



ANNUAL REPORT
Fiscal year 2019 – 2020

Swimming
UPSTREAM

REPRESENTATIVE OFFICE

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GOLDEN LOTUS

GOLD QUALITY



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September 30, 2020
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For the financial year ending
September 30, 2020

Culture Of **10 "T" LETTERS**

**INTEGRITY
LOYALTY
DEDICATION
TALENT
FRIENDLINESS**





Vision

Becoming a leading company in Vietnam and ASEAN producing coated steel sheets, steel pipes, plastic pipes and distributing building materials, furniture.



Mission

Producing coated steel sheets, steel pipes, plastic pipes under Hoa Sen brand, meeting international quality standards with reasonable prices and being environmentally friendly; distributing building materials and furniture with diverse designs, reasonable prices and professional customer service.



Core values

Integrity – Community – Development



Business philosophy



Product's quality is the focus



Customer's benefit is the key



Employee's income is the responsibility



Sharing to community is the obligation





MESSAGE FROM CHAIRMAN OF THE BOARD OF DIRECTORS

“ AT THE END OF THE FISCAL YEAR 2019 - 2020, WITH GREAT EFFORTS AND DETERMINATION, THE BOARD OF DIRECTORS, THE BOARD OF MANAGEMENT AND ALL EMPLOYEES HAVE SUCCESSFULLY TAKEN HOA SEN GROUP TO OVERCOME DIFFICULTIES AND CHALLENGES; PRESERVING AND REINFORCING THE FOUNDATIONS ACHIEVED; RECORDING IMPRESSIVE BUSINESS RESULTS. ”

THE CONSUMPTION REACHED

1,622,682 TONS

THE FISCAL YEAR 2019 - 2020

NET REVENUE REACHED

27,531

Billion VND

PROFIT AFTER TAX

1,153

Billion VND

Dear Esteemed Shareholders,

2020 is a year of crises and challenges for both the domestic and world economy. The COVID-19 epidemic has caused unprecedented impacts on traditional business practices. Although trade tensions between big economies did not continue to escalate, there were still no signs of cooling, affecting the supply and production globally. In the country, natural disasters, droughts, storms, and floods that have occurred on a large scale and continuously for many months have left great damage to people's lives. These are objective events that are considered as "the black swan" of the economy and also significantly affect the steel industry market in particular.

In that context, the Board of Directors, the Board of Management organized the implementation of proactive, creative and flexible guidelines and solutions, at the same time promoting the spirit of enduring efforts of all employees of the Group, in order to stabilize production and business activities, respond best to uncertainties, maintain achievements and catch opportunities to prepare for the next development steps.

At the end of the fiscal year ("FY") 2019 - 2020, with great efforts and determination, the Board of Directors, the Board of Management and all employees have successfully taken Hoa Sen Group to overcome difficulties and challenges; preserving and reinforcing the foundations achieved; recording impressive business results:

- Specifically, the Group's sales volume reached 1,622,682 tons, 8% higher than the plan, increasing 9% over the same period. Net revenue reached VND 27,531 billion, completing 98% of the plan.

- Particularly for the profit after-tax target, the Group has recorded an impressive result, far exceeding the set plan and growing strongly over the same period. Specifically, the Group's profit after-tax in the FY 2019 - 2020 reached VND 1,153 billion, more than double the plan and doubled over the same period.

- The Group's financial situation has been significantly improved. Total outstanding debt fell sharply, reaching the lowest level compared to the two most recent fiscal years. The debt to equity ratio is at a reasonable level. The financial imbalance has been resolved.

- The operational efficiency of the Distribution Network continued to be strengthened and became one of the key factors for the Group's success. The human resources at the Branches and Stores have been continuously strengthened, focusing on the core. Professional knowledge and sales skills are trained, methodically developed, to meet the needs of consumers and serve production and business. At the end of FY 2019 - 2020, Hoa Sen Group continues to consolidate its leading position in the coated steel sheet market with a market share of 34.1%.

- The export market in FY 2019 - 2020 continues to be expanded to new countries and territories. The Group's export products are increasingly diversified in types and specifications. Export activities catch well the advantages opened by free trade agreements to which Vietnam is a member.

- For production projects, in FY 2019 - 2020, the Group has completed all production projects across the country and

currently operating them stably, perfecting core competitive advantages, increasing competitiveness, reducing shipping expense. At the same time, ERP project is promoting efficiency, contributing to improve operating processes, reducing operating expense, reducing intermediate procedures, making a great contribution to production and business activities.

- For the community, Hoa Sen Group has performed well its community responsibility through meaningful sponsorship and charitable activities, especially in the context of people's lives facing many difficulties and uncertainties affected by the COVID-19 epidemic, storms and floods in recent years.

Dear Esteemed Shareholders,

The economic and market situation in 2021 is still potentially volatile. Therefore, the Board of Directors has determined that the key tasks for FY 2021 - 2022 are: Be cautious in every step, but flexible to catch opportunities. Accordingly, the key tasks include:

- Continue to improve business efficiency; confirm the leading position in the domestic market; take all advantages to develop the export market;
- Optimize production efficiency; implement technical and technological improvements in order to reduce expenses, costs and improve product quality; at the same time to arrange scientifically and reasonably for supply and transportation activities;
- Efficiently apply and take advantages of IT & ERP system to serve the Group's production and business activities.
- Strengthen the Group according to modern governance model; establish a streamlined and professional organizational structure, well control risks, reduce expenses, and increase competitiveness.
- Promote professional training, knowledge and skills for all human resources to improve professional style, sense of responsibility, associated with Hoa Sen culture.
- Implement a creative communication strategy to meet business needs, combining with community events, sponsorship, charity, and social security.

Dear Esteemed Shareholders,

2021 marks a significant milestone for 20 years of establishment and development of Hoa Sen Group. This is the time when the Group needs a transformation and takes further steps. Therefore, after evaluating the objective conditions and internal capacity, the Board of Directors has developed and will submit to the Shareholders for consideration and approval of the Group's development goals and strategies for the period 2021 - 2026 at the Annual Meeting of the fiscal year 2020 - 2021.

