



Hoa Sen Group

Separate Financial Statements
for the year ended 30 September 2020



Hoa Sen Group Corporate Information

Enterprise Registration Certificate 3700381324

8 August 2001

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

Board of Directors	Mr. Le Phuoc Vu Mr. Tran Ngoc Chu Mr. Tran Quoc Tri Mr. Ly Van Xuan Mr. Nguyen Van Luan Mr. Dinh Viet Duy	Chairman Vice Chairman Member Member Member Member
Board of Management	Mr. Tran Quoc Tri Mr. Hoang Duc Huy Mr. Vu Van Thanh Mr. Nguyen Minh Khoa Mr. Ho Thanh Hieu Mr. Tran Quoc Pham Mr. Nguyen Ngoc Huy Mr. Tran Thanh Nam Mr. Nguyen Tan Hoa	General Director Deputy General Director Deputy General Director Deputy General Director (until 14 August 2020) Deputy General Director Deputy General Director Deputy General Director Acting Deputy General Director (from 1 January 2020) Acting Deputy General Director (from 1 August 2020)
Legal representative	Mr. Le Phuoc Vu Mr. Tran Ngoc Chu Mr. Tran Quoc Tri	Chairman of the Board of Directors Vice Chairman of the Board of Directors 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 the Board of Management

The Board of Management of Hoa Sen Group (“the Company”) presents this statement and the accompanying separate financial statements of the Company for the year ended 30 September 2020.

The Board of Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with Vietnamese Accounting Standard, 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 separate financial statements set out on pages 5 to 58 give a true and fair view of the unconsolidated financial position of the Company as at 30 September 2020, and of its unconsolidated results of operations and its unconsolidated 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 Company 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 separate financial statements for issue.

On behalf of the Board of Management



Trần Quốc Tri
General Director

Ho Chi Minh City, 24 December 2020

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10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders Hoa Sen Group

We have audited the accompanying separate financial statements of Hoa Sen Group ("the Company"), which comprise the separate balance sheet as at 30 September 2020, the separate 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 separate 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 is necessary to enable the preparation of separate 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 separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free 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.





Auditor's Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of Hoa Sen Group as at 30 September 2020 and of its unconsolidated results of operations and its unconsolidated 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.: 20-01-00180-20-1



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
Separate balance sheet as at 30 September 2020

Form B 01 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/9/2020 VND	1/10/2019 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		10,370,267,877,634	8,353,422,179,749
Cash and cash equivalents	110	5	480,196,944,895	222,264,128,540
Cash	111		479,446,944,895	222,120,606,665
Cash and cash equivalents	112		750,000,000	143,521,875
Short-term financial investments	120		-	75,750,000,000
Held-to-maturity investments	123	15(a)	-	75,750,000,000
Accounts receivable – short-term	130		6,205,820,116,418	5,167,377,333,616
Accounts receivable from customers	131	6(a)	5,212,742,658,223	4,634,961,613,860
Prepayments to suppliers	132	7	53,025,112,185	60,553,917,594
Other short-term receivables	136	8(a)	962,629,374,510	480,496,148,586
Allowance for doubtful debts	137	6(c)	(22,577,028,500)	(8,634,346,424)
Inventories	140	9	2,997,049,481,888	2,072,119,656,817
Inventories	141		3,021,587,347,164	2,102,406,071,644
Allowance for inventories	149		(24,537,865,276)	(30,286,414,827)
Other current assets	150		687,201,334,433	815,911,060,776
Short-term prepaid expenses	151	16(a)	103,293,368,807	78,075,432,104
Deductible value added tax	152		583,904,965,626	732,929,606,602
Taxes receivable from State Treasury	153	20(b)	3,000,000	4,906,022,070

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

Hoa Sen Group
Separate balance sheet as at 30 September 2020 (continued)

Form B 01 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	30/9/2020 VND	1/10/2019 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		4,925,206,543,486	5,338,121,471,738
Accounts receivable – long-term	210		394,880,535,357	292,077,985,517
Loans receivable – long-term	215	10	212,856,006,357	68,956,017,357
Other long-term receivables	216	8(b)	182,024,529,000	223,121,968,160
Fixed assets	220		1,364,003,049,395	1,725,295,312,625
Tangible fixed assets	221	11	1,147,463,568,504	1,441,875,639,868
Cost	222		3,392,265,713,774	3,390,288,246,734
Accumulated depreciation	223		(2,244,802,145,270)	(1,948,412,606,866)
Finance lease tangible fixed assets	224	12	18,551,181,042	65,309,125,812
Cost	225		22,949,448,333	76,397,768,336
Accumulated depreciation	226		(4,398,267,291)	(11,088,642,524)
Intangible fixed assets	227	13	197,988,299,849	218,110,546,945
Cost	228		248,569,747,599	259,599,505,310
Accumulated amortisation	229		(50,581,447,750)	(41,488,958,365)
Long-term work in progress	240		5,338,412,183	16,487,785,421
Construction in progress	242	14	5,338,412,183	16,487,785,421
Long-term financial investments	250		3,072,965,000,000	3,154,345,000,000
Investments in subsidiaries	251	15(b)	3,051,965,000,000	3,138,345,000,000
Held-to-maturity investments	255	15(a)	21,000,000,000	16,000,000,000
Other long-term assets	260		88,019,546,551	149,915,388,175
Long-term prepaid expenses	261	16(b)	48,265,344,770	128,815,049,868
Deferred tax assets	262	17	39,754,201,781	21,100,338,307
TOTAL ASSETS (270 = 100 + 200)	270		15,295,474,421,120	13,691,543,651,487

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

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Hoa Sen Group
Separate balance sheet as at 30 September 2020 (continued)

Form B 01 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/9/2020 VND	1/10/2019 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		8,270,877,246,022	7,712,594,884,188
Current liabilities	310		8,243,532,836,931	7,662,216,467,599
Accounts payable to suppliers	311	18	2,023,915,668,822	1,370,637,850,790
Advances from customers	312	19	188,998,683,777	84,802,615,349
Taxes payable to State Treasury	313	20(a)	206,566,674,152	61,573,960,649
Payables to employees	314		53,486,276,555	46,039,923,293
Accrued expenses	315	21	317,943,257,598	92,362,758,133
Other payables – short-term	319	22	326,075,538,521	255,621,047,448
Short-term borrowings and finance lease liabilities	320	23(a)	5,083,484,041,845	5,706,275,512,506
Bonus and welfare fund	322	24	43,062,695,661	44,902,799,431
Long-term liabilities	330		27,344,409,091	50,378,416,589
Other payables – long-term	337		709,500,000	709,500,000
Long-term borrowings and finance lease liabilities	338	23(b)	17,017,564,425	47,195,880,089
Provisions – long-term	342	25	9,617,344,666	2,473,036,500
EQUITY (400 = 410)	400		7,024,597,175,098	5,978,948,767,299
Owners' equity	410	26	7,024,597,175,098	5,978,948,767,299
Share capital	411	27	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		2,394,497,079,753	1,539,503,023,643
- Retained profits brought forward	421a		1,318,911,980,318	928,395,663,920
- Profit for the current year	421b		1,075,585,099,435	611,107,359,723
TOTAL RESOURCES (440 = 300 + 400)	440		15,295,474,421,120	13,691,543,651,487

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 separate financial statements

