directors (year ended 30 September 2019: 1.5%).

**25. Share capital**

The Company's authorised and issued share capital are:

	30/9/2020		1/10/2019	
	Number of shares	VND	Number of shares	VND
<b>Authorised and issued share capital</b>				
Ordinary shares	444,625,213	4,446,252,130,000	423,469,489	4,234,694,890,000
<b>Treasury share</b>				
Ordinary shares	327,100	3,271,000,000	245,900	2,459,000,000
<b>Shares in circulation</b>				
Ordinary shares	444,298,113	4,442,981,130,000	423,223,589	4,232,235,890,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at shareholders' meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Movements in share capital during the year were as follows:

	Year ended			
	30/9/2020		30/9/2019	
	Number of shares	VND	Number of shares	VND
Opening balance	423,223,589	4,232,235,890,000	384,856,028	3,848,560,280,000
Shares issued to pay dividends	21,155,724	211,557,240,000	38,479,161	384,791,610,000
Repurchase of treasury shares during the year	(81,200)	(812,000,000)	(111,600)	(1,116,000,000)
Closing balance	444,298,113	4,442,981,130,000	423,223,589	4,232,235,890,000

**Hoa Sen Group and its subsidiaries****Notes to the consolidated financial statements for the year ended 30 September 2020  
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*(Issued under Circular No. 202/2014/TT-BTC  
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The future minimum lease payments under non-cancellable operating leases were:

	30/9/2020 VND	1/10/2019 VND
Within one year	181,023,716,815	174,713,166,239
Within two to five years	691,146,037,199	691,810,008,358
More than five years	770,536,718,044	936,592,994,134
	1,642,706,472,058	1,803,116,168,731

**(b) Foreign currencies**

	30/9/2020		1/10/2019	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	7,572,153	174,878,082,357	1,173,918	27,171,115,558
EUR	909	24,288,480	-	-
		174,902,370,837		27,171,115,558

**(c) Capital expenditure commitments**

At the reporting date, the Group had the following outstanding capital commitments approved for the purpose of purchasing new machineries that use for the Group's operation:

	30/9/2020 VND	1/10/2019 VND
Approved and contracted	71,522,424,222	435,509,258,887
	71,522,424,222	435,509,258,887



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Total revenue represents the gross value of goods sold and services rendered, exclusive of value added tax.

Net revenue comprised:

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Total revenue		
▪ Sales of finished goods	13,945,093,147,339	15,030,026,425,745
▪ Sales of merchandise goods	13,778,934,771,842	12,986,899,010,659
▪ Others	41,127,707,125	64,378,346,684
	<hr/>	<hr/>
	27,765,155,626,306	28,081,303,783,088
Less revenue deductions		
▪ Sales discounts	215,992,234,977	23,659,787,569
▪ Sales allowances	5,700,055,453	9,171,395,550
▪ Sales returns	12,713,822,042	13,697,481,294
	<hr/>	<hr/>
	234,406,112,472	46,528,664,413
Net revenue	<hr/>	<hr/>
	27,530,749,513,834	28,034,775,118,675

**28. Cost of sales**

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Total cost of sales:		
▪ Finished goods sold	10,224,045,844,167	12,572,298,284,011
▪ Merchandise goods sold	12,672,459,961,421	12,236,475,821,882
▪ Others	13,793,498,677	16,221,529,733
▪ (Reversed)/appropriation allowance made during the year for inventories	(6,817,138,842)	11,159,401,046
	<hr/>	<hr/>
	22,903,482,165,423	24,836,155,036,672

**Hoa Sen Group and its subsidiaries****Notes to the consolidated financial statements for the year ended 30 September 2020  
(continued)****Form B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC  
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	Year ended	
	30/9/2020 VND	30/9/2019 VND
Interest income from deposits and bonds	4,594,414,990	5,777,871,781
Realised foreign exchange gains	70,199,983,098	57,382,872,754
Other financial income	3,190,096,021	3,486,094
	<u>77,984,494,109</u>	<u>63,164,230,629</u>

**30. Financial expenses**

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Interest expense	560,086,135,926	745,960,164,920
Realised foreign exchange losses	75,353,328,385	53,997,119,337
Unrealised foreign exchange losses	8,093,493,896	1,760,428,859
Other financial expenses	1,728,614,970	917,028,756
	<u>645,261,573,177</u>	<u>802,634,741,872</u>