Accordingly, 03 key development strategies for the period 2021 - 2026 include:

- Promote efficiency for traditional business segment;
- Building a new business model: Diversifying the commercial products category in building materials and furniture segment, associated with the development of Hoa Sen Home Building Materials and Furniture Supermarkets nationwide; bringing Hoa Sen Group to become a reliable distributor for manufacturers, suppliers of building materials and furniture in Vietnam.
- Researching, improving, applying ERP system and advanced technologies to all production and business activities.

The Board of Directors understands that completing the above strategic is not easy and takes effort. Therefore, the Board of Directors and all employees of the Group must be more persistent, united, determined to overcome challenges together, preserve achievements and reap future victories. We firmly believe that, with the experience accumulated over the past 20 years associated with the unique culture of "Integrity – Loyalty – Dedication – Talent - Friendliness", Hoa Sen Group will continue to take great strides along the way ahead.

Dear Esteemed Shareholders,

On behalf of the Board of Directors and all employees of Hoa Sen Group, I would like to express my sincere thanks for the trust and support of Shareholders. Hopefully, you will devote the highest trust and stand side by side with us to conquer higher development goals.

We wish your health, happiness and success.

Best regards,

CHAIRMAN OF THE BOARD OF DIRECTORS

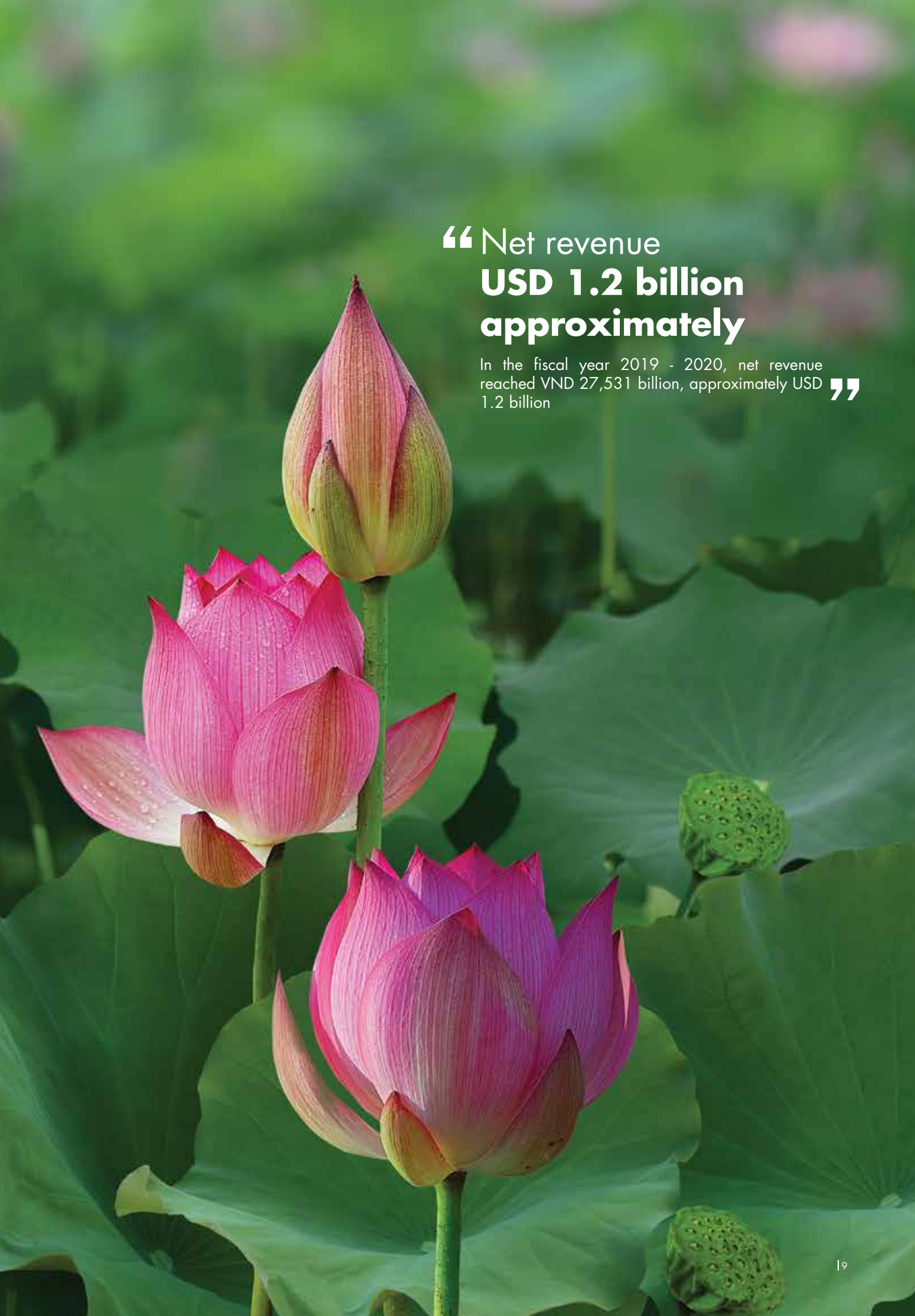


LE PHUOC VU

WORLDWIDE SALES CHANNELS

85

COUNTRIES / TERRITORIES



“ Net revenue
USD 1.2 billion
approximately

In the fiscal year 2019 - 2020, net revenue reached VND 27,531 billion, approximately USD 1.2 billion ”



INTRODUCTION OF HOA SEN GROUP



Gathering **resources**

CREATING MOMENTUM

THE RESOURCE DEVELOPMENT POLICY HAS ALWAYS BEEN A TOP PRIORITY FOR HOA SEN GROUP IN ORDER TO MAXIMIZE THE EFFECTIVENESS OF ALL AVAILABLE RESOURCES TO COPE WITH COMPLEX MARKET CHANGES, CREATING MOMENTUM FOR THE SUSTAINABLE DEVELOPMENT OF THE GROUP.

GENERAL INFORMATION



VIETNAMESE NAME:	CÔNG TY CỔ PHẦN TẬP ĐOÀN HOA SEN
ENGLISH NAME:	HOA SEN GROUP
Business Registration Certificate:	No. 3700381324 issued by the Department of Planning and Investment of Binh Duong Province on 8 August 2001, as amended.
Chartered capital:	VND 4,446,252,130,000
Headquarters:	No.09, Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An City, Binh Duong Province, Vietnam.
Telephone:	028.3999.0111 Fax: 028 3847 9882
Website	http://www.hoasengroup.vn

The Company's shares were listed on the Ho Chi Minh City Stock Exchange in accordance with Decision No.117/QD-SGDHCM dated 5 November 2008.