Hoa Sen Group

Separate statement of income for the year ended 30 September 2020

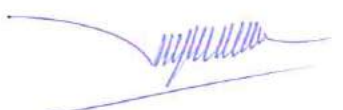
Form B 02 – DN

(Issued under Circular No. 200/2014/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	29	45,103,812,699,734	44,795,852,916,502
Revenue deductions	02	29	150,953,669,705	25,815,045,304
Net revenue (10 = 01 - 02)	10	29	44,952,859,030,029	44,770,037,871,198
Cost of sales	11	30	42,130,019,773,392	42,509,205,331,768
Gross profit (20 = 10 - 11)	20		2,822,839,256,637	2,260,832,539,430
Financial income	21	31	882,731,990,749	400,189,675,049
Financial expenses	22	32	372,603,906,385	439,093,531,704
<i>In which: Interest expense</i>	23		277,498,364,219	399,146,337,196
Selling expenses	25	33	1,838,841,569,984	1,452,918,463,175
General and administration expenses	26	34	268,160,558,053	311,821,718,805
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		1,225,965,212,964	457,188,500,795
Other income	31	35	19,875,796,975	245,868,531,680
Other expenses	32	36	16,683,262,011	4,540,253,461
Results of other activities (40 = 31 - 32)	40		3,192,534,964	241,328,278,219
Accounting profit before tax (50 = 30 + 40)	50		1,229,157,747,928	698,516,779,014
Income tax expense – current	51	38	172,226,511,967	86,459,077,071
Income tax (benefit)/expense – deferred	52	38	(18,653,863,474)	950,342,220
Net profit after tax (60 = 50 - 51 - 52)	60		1,075,585,099,435	611,107,359,723

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 separate financial statements

Hoa Sen Group**Separate statement of cash flows for the year ended 30 September 2020 (Indirect method)****Form B 03 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Code Note	Year ended	
		30/9/2020 VND	30/9/2019 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	1,229,157,747,928	698,516,779,014
Adjustments for			
Depreciation and amortisation	02	345,980,466,978	351,886,248,928
Allowances and provisions	03	8,194,132,525	960,049,390
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04	7,983,777,905	1,468,280,700
Profits from investing activities	05	(789,158,399,428)	(488,127,106,820)
Interest expense	06	277,498,364,219	399,146,337,196
Operating profit before changes in working capital	08	1,079,656,090,127	963,850,588,408
Change in receivables	09	(376,215,302,995)	2,571,484,034,504
Change in inventories	10	(922,226,907,987)	(295,933,168,355)
Change in payables and other liabilities	11	1,502,784,567,628	517,210,365,393
Change in prepaid expenses	12	60,193,117,360	76,955,554,774
		1,344,191,564,133	3,833,567,374,724
Interest paid	14	(277,754,143,955)	(405,309,711,905)
Income tax paid	15	(110,417,388,642)	(65,569,893,516)
Other payments for operating activities	17	(30,964,795,406)	(13,390,811,230)
Net cash flows from operating activities	20	925,055,236,130	3,349,296,958,073
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(21,342,822,954)	(236,953,833,251)
Proceeds from disposals of fixed assets	22	16,403,189,295	281,379,640,355
Payment for granting loans and term deposits	23	(155,899,989,000)	(105,390,000,000)
Collections on loans receivable and term deposits	24	82,750,000,000	76,870,387,032
Payments for investments in subsidiaries	25	(30,500,000,000)	(14,766,000,000)
Collections on disposals of investments in other entities	26	2,683,257,535	18,018,280,991
Collections on disposals of subsidiaries	26	40,500,000,000	-
Receipts of interests and dividends	27	4,966,948,321	13,147,284,616
Net cash flows from investing activities	30	(60,439,416,803)	32,305,759,743

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

Hoa Sen Group
Separate statement of cash flows for the year ended 30 September 2020
(Indirect method – continued)

Form B 03 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code Note	Year ended	
		30/9/2020 VND	30/9/2019 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for shares redemptions	32	(812,000,000)	(1,116,000,000)
Proceeds from borrowings	33	20,593,501,692,686	18,554,179,258,809
Proceeds from settle finance lease liabilities through sales and lease back contract of assets	33	-	16,652,613,833
Payments to settle loan principals	34	(21,178,118,714,736)	(21,860,836,633,450)
Payments to settle finance lease liabilities	35	(20,860,716,112)	(36,886,118,070)
Payments of dividends	36	(22,299,100)	(225,251,900)
Net cash flows from financing activities	40	(606,312,037,262)	(3,328,232,130,778)
Net cash flows during the year (50 = 20 + 30 + 40)	50	258,303,782,065	53,370,587,038
Cash and cash equivalents at the beginning of the year	60	222,264,128,540	171,659,888,989
Effect of exchange rate fluctuations on cash and cash equivalents	61	(370,965,710)	(2,766,347,487)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70 5	480,196,944,895	222,264,128,540

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 separate financial statements

Hoa Sen Group

Notes to the separate financial statements for the year ended 30 September 2020

Form B 09 – DN

*(Issued under Circular No. 200/2014/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 separate financial statements.

1. Reporting entity

(a) Ownership structure

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

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

(b) Principal activities

The Company’s principal activities 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, galvanised steel wire, steel wire; buying and selling building materials, capital goods and consumer goods; providing warehousing and transportation services; building industrial and civil construction 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 Company is generally within 12 months.

(d) Company structure

As at 30 September 2020, the Company had 10 subsidiaries and 1 associate (1/10/2019: 16 subsidiaries and 1 associates) as listed in the Note 15(b).

As at 30 September 2020, the Company had 4,915 employees (1/10/2019: 4,489 employees).

2. Basis of preparation

(a) Statement of compliance

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. The Company prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the Company’s consolidated financial position, its consolidated results of operations and its consolidated cash flows, these separate financial statements should be read in conjunction with the consolidated financial statements.

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Hoa Sen Group

Notes to the separate financial statements for the year ended 30 September 2020

(continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting and presentation currency

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

3. Summary of significant accounting policies

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

(a) 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 buying and selling exchange rates, respectively at the end of the annual accounting period quoted by the commercial bank where the Company most frequently conducts transactions.

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

(b) 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 amounts 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.

(c) Investments

(i) Held-to-maturity investments

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

Hoa Sen Group

Notes to the separate financial statements for the year ended 30 September 2020

(continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(ii) Investments in subsidiaries and associates

For the purpose of this separate financial statements, investments in subsidiaries and associates are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by the Company before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(d) Accounts receivable

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

(e) 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 Company applies the perpetual method of accounting for inventories.

(f) 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 separate 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.

Hoa Sen Group

Notes to the separate financial statements for the year ended 30 September 2020

(continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(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

(g) 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 the value of the right and any direct attributable costs incurred in conjunction with securing the land use rights. Land use rights with definite term are amortised on a straight-line basis over term of land use rights which is from 14 years to 55 years. Land use rights with indefinite term 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 from 3 to 6 years.

(h) Construction in progress

Construction in progress represents the cost 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.



Hoa Sen Group

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

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(i) Long-term prepaid expenses

(i) Advertising panels

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

(ii) Tools and instruments

Tools and instruments include assets held for use by the Company 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.

(iii) Prepaid rental expenses

Prepaid rental expenses comprise prepaid rentals for using warehouse during the Company's production and business operations and are initially recognised at cost. These costs are recognised in the separate statement of income on a straight-line basis over lease term ranging from 2 to 3 years.

(iv) Maintenance expenses

The maintenance expenses represent the expenses 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.

(j) Trade and other payables

Trade and other payables are stated at their costs.

(k) 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.

Hoa Sen Group
Notes to the separate financial statements for the year ended 30 September 2020
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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 Company are excluded.

(l) 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 is 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 recognised 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.

(m) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the separate 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.



Hoa Sen Group

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

Form B 09 – DN

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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.

(n) Revenue and other income

(i) Goods sold

Revenue from the sale of goods is recognised in the separate 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 separate 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.

(iv) Dividend income

Dividend income is recognised when the right to receive dividend is established.



Hoa Sen Group

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

Form B 09 – DN

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(o) 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.

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 the 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(f).

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 statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognized in the 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.

(p) 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.

(q) Segment reporting

A segment is a distinguishable component of the Company 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 Company's primary format for segment reporting is based on business segments.



Hoa Sen Group
Notes to the separate financial statements for the year ended 30 September 2020
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(r) Related parties

Parties are considered to be related to the Company 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 Company 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.