**31. Selling expenses**

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Staff costs	884,532,511,683	522,045,890,893
Export expenses	449,890,876,255	348,900,692,741
Transportation expenses	219,517,108,970	173,731,390,239
Depreciation and amortisation expenses	167,094,144,203	160,562,421,184
Rental expenses	160,274,877,997	150,613,054,991
Advertising expenses	81,107,806,439	104,833,777,549
Outside service expenses	71,910,732,695	93,322,072,588
Other expenses	186,755,015,868	194,873,541,055
	<u>2,221,083,074,110</u>	<u>1,748,882,841,240</u>

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	Year ended	
	30/9/2020 VND	30/9/2019 VND
Staff expenses	257,915,445,562	161,329,163,316
Depreciation and amortisation expenses	66,626,994,248	62,332,518,169
Rental expenses	25,949,018,951	33,393,007,713
Guest reception expenses	11,665,809,396	15,927,101,970
Business trip expenses	6,910,634,199	6,145,283,909
Professional service expenses	11,783,549,723	10,504,877,967
Outside service expenses	50,145,884,923	54,431,875,120
Other expenses	28,981,444,903	126,636,860,720
	<u>459,978,781,905</u>	<u>470,700,688,884</u>

**33. Other income**

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Gains from disposals of fixed assets	-	133,106,182,485
Compensation	3,503,871,667	11,903,268,643
Gain from bargain purchase	-	860,445,175
Others	25,113,366,057	107,296,370,992
	<u>28,617,237,724</u>	<u>253,166,267,295</u>

**34. Other expenses**

	Year ended	
	30/9/2020 VND	30/9/2020 VND
Loss on disposals of fixed assets	16,563,513,405	9,037,742,228
Others	15,338,974,123	21,625,269,582
	<u>31,902,487,528</u>	<u>30,663,011,810</u>

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**35. Production and business costs by elements**

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Raw material expenses	19,535,328,665,795	19,695,126,527,602
Labour expenses and staff expenses	1,433,792,511,778	928,732,894,854
Depreciation and amortisation expenses	1,229,764,453,316	1,187,362,709,449
Outside service expenses	1,794,833,077,709	1,570,894,855,005
Other expenses	847,512,493,972	919,372,729,606

**36. Income tax**

**(a) Recognised in the consolidated statement of income**

	Year ended	
	30/9/2020 VND	30/9/2019 VND
<b>Current tax expense</b>		
Current year	245,982,234,033	111,147,114,682
Under/(over) provision in prior years	13,853,323,303	(9,101,584,118)
	259,835,557,336	102,045,530,564
<b>Deferred tax benefit</b>		
Origination and reversal of temporary differences	(37,206,411,121)	(1,347,738,189)
	222,629,146,215	100,697,792,375



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**(b) Reconciliation of effective tax rate**

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Accounting profit before tax	1,375,643,163,524	462,069,296,121
Tax at the Company's tax rate	275,128,632,706	92,413,859,224
Effect of different tax rates in subsidiaries	(62,558,538,811)	(10,814,897,914)
Non-deductible expenses	71,990,972,514	19,557,409,092
Tax incentives	(63,129,542,290)	(25,950,324,403)
Unrecognised deferred tax assets	7,690,276,040	34,593,330,494
Tax losses utilised	(13,908,404,822)	-
Utilise deferred tax assets previously not recognised	(6,437,572,425)	-
Under/(over) provision in prior years	13,853,323,303	(9,101,584,118)
	222,629,146,215	100,697,792,375

**(c) Applicable tax rates**

Under the terms of Income Tax Law, the Company has an obligation to pay the government income tax rate of 20% of taxable profits. Subsidiaries have obligations to pay the government income tax at rates ranging from 10% to 20% of taxable profits, detail as follows:

- Hoa Sen Binh Dinh Sole Member Limited Company has an obligation to pay the government income tax at the rate of 20% of taxable profits. This subsidiary is exempt from income tax for 2 years starting from the first year it generates a taxable profit and entitled to a 50% reduction in income tax for the 4 succeeding years.
- Hoa Sen Nghe An One Member Limited Liabilities Company and Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company have an obligation to pay the government income tax at the rate of 10% of taxable profits for 15 years starting from the first year generate revenue and the usual income tax rate for the succeeding years. These subsidiaries are exempt from income tax for 4 years starting from the first year it generates a taxable profit and entitled to a 50% reduction in income tax for the 9 succeeding years.
- Hoa Sen Ha Nam One Member Limited Liability Company has an obligation to pay the government income tax at the rate of 17% of taxable profits for the first 10 years from 2016 and the usual income tax rate for the succeeding years. This subsidiary is exempt from income tax for 2 years starting from the first year it generates a taxable profit and entitled to a 50% reduction in income tax for the 4 succeeding years.