PRINCIPAL ACTIVITIES:

- Manufacturing roofing sheets by galvanized steel, zinc alloy, paint galvanized zinc plating and plating of other alloys;
- Producing steel purlins, galvanized purlins;
- Manufacturing black steel pipes, galvanized steel pipes and other alloys;
- Manufacturing steel mesh, galvanized steel wire, steel wire;
- Buying and selling building materials, capital goods and consumer goods;
- Renting warehouse and transporting goods;
- Building industrial and civil constructions;
- Producing cold rolled steel coils;
- Leasing machinery and equipment and other tangible belongings.

OUTSTANDING ACTIVITIES IN THE FISCAL YEAR 2019 – 2020



1

Hoa Sen Group continued to affirm its No. 1 position in Vietnamese coated steel sheet market, accounting for 34% of the domestic market share.

536

In FY 2019 - 2020, Hoa Sen Group strengthened and promoted competitive advantages of the nationwide retail distribution network with 536 Branches / Stores.

85

By the end of FY 2019 - 2020, Hoa Sen's products have been exported to more than 85 countries and territories. For the first time, Hoa Sen Group has effectively taken advantage of the favorable conditions of EU-Vietnam Free Trade Agreement (EVFTA) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Profit after tax reached **VND 1,153 BILLION**

In FY 2019 - 2020, overcoming the difficulties of COVID-19 epidemic, Hoa Sen Group has performed strongly with profit after-tax of VND 1,153 billion, increasing 219% compared to the previous fiscal year and exceeding 288% compared to the plan approved by the General Meeting of Shareholders.

FEATURED ACTIVITIES



February 2020: Hoa Sen Group announced and launched the high-end product - Hoa Sen Gold super durable steel sheet with many outstanding advantages, committing the message: Hoa Sen Gold - Gold quality - Free delivery nationwide.



May 2020: Hoa Sen Group exported 35,000 tons of steel to Europe - the largest shipment of Hoa Sen Group and Vietnam since exporting to this market. The event has a more special meaning when European Union - Vietnam Free Trade Agreement (EVFTA) has been approved by European Council and National Assembly of Vietnam and will take effect from August 01, 2020.



July 2020: Hoa Sen Group's export volume reached 80,000 tons / month. This is a record high coated steel sheet export volume in 1 month of Hoa Sen Group and in Vietnamese coated steel sheet market since Hoa Sen exported the first shipments of coated steel sheet in 2008.



August 2020: Hoa Sen Group continued to record export volume exceeding 90,000 tons / month.



January 2021: The first supermarkets in Hoa Sen Home Building Materials & Furniture Supermarket system officially came into operation.



In 2020, Hoa Sen Group continued to successfully implement large scale promotions for Hoa Sen plastic pipes, including: “Buy Hoa Sen Plastic Pipes - Win a Mazda CX-5” for distributors, agents and the program “Buy Hoa Sen Plastic Pipes - Rub off scratchcard immediately and win 9999 gold” for consumers with a total value of prizes for two programs up to more than VND 17 billion.

OUTSTANDING AWARDS



November 2020

Hoa Sen Group continued to achieve the National Brand for all 3 product categories: Hoa Sen Steel Sheet, Hoa Sen Plastic Pipe, and Hoa Sen Steel Pipe. This is the 5th consecutive time Hoa Sen brand name has been honored in this prestigious program, affirming the position and reputation of Hoa Sen - the leading brand in Vietnamese market.



November 2020

Hoa Sen Group was announced by VNR500 at the 50th position in the Top 500 Largest Enterprises in Vietnam in 2020 and the 18th position in the Top 500 Largest Private Enterprises in Vietnam in 2020.



December 17, 2020

Hoa Sen Group was honored in Top 50 Vietnam Top Brands in 2020 announced by Forbes Vietnam.



HISTORY OF ESTABLISHMENT AND DEVELOPMENT

8/8/2001

Hoa Sen Joint Stock Company, precursor of Hoa Sen Group Joint Stock Company, was established with an initial charter capital of



30

Billion



22

Employees

08/8/2004

Inaugurating Hoa Sen Group headquarters at No.9 Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An District, Binh Duong Province.

11/2006

Establishing Hoa Sen Steel Sheet Joint Stock Company with charter capital of VND 320 billion.

01/2007

Inaugurating Hoa Sen Cold Rolling Mill with capacity of 180,000 tons/year.

12/2007

Hoa Sen Joint Stock Company renamed to Hoa Sen Group Joint Stock Company and merged 3 companies: Hoa Sen Steel Sheet Joint Stock Company, Hoa Sen Building Materials Joint Stock Company and Hoa Sen Building Mechanical Joint Stock Company.



570,39
billion

Increasing the charter capital



1,007.91
billion

Putting into operation Galvanizing line (NOF technology) with capacity of 450,000 tons/year and Color coating line with capacity of 180,000 tons/year that belong to Hoa Sen Phu My Steel Sheet Plant Project.

2001
|
2007

2019
|
2010

2008
|
2009

2010
|
2011

01/10/2008

Hoa Sen Group changed its fiscal year. Accordingly, Hoa Sen Group's fiscal year begins from October 1st and ends in September 30th of the following year.

5/12/2008

Stocks of Hoa Sen Group (code: HSG) were listed on Ho Chi Minh City Stock Exchange.



57,038,500

shares



82

branches

Starting the construction of Phase 1 of Hoa Sen Phu My Steel Sheet Plant Project at Phu My 1 Industrial Park, Ba Ria - Vung Tau Province.

**EXPORT SALES ACHIEVED
USD 101 MILLION**

Completing Phase 1 of Hoa Sen Phu My Steel Sheet Plant Project



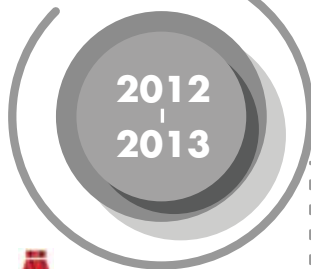
106

Branches

**EXPORT SALES ACHIEVED
USD 180 MILLION**

Becoming the leading exporter of steel sheets in Southeast Asia.