(s) Comparative information

Comparative information in these separate financial statements is presented as corresponding figures. Under this method, comparative information for the prior year are included as an integral part of the current period financial statements and are intended to be read only in relation to the amounts and other disclosures relating to the current year. Accordingly, the comparative information included in these separate financial statements is not intended to present the Company's separate financial position, results of operation or cash flows for the prior year.

4. Segment reporting

(a) Business segments

The Company's principal business activities are buying and selling roofing sheets by steel, 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 Company, accordingly, the financial information presented in the separate balance sheet as at 30 September 2020 and 1 October 2019 and all revenue, expenses presented in the separate statement of income for the year ended 30 September 2020 and 30 September 2019 are mainly related to the Company's principal business activities.

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Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***(b) Geographical segments**

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

	Geographical segments		
	Local VND	Export VND	Total VND
Year ended 30 September 2020			
Revenue	34,982,290,211,381	9,970,568,818,648	44,952,859,030,029
Cost of sales	(32,656,090,830,938)	(9,473,928,942,454)	(42,130,019,773,392)
	2,326,199,380,443	496,639,876,194	2,822,839,256,637
Year ended 30 September 2019			
Revenue	36,259,554,008,527	8,510,483,862,671	44,770,037,871,198
Cost of sales	(34,311,894,762,774)	(8,197,310,568,994)	(42,509,205,331,768)
	1,947,659,245,753	313,173,293,677	2,260,832,539,430

5. Cash and cash equivalents

	30/9/2020 VND	1/10/2019 VND
Cash on hand	37,746,780,451	42,895,838,820
Cash in banks	441,692,185,884	177,399,908,259
Cash in transit	7,978,560	1,824,859,586
Cash equivalents (*)	750,000,000	143,521,875
	480,196,944,895	222,264,128,540

(*) Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transactions dates and earned annual interest from 3.5% to 4.0% (1/10/2019: 5.0%).

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***6. Accounts receivable from customers****(a) Accounts receivable from customers detailed by significant customers**

	30/9/2020	1/10/2019
	VND	VND
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	1,422,755,855,210	709,674,610,157
Hoa Sen Steel One Member Company Limited	649,390,077,771	891,489,275,891
Hoa Sen Nghe An One Member Limited Liabilities Company	609,698,769,472	1,193,849,773,641
Hoa Sen Building Materials Company Limited	606,455,682,416	599,279,619,058
Other customers	1,924,442,273,354	1,240,668,335,113
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	5,212,742,658,223	4,634,961,613,860

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 23).

(b) Accounts receivable from customers who are related parties

	30/9/2020	1/10/2019
	VND	VND
<i>Subsidiaries</i>		
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	1,422,755,855,210	709,674,610,157
Hoa Sen Steel One Member Company Limited	649,390,077,771	891,489,275,891
Hoa Sen Nghe An One Member Limited Liabilities Company	609,698,769,472	1,193,849,773,641
Hoa Sen Building Materials Company Limited	606,455,682,416	599,279,619,058
Hoa Sen Phu My One Member Limited Liabilities Company	314,686,249,805	350,873,130,558
Hoa Sen Binh Dinh Sole Member Limited Company	36,010,152,572	18,396,882,422
Hoa Sen Ha Nam One Member Limited Liability Company	-	120,453,182
<i>Company owned by the Company's Chairman</i>		
Hoa Sen Holdings Group	34,749,020	-
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The trade related amounts due from the related party were unsecured, interest free and are receivable in 365 days from invoice date for subsidiaries and 45 days from invoice date for company owned by the Company's Chairman.

Hoa Sen Group

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

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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
Mekong Consultant Trading Construction Joint Stock Company	2 – 3 years	1,648,743,436	(1,648,743,436)	-	1 – 2 years	1,648,743,436	(1,648,743,436)	-
Hai Thuy Limited Liability Company	Over 1 year	1,545,000,625	(1,545,000,625)	-	Over 6 months	1,545,000,625	(1,545,000,625)	-
Hiep Loan Construction Steel Company Limited	Over 1 year	1,243,508,106	(1,243,508,106)	-	Over 6 months	1,243,508,106	(1,243,508,106)	-
Phuc Duc Production and Trading One Member Limited Liability Company	Over 6 months	1,096,410,095	(1,096,410,095)	-		1,096,410,095	-	1,096,410,095
Hoang Thai Private Enterprise	Over 1 year	1,023,359,294	(1,023,359,294)	-	In due Over 1 year	1,023,359,294	(1,023,359,294)	-
Yen Mai Trading and Construction Services Company Limited	Over 6 months	839,518,227	(839,518,227)	-		5,862,857,951	-	5,862,857,951
Toan Phat HN Trading and Production Limited Liability Company	6 months – 1 year	1,426,131,048	(1,426,131,048)	-	In due	592,356,915	-	592,356,915
Other customers		13,754,357,669	13,754,357,669	-		3,173,734,963	(3,173,734,963)	-
		22,577,028,500	22,577,028,500	-		16,185,971,385	(8,634,346,424)	7,551,624,961

Hoa Sen Group
Notes to the separate financial statements for the year ended 30 September 2020
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Movements of long-term provisions for doubtful debts during the year were as follows:

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Opening balance	8,634,346,424	5,933,191,565
Provision made during the year	16,809,639,086	4,380,391,733
Provision reversed during the year	(2,866,957,010)	(1,679,236,874)
Closing balance	22,577,028,500	8,634,346,424

7. Prepayments to suppliers

	30/9/2020 VND	1/10/2019 VND
<i>Subsidiaries</i>		
Hoa Sen Binh Dinh Sole Member Limited Company	4,995,423,582	8,000,000,000
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	469,909,029	-
<i>Third parties</i>		
Hoa Phat Hung Yen Steel Limited Liability Company	21,469,960,714	-
Vung Tau Low Pressure Gas Distribution Enterprise	11,105,788,618	11,239,581,644
Other suppliers	14,984,030,242	41,314,335,950
	53,025,112,185	60,553,917,594

8. Other receivables

(a) Other short-term receivables

	30/9/2020 VND	1/10/2019 VND
Profit distribution	795,208,077,723	335,992,976,173
Advances for purchase of lands	45,462,225,000	45,462,225,000
Advances to employees	41,550,758,590	42,172,559,060
Receivables from transfer of land use right	12,818,775,000	-
Interest income from banks deposits and loan receivables	17,516,531,729	4,138,131,142
Short-term deposits and rental deposits	41,728,445,800	47,429,007,100
Others	8,344,560,668	5,301,250,111
	962,629,374,510	480,496,148,586

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020****(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)****Other short-term receivables from related parties***

	30/9/2020	1/10/2019
	VND	VND
<i>Subsidiaries</i>		
Hoa Sen Nghe An One Member Limited Liabilities Company	514,874,175,062	215,594,389,876
Hoa Sen Building Materials Company Limited	232,711,670,069	105,657,512,793
Hoa Sen Binh Dinh Sole Member Limited Company	35,488,493,426	6,627,350,999
Hoa Sen Yen Bai Joint Stock Company	15,011,988,771	3,240,016,429
Hoa Sen Steel One Member Company Limited	12,308,639,166	8,123,622,505
Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company	2,504,542,958	898,114,713
Hoa Sen Ha Nam One Member Limited Liability Company	27,450,000	89,195,500
Hoa Sen Ca Na - Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liabilities Company	-	923,312,250
Hoa Sen Ca Na - Ninh Thuan Cement One Member Limited Liabilities Company	-	16,000,000
Hoa Sen Ca Na - Ninh Thuan Renewable Energy One Member Limited Liabilities Company	-	16,000,000
<i>Company owned by the Company'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 receivable amounts due from the related parties were unsecured, interest free and are receivable on demand.