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- Hoa Sen Phu My One Member Limited Liabilities Company and Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company has an obligation to pay the government income tax at the rate of 17% of taxable profits for the first 10 years from the first year generate revenue and the usual income tax rate for the succeeding years. These subsidiaries are exempt from income tax for 2 years starting from the first year it generates a taxable profit and entitled to a 50% reduction in income tax for the 4 succeeding years.
- Other subsidiaries have an obligation to pay the government income tax at the rate of 20% of taxable profits.

**37. Basic earnings per share**

The calculation of basic earnings per share for the year ended 30 September 2020 was based on the profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare fund for the accounting period and a weighted average number of ordinary shares outstanding, calculated as follows:

**(i) Net profit attributable to ordinary shareholders**

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Net profit for the year	1,153,328,313,935	361,352,133,015
Appropriation to bonus and welfare fund (*)	(46,133,132,557)	(14,454,085,321)
Net profit attributable to ordinary shareholders	1,107,195,181,378	346,898,047,694

- (\*) Appropriation to bonus and welfare fund was estimated at 4% of the Group's profit after tax. This appropriation rate is the same as the actual rate approved by the shareholders in the previous period.

**(ii) Weighted average number of ordinary shares**

	Year ended	
	30/9/2020 Number of shares	30/9/2019 Number of shares Restated (**)
Issued ordinary shares at the beginning of the year	423,223,589	384,856,028
Effect of repurchase of treasury shares	(24,612)	(43,358)
Effect of dividends paid by shares after 30 September 2019	-	38,479,161
Effect of dividends paid by shares for the year ended 30 September 2020	21,155,724	21,161,179
Weighted average number of ordinary shares	444,354,701	444,453,010

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(iii) *Basic earnings per share*

	30/9/2020 VND	Year ended 30/9/2019 VND Restated (**)	30/9/2019 VND As previously stated
Basic earnings per share	2,492	781	820

(\*) The restatement represented the impact of shares issued after annual accounting period for dividend payments.

**38. Significant transactions with related parties**

In addition to related party balances disclosed in other notes to the consolidated financial statements, the Group had the following significant transactions with related parties during the year:

	Year ended 30/9/2020 VND	30/9/2019 VND
<i>Company owned by the Company's Chairman</i>		
<b>Hoa Sen Holdings Group</b>		
Sales of merchandise and finished goods	3,310,303,106,066	4,260,734,635,552
Purchases of merchandise and finished goods	-	424,424,089,519
Income from leasing of assets	3,165,014,069	4,198,466,388
Other sales	348,676,081	5,333,866,590
Interest expenses	1,783,817,982	-
Sales of fixed assets	-	32,476,307,578
Purchases of fixed assets	123,636,364	202,978,077,818
Purchases of tools and instruments	-	36,378,797,956
Sales discounts	59,763,907,878	3,364,556,991
Transportation expenses	60,304,523,944	50,923,795,458
Operating lease expenses	8,897,850,106	5,977,669,234
Sale return	4,324,800,079	3,014,517,004
Sale allowance	166,020,819	34,682,845
<b>Hoa Sen Nghe An Investment One Member Co., Ltd.</b>		
Transportation expenses	36,265,597,722	37,507,194,539
Income from leasing of assets	216,000,000	312,000,000
<i>Other related parties</i>		
<b>Board of Management</b>		
Salary and bonus	12,502,574,352	12,037,488,915
<b>Board of Directors and Supervisory Board</b>		
Remuneration	2,340,000,000	2,340,000,000

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**Hoa Sen Group and its subsidiaries**  
**Notes to the consolidated financial statements for the year ended 30 September 2020**  
**(continued)**

**Form B 09 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

**39. Non-cash investing activities**

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Conversion of accounts receivable from customers to increase ownership rate	-	68,564,000,000
Off-set receivables from sales of fixed assets against collection of finance lease principal	-	43,844,985,060
Purchases of fixed assets and construction in progress not yet paid	73,275,604,407	210,512,456,181

**40. Comparative information**

The comparative information as at 1 October 2020 were derived from the Group's consolidated financial statement as at and for the year ended 30 September 2019.

24 December 2020

Prepared by



Nguyen Thi Thanh Tuyen  
Accountant

Approved by



Nguyen Thi Ngoc Lan  
Chief Accountant



Phan Quoc Tri  
General Director