**ANNOUNCING THE NEW
BRAND IDENTITY SYSTEM**



 Third-grade Labor Medal

 Top 10 of Vietnam Gold Star 2013

 Top 10 of Corporate Social Responsibility

Putting Galvanizing line (NOF technology) of Phase 2 of Hoa Sen Phu My Steel Sheet Plant Project with a capacity of 120,000 tons/year into operation.

HOA SEN GROUP ACHIEVED TOP 100 OF LARGEST VIETNAMESE ENTERPRISES AND TOP 30 OF LARGEST VIETNAMESE PRIVATE ENTERPRISES 2012



115 Branches



150 Branches

08/01/2014

Putting production lines of Phase 2 of Hoa Sen Phu My Steel Sheet Plant Project to increase the total designed capacity of current production lines of Hoa Sen Group to nearly 1 million tons of cold rolled coils/year and 1.2 million tons of coated steel sheets/year.



Hoa Sen Group is the first Vietnamese enterprise in Metal and Mining sector awarded "Best Managed Company in Asia 2014" by Euromoney Magazine (the United Kingdom).

- Investing in Hoa Sen Binh Dinh Steel Pipe Plant Project and Hoa Sen Nghe An Steel Sheet Plant Project to enhance production capacity of the Group.

04/2015

Hoa Sen Group was the only company in Vietnam selected to the list of Global Growth Companies by World Economic Forum.



190 Branches

11/2014

Hoa Sen Group was awarded "Vietnam Value 2014" by Ministry of Industry and Trade.

**HOA SEN STEEL SHEET PRODUCT
HOA SEN PLASTIC PIPE PRODUCT
HOA SEN STEEL PIPE PRODUCT**



28/3/2015

Inaugurating Phase 1 of Hoa Sen Binh Dinh Steel Pipe Plant



1,008 billion

Increasing the charter capital



1,965 billion

09/10/2015

Hoa Sen Group was honorably awarded "Brand Gold Cup for Environment to Develop 2015", and was also awarded "Top 10 Vietnam Friendly Environment Product 2015" for the Hoa Sen Plastic Pipes.

08/01/2016

Hoa Sen Group started construction of Hoa Sen Steel Sheet Plant Project at Nhon Hoi – Binh Dinh province with capacity of 180,000 tons of coated steel sheet/year and 90,000 tons color coated steel sheet/year.

17/3/2016

Hoa Sen Group invested in Hoa Sen Ha Nam Plant Project at Kien Khe I Industrial Park, Ha Nam Province. The project invested in the production lines with modern technology.

15/4/2016

Hoa Sen Group operated Hoa Sen Binh Dinh Plastic Pipes with capacity of 24,000 tons/year.

19/5/2016

Investing in the Hoa Sen Yen Bai Hotel and Residence Complex, marked officially the development strategy of Hoa Sen Group in the future.

06/6/2016

Hoa Sen Nghe An Plant at Dong Hoi Industrial Park – Nghe An province put Galvanizing line with NOF technology with capacity of 400,000 tons/year into operation and produced successfully the first finished steel coil.

22/7/2016

Opening the Representative Office No.2 at Vietcombank Tower – No.5 Me Linh Square, Ben Nghe Ward, District 1, to timely respond to the demands of human resources and facility for strong growth as well as serve for the Group's orientation of investment expansion.

06/8/2016

HONORABLY RECEIVING THE SECOND-GRADE LABOR MEDAL BY PRESIDENT OF THE SOCIALIST REPUBLIC OF VIETNAM.



9/2016

Hoa Sen Group was continuously awarded "Best Managed Company in Asia 2016" in metal and mining sector by Euromoney Magazine (the United Kingdom).



Hoa Sen Group was honorably awarded "50 Best Vietnamese Listed Companies" by Forbes Vietnam in four consecutive years.



250 Branches

2015 | 2016

2016 | 2017



29/5/2017

Hoa Sen Group was honorably voted for "50 Best Vietnamese Listed Companies" by Forbes Vietnam (5 consecutive years)

6/2017

Hoa Sen Group was honorably awarded for "Top 50 Vietnam's Best Performing Companies awarded by Business Review Magazine (4 consecutive years)

7/2017

Hoa Sen Group achieved "Top 30 Best Annual Reports 2017"

9/2017

Hoa Sen Group was honorably awarded for "Typical South East Enterprise 2017"



1,965 Billion

Increasing the charter capital



3,500 Billion

30/11/2016

Achieving "Vietnam Value" in 2016 for three major product groups:



HOA SEN STEEL SHEET
HOA SEN PLASTIC PIPE
HOA SEN STEEL PIPE.

01/3/2017

Hoa Sen Group started the construction of Hoa Sen Yen Bai Steel Pipe Plant Project - the 11th plant of Hoa Sen Group and the 5th Plant in the North market.



343 Branches

October 2018

Hoa Sen Group officially put ERP system into operation, marking a great step of the Group in consolidating, tightening and optimizing the management, coordination and arrangement of resources.

January 20, 2018

Nhon Hoi - Binh Dinh Plant was honored to welcome Prime Minister Nguyen Xuan Phuc to visit and work.

May 8, 2018

Hoa Sen Group exported 15,000 tons of Steel Sheet to Europe at Quy Nhon Port, Binh Dinh Province. This was the first big shipment exported by Hoa Sen Group to Europe via Quy Nhon port.

May 18, 2018

Inauguration of Hoa Sen Yen Bai Building Materials Plant.

June 9, 2018

Hoa Sen Group was honored in the Top 50 Best Performing Companies in Vietnam 2018 (5 consecutive years).

July 9, 2018

The Group's charter capital was increased from VND 3,500 billion to VND 3,850 billion.

July 27, 2018

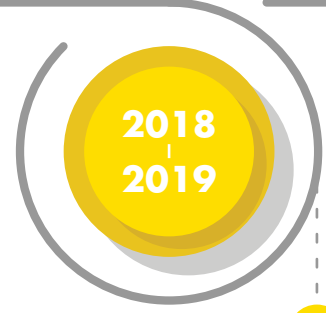
Hoa Sen Group was honored in the list of Top 50 best Listed Companies in Vietnam 2018 voted by Forbes Vietnam (6 consecutive years).

From July, 2018

Officially deploying the restructuring of Distribution System according to the model of Provincial Branch.



491 Branches



January 10, 2019

Successfully exported a shipment of 17,000 tons of steel sheet from Hoa Sen Nghe An Plant to the U.S, worth more than 14 million USD.