(b) Other long-term receivables

	30/9/2020	1/10/2019
	VND	VND
Deposits for rental	181,758,529,000	222,016,729,000
Others	266,000,000	1,105,239,160
	182,024,529,000	223,121,968,160

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020**

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	30/9/2020		1/10/2019	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	1,074,363,397,517	-	456,751,932,912	-
Raw materials	262,088,540,692	(12,427,170,038)	175,996,261,041	(2,180,301,928)
Tools and supplies	160,536,427,953	-	177,042,260,035	-
Work in progress	-	-	4,817,698	-
Finished goods	683,530,539,971	(10,057,583,911)	750,671,538,786	(21,575,247,989)
Merchandise inventories	841,068,441,031	(2,053,111,327)	541,939,261,172	(6,530,864,910)
	<u>3,021,587,347,164</u>	<u>(24,537,865,276)</u>	<u>2,102,406,071,644</u>	<u>(30,286,414,827)</u>

As at 30 September 2020 inventories with carrying value of VND1,478,039 million (1/10/2019: VND1,285,431 million) were pledged with banks as security for loans granted to the Company (Note 23).

Included in inventories as at 30 September 2020 was VND61,472 million of raw materials, VND116,340 million of finished goods and VND42,337 million of merchandise inventories (1/10/2019: VND95,835 million of raw materials, VND158,926 million of finished goods and VND199,911 million of merchandise inventories) carried at net realisable value.

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

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Opening balance	30,286,414,827	18,582,166,980
Allowance made during the year	-	11,704,247,847
Allowance reversed during the year	(5,748,549,551)	-
Closing balance	<u>24,537,865,276</u>	<u>30,286,414,827</u>

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***10. Loans receivable – long-term**

	30/9/2020	1/10/2019
	VND	VND
Loans receivable from Hoa Sen Yen Bai Joint Stock Company - subsidiary (*)	167,286,721,457	59,386,721,457
Loans receivable from Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company – subsidiary (**)	45,569,284,900	9,569,295,900
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	212,856,006,357	68,956,017,357

(*) This loan was unsecured, which has original term of 24 months and earn annual interest rate of 8% (1/10/2019: 8%).

(*) This loan was unsecured, which has original term of 24 months and earn annual interest rate of 8% (1/10/2019: 9%).

Hoa Sen Group

Notes to the separate 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	484,279,957,658	2,575,795,898,450	251,837,862,111	57,636,709,093	20,737,819,422	3,390,288,246,734
Additions	126,395,074	4,945,837,257	2,093,459,843	102,500,000	-	7,268,192,174
Transfer from construction in progress	-	13,622,091,648	667,335,340	-	-	14,289,426,988
Transfer from finance lease tangible fixed assets	-	-	34,811,956,367	18,636,363,636	-	53,448,320,003
Transfer from long-term prepaid expenses	-	535,510,031	-	-	-	535,510,031
Disposals	-	(20,124,689,318)	(2,196,974,581)	-	-	(22,321,663,899)
Written off	-	(50,872,318,257)	(370,000,000)	-	-	(51,242,318,257)
Closing balance	484,406,352,732	2,523,902,329,811	286,843,639,080	76,375,572,729	20,737,819,422	3,392,265,713,774
Accumulated depreciation						
Opening balance	254,739,126,634	1,518,960,079,406	131,013,517,954	24,659,691,544	19,040,191,328	1,948,412,606,866
Charge for the year	24,143,868,214	263,677,388,903	32,966,320,452	7,771,954,016	297,810,031	328,857,341,616
Transfer from finance lease tangible fixed assets	-	-	9,510,927,432	3,865,326,067	-	13,376,253,499
Transfer from long-term prepaid expenses	-	371,881,966	-	-	-	371,881,966
Disposals	-	(2,382,182,431)	(1,022,639,372)	-	-	(3,404,821,803)
Written off	-	(42,441,116,874)	(370,000,000)	-	-	(42,811,116,874)
Closing balance	278,882,994,848	1,738,186,050,970	172,098,126,466	36,296,971,627	19,338,001,359	2,244,802,145,270
Net book value						
Opening balance	229,540,831,024	1,056,835,819,044	120,824,344,157	32,977,017,549	1,697,628,094	1,441,875,639,868
Closing balance	205,523,357,884	785,716,278,841	114,745,512,614	40,078,601,102	1,399,818,063	1,147,463,568,504



Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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Included in tangible fixed assets were assets costing VND727,763 million which were fully depreciated as at 30 September 2020 (1/10/2019: VND420,590 million), but which are still in active use.

As at 30 September 2020, tangible fixed assets with net book value of VND395,303 million (1/10/2019: VND356,980 million) were pledged with banks as security for loans granted to the Company (Note 23).

12. Finance lease tangible fixed assets

	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost				
Opening balance	13,389,448,333	44,371,956,367	18,636,363,636	76,397,768,336
Transfer to tangible fixed assets	-	(34,811,956,367)	(18,636,363,636)	(53,448,320,003)
Closing balance	13,389,448,333	9,560,000,000	-	22,949,448,333
Accumulated depreciation				
Opening balance	786,263,125	8,229,403,061	2,072,976,338	11,088,642,524
Charge for the year	1,793,662,756	3,099,865,781	1,792,349,729	6,685,878,266
Transfer to tangible fixed assets	-	(9,510,927,432)	(3,865,326,067)	(13,376,253,499)
Closing balance	2,579,925,881	1,818,341,410	-	4,398,267,291
Net book value				
Opening balance	12,603,185,208	36,142,553,306	16,563,387,298	65,309,125,812
Closing balance	10,809,522,452	7,741,658,590	-	18,551,181,042

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020**
(continued)

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	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	213,476,409,765	46,123,095,545	259,599,505,310
Additions	-	3,000,000,000	3,000,000,000
Disposals	(12,685,000,000)	-	(12,685,000,000)
Written off	-	(1,344,757,711)	(1,344,757,711)
Closing balance	200,791,409,765	47,778,337,834	248,569,747,599
Accumulated amortisation			
Opening balance	26,355,380,530	15,133,577,835	41,488,958,365
Charge for the year	2,553,074,427	7,884,172,669	10,437,247,096
Written off	-	(1,344,757,711)	(1,344,757,711)
Closing balance	28,908,454,957	21,672,992,793	50,581,447,750
Net book value			
Opening balance	187,121,029,235	30,989,517,710	218,110,546,945
Closing balance	171,882,954,808	26,105,345,041	197,988,299,849

Included in intangible fixed assets were assets costing VND456 million which were fully depreciated as at 30 September 2020 (1/10/2019: VND1,801 million), but which are still in active use.

As at 30 September 2020, intangible fixed assets with net book value of VND77,916 million (1/10/2019: VND82,378 million) were pledged with banks as security for loans granted to the Company (Note 23).

14. Construction in progress

Major constructions in progress were as follows:

	30/9/2020 VND	1/10/2019 VND
Machinery and equipment waiting for installation	457,602,000	12,381,694,368
Construction costs	1,472,949,719	1,472,949,719
Others	3,407,860,464	2,633,141,334
	5,338,412,183	16,487,785,421

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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Movements in constructions in progress during the year were as follows:

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Opening balance	16,487,785,421	28,307,339,690
Additions	8,165,030,780	35,426,731,027
Transfer to tangible fixed assets	(14,289,426,988)	(35,600,067,512)
Transfer to long-term prepaid expenses	(3,150,626,219)	(11,170,150,833)
Transfer to short-term prepaid expenses	(1,874,350,811)	-
Disposals	-	(476,066,951)
Closing balance	5,338,412,183	16,487,785,421

15. Investment**(a) Held-to-maturity investments***Held-to-maturity investments - short-term*

	30/9/2020 VND	1/10/2019 VND
Term deposits	-	75,750,000,000

Held-to-maturity investments - short-term represented term deposits at bank with term of more than 3 months from the placement date and less than 12 months from the period end. As at 1 October 2019, term deposits denominated in VND and earned annual interest rate from 5.5% to 6.4%.

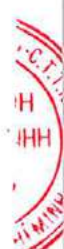
Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)****Held-to-maturity investments - long-term***

	30/9/2020	1/10/2019
	VND	VND
Bonds issued by Vietnam Bank for Industry and Trade Securities Joint Stock Company (*)	15,000,000,000	15,000,000,000
Bonds issued by Agribank Securities Corporation (**)	1,000,000,000	1,000,000,000
Bonds issued by BIDV Securities Joint Stock Company (***)	5,000,000,000	-
	<hr/>	<hr/>
	21,000,000,000	16,000,000,000

(*) Bonds with original term of 10 years were denominated in VND and earned annual interest rate 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 rate 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 rate at floating interest rate plus 1.25% as at 30 September 2020.



Hoa Sen Group

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

Form B 09 – DN
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(b) Equity investments in other entities

	30/9/2020		1/10/2019	
	% of equity owned/ voting rights	Cost VND	Allowance for diminution in value VND	% of equity owned/ voting rights
				Cost VND
				Allowance for diminution in value VND
Investments in subsidiaries:				
▪ Hoa Sen Nghe An One Member Limited Liabilities Company	100%	1,100,000,000,000	-	100%
▪ Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	100%	770,000,000,000	-	100%
▪ Hoa Sen Steel One Member Company Limited	100%	280,000,000,000	-	100%
▪ Hoa Sen Phu My One Member Limited Liabilities Company	100%	250,000,000,000	-	100%
▪ Hoa Sen Ha Nam One Member Limited Liability Company	100%	200,000,000,000	-	100%
▪ Hoa Sen Building Materials Company Limited	100%	150,000,000,000	-	100%
▪ Hoa Sen Binh Dinh Sole Member Limited Company	100%	105,000,000,000	-	100%
▪ Hoa Sen Yen Bai Joint Stock Company	95%	114,000,000,000	-	95%
▪ Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company	100%	50,000,000,000	-	100%
▪ Hoa Sen Ca Na - Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liabilities Company (i)	-	-	-	100%
▪ Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment Joint Stock Company (ii)	-	-	-	100%
▪ Hoa Sen Ca Na – Ninh Thuan International General Seaport One Member Limited Liabilities Company (ii)	-	-	-	100%
▪ Hoa Sen Ca Na - Ninh Thuan Renewable Energy One Member Limited Liabilities Company (i)	-	-	-	100%
▪ Hoa Sen Ca Na - Ninh Thuan Cement One Member Limited Liabilities Company (i)	-	-	-	100%



Hoa Sen Group

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

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	30/9/2020		1/10/2019		Allowance for diminution in value VND
	% of equity owned/ voting rights	Cost VND	% of equity owned/ voting rights	Cost VND	
▪ Hoa Sen Quy Nhon Joint Stock Company (i)	-	-	99%	61,380,000,000	-
▪ Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company	95%	32,965,000,000	95%	32,965,000,000	-
		<u>3,051,965,000,000</u>		<u>3,138,345,000,000</u>	-
Investments in joint ventures					
▪ Hoa Sen International Port Joint Stock Company (iii)	49%	-	49%	-	-
		<u>-</u>		<u>-</u>	-
		<u>3,051,965,000,000</u>		<u>3,138,345,000,000</u>	-

(i) As at 27 July 2020, the Board of Directors of Hoa Sen Group Joint Stock Company decided to dissolve Hoa Sen Ca Na - Ninh Thuan Cement One Member Limited Liabilities Company, Hoa Sen Ca Na - Ninh Thuan Renewable Energy One Member Limited Liabilities Company, Hoa Sen Ca Na - Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liabilities Company and Hoa Sen Quy Nhon Joint Stock Company. This dissolution of these subsidiaries was completed before 30 September 2020.

(ii) As at 27 July 2020, the Board of Directors of Hoa Sen Group Joint Stock Company decided to transfer its investments in Hoa Sen Ca Na - Ninh Thuan Industrial Park Infrastructure Investment Joint Stock Company, Hoa Sen Ca Na - Ninh Thuan International General Seaport One Member Limited Liabilities Company to Trung Nam Construction Investment Corporation. The transfer of these subsidiaries was completed by 30 September 2020.

(iii) Hoa Sen International Port Joint Stock Company was established under the Business 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 holds 49% ownership. At 30 September 2020, the Company has not yet contributed capital to Hoa Sen International Port Joint Stock Company.

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Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020**

(continued)

Form B 09 – DN*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***16. Prepaid expenses****(a) Short-term prepaid expenses**

	30/9/2020	1/10/2019
	VND	VND
Advertising expenses	24,829,641,795	17,509,179,783
Rental fee	57,410,986,820	47,383,856,353
Tools and instruments	13,454,533,851	3,702,503,887
Consulting expenses	1,889,338,410	640,750,877
Maintenance expenses	2,738,747,884	2,600,076,525
Insurance fee	668,137,829	324,931,858
Other short-term prepaid expenses	2,301,982,218	5,914,132,821
	103,293,368,807	78,075,432,104

(b) Long-term prepaid expenses

	30/9/2020	1/10/2019
	VND	VND
Advertising panels	15,374,300,149	38,709,350,763
Tools and instruments	9,342,376,906	34,804,243,610
Rental expenses	7,538,605,524	24,900,681,838
Maintenance expenses	6,587,628,785	15,735,657,785
Other long-term prepaid expenses	9,422,433,406	14,665,115,872
	48,265,344,770	128,815,049,868

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

	Year ended	
	30/9/2020	30/9/2019
	VND	VND
Opening balance	128,815,049,868	207,352,425,398
Additions	12,783,913,427	73,487,584,905
Transfer from tangible fixed assets	(163,628,065)	743,974,195
Transfer from construction in progress	3,150,626,219	11,170,150,833
Transfer to short-term prepaid expenses	240,769,417	(2,827,127,400)
Amortisation for the year	(96,551,161,921)	(152,233,598,531)
Disposals	(10,224,175)	(8,878,359,532)
	48,265,344,770	128,815,049,868
Closing balance	48,265,344,770	128,815,049,868

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020**

(continued)

Form B 09 – DN*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***17. Deferred tax assets**

	Tax rate	30/9/2020 VND	1/10/2019 VND
<i>Deferred tax assets are recognised on:</i>			
▪ Accrued expenses	20%	21,325,730,550	8,387,596,988
▪ Allowances and provisions	20%	9,422,978,755	7,784,152,250
▪ Unrealised profits	20%	9,005,492,476	3,843,101,926
▪ Foreign exchange differences	20%	-	559,610,798
▪ Others	20%	-	525,876,345
		39,754,201,781	21,100,338,307

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

	Cost/Amount within payment capacity	
	30/9/2020 VND	1/10/2019 VND
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	331,558,978,673	237,095,129,919
Nippon Steel Trading Corporation	303,482,841,213	56,854,815,173
Formosa Ha Tinh Steel Corporation	296,702,697,996	22,869,689,975
Hoa Sen Binh Dinh Sole Member Limited Company	276,882,578,172	154,131,223,375
Hoa Sen Ha Nam One Member Limited Liability Company	200,540,364,464	147,286,762,472
Other suppliers	614,748,208,304	752,400,229,876
	2,023,915,668,822	1,370,637,850,790



Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020**

(continued)

Form B 09 – DN*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***(b) Accounts payable to suppliers who are related parties**

	Cost/Amount within payment capacity	
	30/9/2020 VND	1/10/2019 VND
<i>Subsidiaries</i>		
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	331,558,978,673	237,095,129,919
Hoa Sen Binh Dinh Sole Member Limited Company	276,882,578,172	154,131,223,375
Hoa Sen Ha Nam One Member Limited Liability Company	200,540,364,464	147,286,762,472
Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company	71,677,939,985	48,550,683,122
<i>Companies owned by the Company's Chairman</i>		
Hoa Sen Holdings Group	4,622,401,585	3,833,634,483
Hoa Sen Nghe An Investment Company Limited	1,892,022	24,421,594

The trade related amounts due to the related parties were unsecured, interest free and are payable within 365 days from invoice date for subsidiaries and are payable within 45 days from invoice date for companies owned by the Company's Chairman.