Officially signed Strategic Cooperation between Hoa Sen Group and SK Shipping Company in the field of bulk cargo transport to international markets.

January 17, 2019

Hoa Sen Group continues to be honored in the Top 500 largest Enterprises in Vietnam.

From November 2018 to February 2019

Based on the results of the pilot model, Hoa Sen Group officially implemented restructuring the nationwide distribution network under Provincial Branch model, in

parallel with the application of ERP system into Provincial Branches. The Group has established 55 Provincial Branches in Provinces / Cities across the country and more than 400 Stores (Business Locations) under the Provincial Branch. At the same time, during this period, the Group has applied ERP system which has been refined to suit the new management model of Provincial Branches and implemented the electronic invoice system for Provincial Branches.

March 2019

Completing the restructuring of Distribution System according to Provincial Branch model. From March 1, 2019, 55 Provincial Branches and more than 400 Stores across the country began to operate stably. From

this point of time, the Group began implementing procedures to terminate the legal form of branches under the old model, to ensure streamlining and synchronization throughout the system.

March 18, 2019

Officially inaugurated Hoa Sen Phu My Hot Dip Galvanized Steel Pipes Plant at Phu My I Industrial Park, Phu My Ward, Phu My Town, Ba Ria - Vung Tau Province. The plant has a total design capacity of 85,000 tons / year, corresponding to the scale of 01 hot-dipped galvanized steel pipes line, 06 steel pipes rolling lines and 01 slitting line.

Officially announced the successful operation of ERP system after nearly 2

years of implementation. ERP system is applied synchronously to the whole Group, including Parent Company, Plant / Subsidiaries Provincial Branches and Distribution Stores across the country.

Successfully exported a shipment of 15,000 tons of steel sheet worth 11.5 million USD to European market (UK, Germany and Italy) from the plants in Phu My Industrial Park, Ba Ria - Vung Tau Province.

April 22, 2019

Officially inaugurated Phase II of Hoa Sen Nhon Hoi - Binh Dinh Plant at Nhon Hoi Economic Zone, Hoi Son Hamlet, Quy Nhon City, Binh Dinh Province. Phase II of the plant has a total design capacity of 430,000 tons / year, corresponding to the scale of 01 galvanized / aluminum – zinc alloy line (NOF line), 01 color coating line, 01 cold rolling line with two racks, 01 pickling line and 01 acid regeneration system.

Continuing to successfully export a shipment of 5,000 tons of steel sheet, valued at over US \$ 4 million, to Malaysia from Hoa Sen Nhon Hoi Plant.

April 23, 2019

Successfully exported a shipment of 15,000 tons of steel sheet worth US \$12 million to Mexico from Hoa Sen Nghe An Plant. This is the largest consignment of galvanized steel sheet exported to Mexico after the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP or TPP-11) came into effect.

June 24, 2019

Hoa Sen Nghe An One Member Limited Liability Company (Subsidiary of Hoa Sen Group) was first honored at the National Quality Awards 2018 for 02 product lines: Hoa Sen Steel Sheet and Hoa Sen Galvanized Steel Pipes.

October 10, 2019

Hoa Sen Group continued to be honored for the 3rd consecutive year in the List of 1,000 largest corporate income taxpayers in Vietnam in 2018 announced by the General Department of Taxation.

November 2019

Hoa Sen Group was honored in Top 100 Sustainable Development Enterprises in 2019. This award was organized by Vietnam Business Council for Sustainable Development (VBCSD) under Vietnam Chamber of Commerce and Industry (VCCI).

February 2020

Hoa Sen Group officially launched super durable Hoa Sen Gold steel sheet in the high-end segment with message "Hoa Sen Gold - Gold quality - Free delivery nationwide" affirming its position as the leading enterprise in coated steel industry. Super durable Hoa Sen Gold steel sheet with many outstanding advantages, is committed to a leak-proof warranty of up to 30 years and a 10-year color warranty, meeting the most stringent requirements of civil and industrial projects.

July - September 2020

(The 4th Quarter of fiscal year 2019-2020) Hoa Sen Group has continuously achieved new records of Hoa Sen Group and Vietnam's coated steel industry in export volume within a month. The Group's steel sheet export volume has continuously grown strongly, in September 2020, the export volume has reached more than 101,000 tons / month in the context that the world economy and Vietnam are still facing many difficulties and challenges due to the effects of Covid-19 pandemic.

August 08, 2020

Hoa Sen Group's Board of Directors decided to establish the Department of Strategy & Development Investment, implementing the strategy of diversifying and expanding product categories and segments/, gradually becoming the leading distributor and retailer of building

materials and furniture in Vietnam through the development of Hoa Sen Home Building Materials and Furniture Supermarket System.

November 2020

Hoa Sen Group continued to achieve the National Brand for all 3 product categories: Hoa Sen Steel Sheet, Hoa Sen Plastic Pipe, Hoa Sen Steel Pipe (5 consecutive years); affirming the position and prestige of Hoa Sen - the leading brand in the market.