19. Advances from customers

	30/9/2020 VND	1/10/2019 VND
Aceros Y Overrollings De Mexico S.A. De C.V.	18,179,700,000	-
Other customers	170,818,983,777	84,802,615,349
	<u>188,998,683,777</u>	<u>84,802,615,349</u>

Hoa Sen Group

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

Form B 09 – DN

(Issued under Circular No. 200/2014/TT-BTC

dated 22 December 2014 of the Ministry of Finance)

20. Taxes payable to and receivable from State Treasury

(a) Taxes payable to State Treasury

	1/10/2019 VND	Incurred VND	Paid VND	Netted-off VND	Reclassified VND	30/9/2020 VND
Value added tax	58,864,807,073	4,739,667,503,097	(954,788,582,634)	(3,695,815,944,859)	(1,323,542,817)	146,604,239,860
Import-export tax	78,347,372	1,891,721,468	(1,513,879,708)	-	-	456,189,132
Corporate income tax	-	172,226,511,967	(110,417,388,642)	-	(4,903,381,103)	56,905,742,222
Personal income tax	2,553,657,854	19,279,894,528	(19,322,473,137)	-	(2,640,967)	2,508,438,278
Other taxes	77,148,350	1,764,458,204	(1,749,541,894)	-	-	92,064,660

61,573,960,649 4,934,830,089,264 (1,087,791,866,015) (3,695,815,944,859) (6,229,564,887) 206,566,674,152

(b) Taxes receivable from State Treasury

	1/10/2019 VND	Incurred VND	Reclassified VND	30/9/2020 VND
Corporate income tax	4,903,381,103	-	(4,903,381,103)	-
Other taxes	2,640,967	3,000,000	(2,640,967)	3,000,000
	4,906,022,070	3,000,000	(4,906,022,070)	3,000,000

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020**

(continued)

Form B 09 – DN*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***21. Accrued expenses**

	30/9/2020 VND	1/10/2019 VND
Salary and bonus	304,695,782,083	16,336,050,500
Interest expenses	3,926,078,445	5,858,296,537
Construction in progress	696,000,000	3,605,600,000
Transportation expenses	115,044,561	-
Electricity expenses	27,883,576	9,305,207
Tax provision expenses	-	66,411,611,469
Others	8,482,468,933	141,894,420
	317,943,257,598	92,362,758,133

22. Other payables – short-term

	30/9/2020 VND	1/10/2019 VND
Discount export documents payables	142,966,821,833	109,826,375,736
Import sponsor payables (*)	155,578,117,585	123,526,267,272
Short-term deposits received	9,597,080,065	5,642,499,933
Social insurance, health insurance, unemployment insurance and union funds	932,699,080	797,311,160
Interest expenses	-	4,020,304,109
Dividend payables	4,247,322,425	4,269,621,525
Other payables	12,753,497,533	7,538,667,713
	326,075,538,521	255,621,047,448

- (*) These amounts represented Usance payable at sight Letter of credit (UPAS L/C) provided by Vietnam International Commercial Joint Stock Bank – Ho Chi Minh City Branch and Tien Phong Commercial Joint Stock Bank – Ho Chi Minh City 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.



Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)****Other payables – short-term to related parties***

	30/9/2020	1/10/2019
	VND	VND
<i>Subsidiaries</i>		
Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company	26,498,450	-
Hoa Sen Quy Nhon Joint Stock Company	-	4,020,304,109
Hoa Sen Ca Na - Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company	-	21,000,000
Hoa Sen Ca Na - Ninh Thuan International General Seaport One Member Limited Liabilities Company	-	19,500,000
<i>Companies owned by the Company's Chairman</i>		
Hoa Sen Holdings Group	-	320,000,000

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

Hoa Sen Group

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

Form B 09 – DN
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23. 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	5,668,706,946,394	20,593,501,692,686	(21,209,337,114,736)	5,507,951,837	5,058,379,476,181
Current portion of long-term borrowings (b)	21,781,600,000	20,000,000,000	(21,781,600,000)	-	20,000,000,000
Finance lease principals due within twelve months (c)	15,786,966,112	9,255,815,664	(19,938,216,112)	-	5,104,565,664
	5,706,275,512,506	20,622,757,508,350	(21,251,056,930,848)	5,507,951,837	5,083,484,041,845

Hoa Sen Group
Notes to the separate financial statements for the year ended 30 September 2020 (continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
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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
Third parties				
▪ 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	-
▪ Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	(iv)	VND	608,438,856,420	589,496,289,578
▪ HSBC Bank (Vietnam) Ltd.	(v)	USD	213,385,900,000	299,706,629,722
▪ Ho Chi Minh City Development Joint Stock Commercial Bank	(vi)	VND	32,300,000,000	132,961,671,917
▪ Sinopac Bank - Ho Chi Minh City Branch	(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	42,323,443,406	-
▪ Malayan Banking Berhad Ho Chi Minh City Branch	(viii)	USD	46,084,500,000	85,446,513,628
▪ Malayan Banking Berhad Ho Chi Minh City Branch	(ix)	VND	97,147,784,400	-
▪ The Maritime Commercial Joint Stock Bank - Ho Chi Minh City Branch	(x)	VND	50,000,000,000	-
▪ Saigon Thuong Tin Commercial Joint Stock Bank – Head Office	(xi)	VND	19,942,608,592	-
▪ ChinaTrust Commercial Bank - Ho Chi Minh City Branch	(xi)	VND	155,234,011,226	-
▪ ChinaTrust Commercial Bank - Ho Chi Minh City Branch	(xi)	USD	-	-
Related parties				
▪ Hoa Sen Quy Nhon Joint Stock Company – a subsidiary	(xii)	VND	-	53,000,000,000
			5,058,379,476,181	5,668,706,946,394

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Hoa Sen Group

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

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

Lenders	Currency	Credit limit	Interest rate		Pledged assets
			30/9/2020	1/10/2019	
Third parties					
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	VND1,679 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, machinery and equipment, constructions on land and bonds of the company and constructions on land of Hoa Sen Nghe An One Member Limited Liabilities Company, subsidiary
iv. HSBC Bank (Vietnam) Ltd.	VND	VND40 million	4.10% - 4.90%	5.80% - 6.15%	Inventories, machinery and equipment, land use rights and constructions on land and fixed assets of Hoa Sen Binh Dinh Sole Member Limited Company, a 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. Malayan Banking Berhad Ho Chi Minh City Branch	VND USD	USD4 million	4.10% - 4.70% 1.80%	- 4.20%	Inventories



Hoa Sen Group
Notes to the separate financial statements for the year ended 30 September 2020 (continued)

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Lenders	Currency	Credit limit	Interest rate		Pledged assets
			30/9/2020	1/10/2019	
<i>Third parties</i>					
ix. The Maritime Commercial Joint Stock Bank - Ho Chi Minh City Branch	VND	VND195 billion	4.50%	-	Unsecured
x. Saigon Thuong Tin Commercial Joint Stock Bank – Head Office	VND	VND1,000 billion	5.00%	-	Land use rights and accounts receivable from customers
xi. ChinaTrust Commercial Bank - Ho Chi Minh City Branch	VND USD	USD8 million	3.80% - 4.00% 1.80% - 1.85%	-	Unsecured
<i>Related parties</i>					
xii. Hoa Sen Quy Nhon Joint Stock Company – a subsidiary	VND	-	5.50%	5.50%	Unsecured

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***(b) Long-term borrowings and finance lease liabilities**