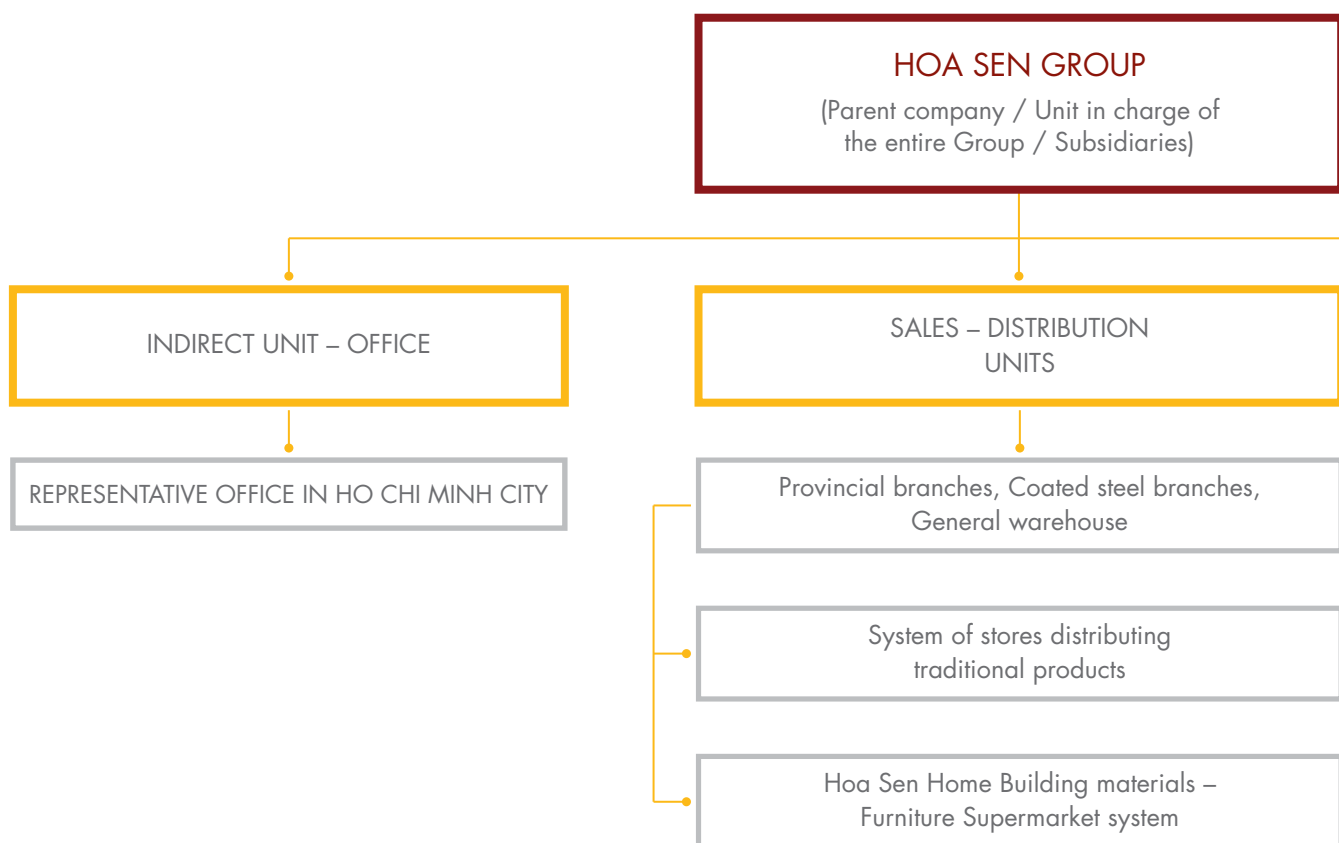
October 30, 2020

Hoa Sen Group announced its estimated cumulative business results for FY 2019 - 2020 with profit after tax of VND 1,153 billion, an increase of 219% compared to FY 2018-2019 and 288% higher than the plan approved by the General Meeting of Shareholders, officially returning to the club of businesses with trillion VND of profit after tax after only 2 years.

2019
|
2020

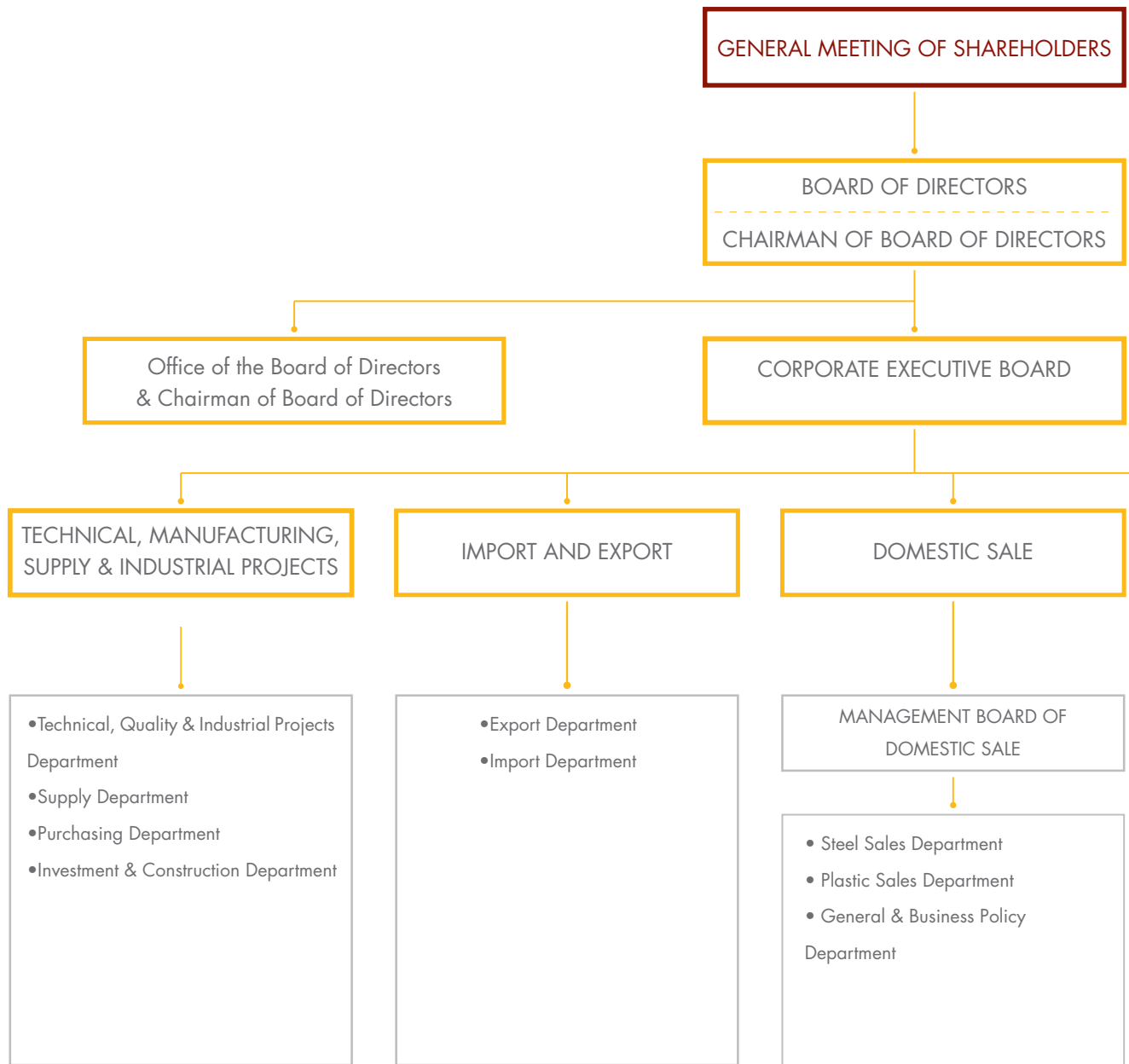


ORGANIZATIONAL MODEL OF HOA SEN GROUP





ORGANIZATIONAL CHART OF HOA SEN GROUP



Committees under the Board of Directors:

- Strategy & Development Committee
- Restructuring Committee
- Audit Committee
- Finance & Shareholder Relations Committee

DISTRIBUTION SYSTEM

MANAGEMENT OF DISTRIBUTION SYSTEM

Business Regions

Professional Support Departments

STRATEGY & DEVELOPMENT

- Planning & Development Department
- Hoa Sen Home & Distribution System Development Department
- Commercial Product Sales Department
- Commercial Product Purchasing Department
- Commercial Product Supply Department
- Internal control department of commercial product segment

INDIRECT- OFFICE SEGMENT

- Administration & Human Resources Department
- Recruitment & Training Department
- IT & ERP Department
- Internal control department
- Finance & Trade Remedies Department
- Marketing Department
- Accounting Department

MEMBERS OF THE BOARD OF DIRECTORS



Mr. LE PHUOC VU
Chairman of the Board of Directors

Mr. Le Phuoc Vu started his business with a steel sheet retail outlet in 1994. In 2001, after 7 years of accumulating capital and experience, he founded Hoa Sen Joint Stock Company (the precursor of Hoa Sen Group Joint Stock Company) with an initial charter capital of VND 30 billion.

After over 19 years of building and developing, with intelligence, assertiveness, responsibility and integrity, he developed Hoa Sen Group from a small company to the leading manufacturer and trader of steel in Vietnam and the region.

For his dedication and considerable contributions to the development of the Group, the General Assembly of Shareholders elected him as Chairman of the Board of Directors for many consecutive terms.

Currently, Mr. Le Phuoc Vu is holding the position of Chairman of the Board of Directors cum the first Legal Representative of the Group, performing the functions of general management and leadership in giving orientations and strategies for the Group and in charge of direct and organize the implementation of powers, duties and functions of the Board of Directors. At the same time, he was assigned by the Board of Directors to be the Chairman of Strategy Development Committee and the Chairman of Corporate Governance & Appointment, Salary and Bonuses Committee ("Corporate Governance & Salary Committee"). He directly makes important and breakthrough guidelines, strategies and orientations for the development of the Group.

With outstanding achievements in leadership, management of production, business activities and community activities, Mr. Le Phuoc Vu was honored to receive the Second - class Labor Medal by the President of the Socialist Republic of Vietnam. He was also the Co - Chair at Vietnam - India Business Forum and a Global Entrepreneur honored by Ernst & Young in Monaco in 2015.

With outstanding achievements in leadership, management of production, business activities and community activities, Mr. Le Phuoc Vu was honored to receive the Second - class Labor Medal by the President of the Socialist Republic of Vietnam. He was also the Co - Chair at Vietnam - India Business Forum and a Global Entrepreneur honored by Ernst & Young in Monaco in 2015.

As the Chairman of the Board of Directors, Mr. Le Phuoc Vu is together with all the members of the Board of Directors to make resolutions and decisions timely leading Hoa Sen Group to achieve outstanding accomplishments during the past 19 years.



Mr TRAN NGOC CHU
Vice Chairman of the Board of Directors

Joining Hoa Sen Group since the early days of its establishment, Mr. Tran Ngoc Chu has made important contributions during the development period of Hoa Sen Group.

Mr. Tran Ngoc Chu graduated from Finance and Accounting University Ho Chi Minh City with much experience in the sectors of finance, accounting, taxation and corporate governance. He was elected in the Board of Directors for many consecutive terms by the General Assembly of Shareholders.

At the Annual General Meeting of Shareholders 2017 - 2018, he continued to be elected to the Board of Directors and was appointed to be the Vice Chairman of the Board of Directors cum the second Legal Representative of the Group.

In the position of Vice Chairman of the Board of Directors, Mr. Tran Ngoc Chu is assigned to hold executive duties at the Board of Directors and to be the head of the Executive Board of the Group. He is also assigned to handle the work on behalf of Chairman of the Board of Directors to perform a number of functions and powers of Chairman of the Board of Directors, Strategy Development Committee and Corporate Governance & Salary Committee. In addition, he is also assigned to direct public relations, finance - credit - banking, investment promotion, industrial projects and other projects of the Company.

In addition to his position at Hoa Sen Group, Mr. Tran Ngoc Chu currently holds several key positions including Chairman, Chairman of the Board of Directors, Legal Representative at the Group's subsidiaries / Affiliates in Binh Duong, Ba Ria - Vung Tau, Ninh Thuan and Yen Bai.

With the efforts, reputation and contributions to the production and business activities of Hoa Sen Group in particular, as well as to the socio-economic development of the country in general, Mr. Tran Ngoc Chu was honored to be awarded the Second Class Labor Medal by the President on October 15, 2018.



Mr. TRAN QUOC TRI
Member of the Board of Directors

Mr. Tran Quoc Tri graduated from Ho Chi Minh City University of Economics - majoring in Accounting - Auditing and joined Hoa Sen Group since 2004. During his working process in the Group, Mr. Tran Quoc Tri has proved his management ability in the sectors of business and administration. He has been trusted by the Board of Directors, appointed many management - operating positions, from the entry level to the senior level.

At Annual General Meeting of Shareholders 2017-2018, Mr. Tran Quoc Tri was elected to the Board of Directors by the General Assembly of Shareholders and appointed to the position of Executive Member of the Board of Directors cum General Director, and also the third Legal Representative of the Group.

As an Executive Member at the Board of Directors, Mr. Tran Quoc Tri is assigned to the position of General Director, performing the function of directing, supervising and responsible for all management activities of the Board of Management.

In 2014, he was commended by the Binh Duong People's Committee for his contributions to the development of businesses and localities.

In 2017, he was awarded a Certificate of Merit by the Prime Minister.