	30/9/2020 VND	1/10/2019 VND
Long-term borrowings	32,094,315,280	53,875,915,280
Finance lease liabilities (c)	10,027,814,809	30,888,530,921
	<u>42,122,130,089</u>	<u>84,764,446,201</u>
Repayable within twelve months	(25,104,565,664)	(37,568,566,112)
Repayable after twelve months	<u>17,017,564,425</u>	<u>47,195,880,089</u>

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

Lenders	Note	Currency	Year of maturity	30/9/2020 VND	1/10/2019 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(i)	VND	2022	32,094,315,280	52,094,315,280
Asia Commercial Joint Stock Bank - Tan Thuan Branch	(ii)	VND	2020	-	1,781,600,000
				<u>32,094,315,280</u>	<u>53,875,915,280</u>

- (i) This loan was secured by the land use rights, machinery and equipment and inventories of Company and tangible assets of Hoa Sen Binh Dinh Sole Member Limited Company, its subsidiary and bore annual interest rate of 8.5% (1/10/2019: 8%).
- (ii) This loan was secured by the motor vehicles and bore annual interest rate of 10.1% (1/10/2019: from 9.5% to 10.1%). As at 30 September 2020, this loan was been fully paid.

The Company used these long-term borrowings to finance its constructions and purchase of fixed assets.



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

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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	5,762,851,279	658,285,615	17,753,172,825	1,966,206,713
Within two to five years	5,147,734,966	224,485,821	16,277,518,116	1,175,953,307
	10,910,586,245	882,771,436	34,030,690,941	3,142,160,020
			10,027,814,809	30,888,530,921
			5,104,565,664	15,786,966,112
			4,923,249,145	15,101,564,809

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020**

(continued)

Form B 09 – DN*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***24. Bonus and welfare fund**

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 profits	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

25. Provisions – long-term

Provisions – long-term represented provision for severance allowance.

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Opening balance	2,473,036,500	2,841,850,750
Provision made/(reversed) during the year	7,144,308,166	(368,814,250)
Closing balance	9,617,344,666	2,473,036,500

Hoa Sen Group

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

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26. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Other equity funds VND	Retained profits VND	Total VND
Balance at 1 October 2018	3,849,903,280,000	151,583,183,521	(1,343,000,000)	60,509,750,556	1,323,418,124,868	5,384,071,338,945
Net profit for the year	-	-	-	-	611,107,359,723	611,107,359,723
Shares issued to pay dividends (*)	384,791,610,000	-	-	-	(384,791,610,000)	-
Repurchase of treasury shares	-	-	(1,116,000,000)	-	-	(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)
Balance at 1 October 2019	4,234,694,890,000	151,583,183,521	(2,459,000,000)	55,626,670,135	1,539,503,023,643	5,978,948,767,299
Net profit for the year	-	-	-	-	1,075,585,099,435	1,075,585,099,435
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)
Balance at 30 September 2020	4,446,252,130,000	151,583,183,521	(3,271,000,000)	35,535,781,824	2,394,497,079,753	7,024,597,175,098

(*) 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 with par value of VND10,000.

(**) 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 activities and operation expenses of Board of Directors (year ended 30/09/2019: 1.5%).



Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***27. 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
Authorised and issued share capital				
Ordinary shares	444,625,213	4,446,252,130,000	423,469,489	4,234,694,890,000
Treasury share				
Ordinary shares	327,100	3,271,000,000	245,900	2,459,000,000
Shares in circulation				
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 in 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
Notes to the separate financial statements for the year ended 30 September 2020
(continued)

Form B 09 – DN
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28. Off balance sheet items

(a) Lease

The future minimum lease payments under non-cancellable operating leases were:

	30/9/2020	1/10/2019
	VND	VND
Within one year	170,013,489,423	168,318,890,487
Within two to five years	660,219,684,543	667,739,890,987
More than five years	516,622,301,356	669,893,009,734
	<u>1,346,855,475,322</u>	<u>1,505,951,791,208</u>

(b) Foreign currencies

	30/9/2020		1/10/2019	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	7,357,873	169,929,938,524	1,014,396	23,480,155,726
EUR	909	24,288,480	-	-
		<u>169,954,227,004</u>		<u>23,480,155,726</u>

(c) Capital expenditure commitments

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

	30/9/2020	1/10/2019
	VND	VND
Approved and contracted	-	2,076,133,500
		<u>2,076,133,500</u>

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***29. Revenue from sales of goods and provision of services**

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 merchandise goods	30,465,484,254,551	28,574,191,796,022
▪ Sales of finished goods	14,607,097,600,014	16,174,770,949,499
▪ Others	31,230,845,169	46,890,170,981
	45,103,812,699,734	44,795,852,916,502
Less revenue deductions		
▪ Sales discounts	131,553,521,310	5,993,686,605
▪ Sales returns	13,932,986,623	10,758,092,293
▪ Sales allowances	5,467,161,772	9,063,266,406
	150,953,669,705	25,815,045,304
Net revenue	44,952,859,030,029	44,770,037,871,198

30. Cost of sales

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Total cost of sales:		
▪ Merchandise goods sold	29,434,405,085,489	27,843,567,769,023
▪ Finished goods sold	12,699,699,279,794	14,650,169,394,905
▪ Others	1,663,957,660	3,763,919,993
▪ Allowance (reversed)/made during the year	(5,748,549,551)	11,704,247,847
	42,130,019,773,392	42,509,205,331,768

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***31. Financial income**

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Interest income from deposits and loans receivable	18,345,348,908	9,558,369,470
Profit received	797,433,902,081	336,196,144,385
Realised foreign exchange gains	66,952,739,760	54,435,161,194
	<hr/>	<hr/>
	882,731,990,749	400,189,675,049

32. Financial expenses

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Interest expense	277,498,364,219	399,146,337,196
Realised foreign exchange losses	69,717,151,914	51,007,238,368
Unrealised foreign exchange losses	7,983,777,905	1,468,280,700
Losses from disposal/liquidation of subsidiaries	15,675,997,377	-
Reversal of allowance for diminution of financial investments	-	(13,445,353,316)
Other financial expenses	1,728,614,970	917,028,756
	<hr/>	<hr/>
	372,603,906,385	439,093,531,704

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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	Year ended	
	30/9/2020 VND	30/9/2019 VND
Labour costs	771,493,515,517	465,422,257,831
Export expenses	443,895,444,297	342,477,520,100
Rental expenses	155,050,248,876	149,742,260,035
Depreciation and amortisation	142,049,846,427	135,231,920,322
Advertising expenses	81,026,319,039	104,833,377,549
Transportation expenses	81,662,146,417	96,474,932,596
Outside services	54,927,308,793	44,103,924,195
Other expenses	108,736,740,618	114,632,270,547
	<u>1,838,841,569,984</u>	<u>1,452,918,463,175</u>

34. General and administration expenses

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Labour costs and staff costs	179,784,051,475	103,024,437,567
Depreciation and amortisation	34,611,714,935	36,119,987,900
Rental expenses	16,402,898,529	28,462,957,764
Outside service	31,645,319,225	37,493,678,386
Other expenses	5,716,573,889	106,720,657,188
	<u>268,160,558,053</u>	<u>311,821,718,805</u>

35. Other income

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Gain from disposals of fixed assets	-	142,372,592,965
Compensation	1,248,978,013	2,233,381,031
Others	18,626,818,962	101,262,557,684
	<u>19,875,796,975</u>	<u>245,868,531,680</u>

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020****(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***36. Other expenses**

	Year ended	
	30/9/2020	30/9/2019
	VND	VND
Loss on disposals of fixed assets	10,944,854,184	-
Others	5,738,407,827	4,540,253,461
	<hr/>	<hr/>
	16,683,262,011	4,540,253,461

37. Production and business costs by elements

	Year ended	
	30/9/2020	30/9/2019
	VND	VND
Raw material costs	11,589,624,310,373	13,066,484,527,270
Labour costs and staff costs	1,021,871,046,663	635,988,686,522
Depreciation and amortisation	345,980,466,978	351,886,248,928
Outside services	914,520,089,821	821,162,641,453
Other expenses	486,221,772,732	614,699,782,838
	<hr/>	<hr/>

38. Income tax**(a) Recognised in the separate statement of income**

	Year ended	
	30/9/2020	30/9/2019
	VND	VND
Current tax expense		
Current year	158,373,188,664	86,459,077,071
Under provision in prior years	13,853,323,303	-
	<hr/>	<hr/>
	172,226,511,967	86,459,077,071
Deferred tax (benefit)/expense		
Origination and reversal of temporary differences	(18,653,863,474)	950,342,220
	<hr/>	<hr/>
	153,572,648,493	87,409,419,291

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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	Year ended	
	30/9/2020 VND	30/9/2019 VND
Accounting profit before tax	1,229,157,747,928	698,516,779,014
Tax at the Company's tax rate	245,831,549,586	139,703,355,803
Non-deductible expenses	53,374,556,020	14,945,292,365
Tax exempt income	(159,486,780,416)	(67,239,228,877)
Under provision in prior years	13,853,323,303	-
	<u>153,572,648,493</u>	<u>87,409,419,291</u>

(c) Applicable tax rates

Under the terms of Income Tax Law, the Company has an obligation to pay the government income tax at the rate of 20% of taxable profits.

39. Significant transactions with related parties

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

	Year ended	
	30/9/2020 VND	30/9/2019 VND
<i>Subsidiaries</i>		
Hoa Sen Steel One Member Company Limited		
Sales of goods	9,053,226,500,894	10,277,637,796,063
Purchases of goods	9,531,890,292,386	11,771,372,054,729
Transfer/sales of fixed assets	11,701,050,819	205,664,635
Sale returns	2,448,818,788	-
Purchase returns	-	297,325,320
Profit received	12,308,639,166	8,123,622,505
Payment on behalf	148,988,924,860	130,869,456,620
Other income	418,584,100	2,548,006,364
Other purchase	-	144,292,898

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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	Year ended	
	30/9/2020 VND	30/9/2019 VND
Hoa Sen Building Materials Company Limited		
Sales of goods	3,484,402,690,237	4,564,914,020,422
Purchases of goods	3,187,035,968,803	3,196,114,481,029
Sales of fixed assets	18,181,818	4,771,478,579
Purchases of fixed assets	-	1,389,200,000
Income from leasing of assets	392,000,000	174,500,000
Rental expenses	1,336,599,965	258,946,015
Sales returns	2,034,352,586	1,562,510,453
Profit received	232,536,770,069	105,647,612,793
Other sales	115,348,483	231,231,823
Other purchases	3,570,000	-
Purchases returns/deduction	42,509,017	607,336,952
Hoa Sen Binh Dinh Sole Member Limited Company		
Sales of goods	3,508,899,196	4,131,136,670
Purchases of goods	1,529,863,165,679	1,488,664,532,969
Profit received	35,488,493,426	6,627,350,999
Sales of fixed assets	-	10,000,000
Other purchases	10,576,607	-
Purchases deduction	21,358,572	-
Hoa Sen Nghe An One Member Limited Liabilities Company		
Sales of goods	5,905,022,432,009	4,375,691,067,150
Purchases of goods	5,478,697,620,076	4,983,188,835,106
Sales of fixed assets	86,129,750	1,156,685,588
Purchases of fixed assets	53,217,000	1,138,870,440
Sales returns	251,224,373	-
Purchases returns	2,700,349,416	4,851,635,477
Purchases deduction	134,905,155	251,036,621
Rental expenses	404,139,768	372,111,833
Profit received	514,874,175,062	215,594,389,876
Processing costs	90,057,765,739	-
Other purchases	5,675,194,349	-



Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020**

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	Year ended	
	30/9/2020 VND	30/9/2019 VND
Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company		
Sales of goods	3,037,350,943,346	1,710,398,642,772
Purchases of goods	2,498,747,115,421	1,518,416,136,050
Sales of fixed assets	-	1,747,943,215
Sales returns	89,818,330	275,373,509
Purchases returns	1,767,576,138	611,276,883
Purchases deduction	15,178,182	2,272,727
Capital contribution	-	350,000,000,000
Processing costs	40,363,221,505	-
Other purchases	741,525,153	-
Other sales	76,110,897	68,053,769
Hoa Sen Ha Nam One Member Limited Liability Company		
Sales of goods	29,256,828,653	3,130,344,289
Purchases of goods	551,390,640,670	833,780,298,039
Purchases of fixed assets	348,116,539	-
Sales returns	-	71,190,100
Income from leasing of assets	241,200,000	323,000,000
Operating lease expenses	216,000,000	78,000,000
Purchase returns/deduction	50,822,590	190,175,121
Other purchases	47,299,914	-
Hoa Sen Yen Bai Joint Stock Company		
Lending loan	114,900,000,000	22,700,000,000
Loans receivable	7,000,000,000	30,000,000,000
Interest income	11,771,972,342	4,583,178,812
Hoa Sen Phu My One Member Limited Liabilities Company		
Sales of goods	790,478,750,989	283,201,838,656
Purchases of goods	197,527,496,960	191,023,808,607
Operating lease expenses	600,000,000	3,417,000,000
Purchases deduction	122,727,272	-
Hoa Sen Ca Na - Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company		
Capital contribution	1,000,000,000	-
Hoa Sen Ca Na - Ninh Thuan International General Seaport One Member Limited Liabilities Company		
Capital contribution	29,500,000,000	2,500,000,000
Hoa Sen Quy Nhon Joint Stock Company		
Borrowing	-	53,000,000,000
Interest expense	2,076,438,356	2,764,276,712

Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020**

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Form B 09 – DN*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company		
Lending loan	35,999,989,000	5,940,000,000
Interest income	1,606,428,245	562,772,324
Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company		
Sales of goods	14,224,724	63,832,107
Purchases of goods	260,209,760,755	241,520,896,612
Other purchase	77,271,455	-
Purchase deduction	1,449,201	-
<i>Company owned by the Company's Chairman</i>		
Hoa Sen Holdings Group		
Sales of goods	1,742,673,278,315	2,222,110,174,059
Purchases of goods	-	459,762,175,044
Sales of fixed assets	-	32,476,307,578
Purchases of fixed assets	-	202,978,077,818
Sales discounts	29,577,829,265	-
Sales returns	4,172,697,261	2,098,483,579
Income from leasing of assets	3,149,312,901	4,198,466,388
Transportation costs	27,137,418,326	41,633,162,447
Processing costs	-	910,242,733
Other sale	313,695,826	1,138,936,694
Other purchase	14,166,773,152	-
Operating lease expenses	8,897,850,106	4,486,071,500
Sales allowances	154,727,273	21,245,500
<i>Other related parties</i>		
Board of Management		
Salary and bonus	12,502,574,352	12,037,488,915
Board of Directors and Board of Supervisor		
Remuneration	2,340,000,000	2,340,000,000



Hoa Sen Group**Notes to the separate financial statements for the year ended 30 September 2020****(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***40. Non-cash investing and financing activities**

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Net-off trade payables with receivables from profit distribution	335,992,976,173	358,595,270,456
Net-off short-term borrowings against investments in subsidiaries	53,000,000,000	-
Net-off trade payables against investments in subsidiaries	20,696,742,465	-
Net-off interest payables against other receivables	5,696,742,465	-
Conversion of trade receivables into investments in subsidiaries	-	405,377,723,185
Net-off proceeds from disposals of fixed assets against proceeds from sales and lease back	-	6,296,834,500

41. Comparative information

The comparative information as at 1 October 2020 was derived from the balances and amounts reported in the Company's separate financial statements 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



Tran Quoc Tri
General Director