MEMBERS OF THE BOARD OF DIRECTORS



Mr. LY VAN XUAN **Non - Executive Member of the Board of Directors**

Mr. Ly Van Xuan is a loyal individual shareholder of Hoa Sen Group from the first days of establishment. With his personal reputation and dedication to the Group, he was elected by the General Assembly of Shareholders as a member of the Board of Directors and Board of Supervisor for many terms.

At the Annual General Meeting of Shareholders 2017 - 2018, Mr. Ly Van Xuan was elected by the General Assembly of Shareholders to the Board of Directors, appointed as a Non-Executive Member of the Board of Directors.

Currently, as a Non - Executive Member of the Board of Directors, Mr. Ly Van Xuan is assigned to oversee and approve transactions with affiliated parties and implement shareholder relations activities.

Mr. Ly Van Xuan is an Associate Professor, Doctor of Medicine and a Head of Training Department of Ho Chi Minh City Medicine and Pharmacy University.



Mr. NGUYEN VAN LUAN **Independent Member of the Board of Directors**

Mr. Nguyen Van Luan was formerly the Headmaster of University of Economics and Law under the National University of Ho Chi Minh City. As an Associate Professor of Ph.D. majoring in Economics, Mr. Nguyen Van Luan has knowledge and experience in managing and supervising economic - financial activities.

Mr. Nguyen Van Luan was elected to the Board of Directors by the General Assembly of Shareholders at the Annual General Meeting of Shareholders 2017 - 2018, and at the same time, due to fully meeting the criteria prescribed in the Enterprise Law and the Securities Law, he was appointed to the position of Independent Member of the Board of Directors.

As an Independent Member of the Board of Directors with professional knowledge from many years teaching at universities, Mr. Nguyen Van Luan was assigned to hold the position of Chairman of the Audit Committee, directing professionally internal audit operations, supervising internal control system, at the same time performing the function of monitoring transactions with related persons.



Mr. DINH VIET DUY **Independent Member of the Board of Directors**

Mr. Dinh Viet Duy is currently a Member of the Board of Directors for the term of 2018-2023, elected by the General Assembly of Shareholders at the Annual General Meeting of Shareholders 2017 - 2018. He is also appointed as an Independent Member of the Board of Directors due to fully meeting the criteria prescribed in Enterprise Law and Securities Law.

Currently, Mr. Dinh Viet Duy is assigned to hold the position of Chairman of Financial & Investor Relations Committee, a Member of Audit Committee under the Board of Directors.

Besides the position of Independent Member of the Board of Directors at Hoa Sen Group, Mr. Dinh Viet Duy is also the General Director of Construction and Trading Joint Stock Company 2 (ACSC).

Mr. Dinh Viet Duy has a Master degree in Project Management, Construction Engineer.

MEMBERS OF THE BOARD OF MANAGEMENT



Mr. TRAN QUOC TRI
General Director

With many years of working, dedicating and developing at Hoa Sen Group, in the Fiscal year 2017 - 2018, Mr. Tran Quoc Tri was appointed to the position of General Director by the Board of Directors of Hoa Sen Group.

As the Head of the Executive Board cum the third Legal Representative, Mr. Tran Quoc Tri performs the functions of general management of all daily production and business activities of the Group and related parties following the guidelines and policies of the Board of Directors, and also responsible to the Board of Directors and the General Assembly of Shareholders on all activities of the Board of Management.

In addition to the general management function, Mr. Tran Quoc Tri is also assigned to guide and directly manage: Exports, Distribution Management, Business Planning & Policies, Human Resources, Recruitment & training.

At the same time, Mr. Tran Quoc Tri was also assigned by the Board of Directors to implement the Group's key development strategies for the period 2021 - 2026, including: Hoa Sen Home Building Materials – Furniture Supermarket System; diversifying commercial products category; and implementing IT & ERP investment project phase II. đầu tư CNTT & ERP.



Mr. HOANG DUC HUY
Deputy General Director

Mr. Hoang Duc Huy is currently the Deputy General Director in charge of Internal Control of Hoa Sen Group, directing and managing professional operations of Hoa Sen Group's Internal Control Department. He is one of the founding shareholders of Hoa Sen Joint Stock Company since 2001 (precursor of Hoa Sen Group Joint Stock Company today).

Mr. Hoang Duc Huy has over 15 years working in finance, accounting and internal control at large companies under the Department of Transportation of Tay Ninh Province. As Deputy General Director of Internal Control, he has made great contributions to the Group's development. In 2014, he was awarded Certificate of Merit by Binh Duong Province People's Committee for his contributions to the development of the enterprise and Binh Duong Province.



Mr. VU VAN THANH
Deputy General Director

Mr. Vu Van Thanh graduated with a Master Degree in Economics Development, currently he is the Deputy General Director in charge of Finance, Trade Remedies, Marketing.

Besides the position of Deputy General Director of Hoa Sen Group, Mr. Vu Van Thanh is also the Chairman cum Legal Representative at Hoa Sen Group's manufacturing subsidiaries in Nghe An, Ha Nam and Yen Bai.

Since 2008, Mr. Vu Van Thanh has made important contributions to Hoa Sen Group. In 2017, he was awarded a Certificate of Merit by the Prime Minister.



Mr. HO THANH HIEU
Deputy General Director

Joining Hoa Sen Group in early 2002, he was appointed to many positions such as Deputy Director of the Distribution Network, Director of the Distribution Network, Director of Sales. Currently, Mr. Ho Thanh Hieu is in the position of Deputy General Director in charge of Domestic Sales, IT & ERP.

Mr. Ho Thanh Hieu is currently holding the position of Chairman cum Legal Representative at Hoa Sen Group's manufacturing subsidiaries in Binh Dinh. Mr. Ho Thanh Hieu graduated from University of Economics Ho Chi Minh City with major of Accounting and Auditing.



Mr. TRAN QUOC PHAM
Deputy General Director

Mr. Tran Quoc Pham graduated as constructive engineer with major of industrial and civil construction in 1998. Before joining Hoa Sen Group, he has 18 years of experience in construction area, and has taken many important positions in construction companies. He was honorably awarded Certificate of Merit by Ministry of Construction for great achievements in 2009, 2010 and 2012.

Mr. Tran Quoc Pham is currently the Deputy General Director in charge of the primary construction of the Group, assigned to direct and organize the supervision of construction, finishing and pre-acceptance test of works, infrastructure and workshops at the Group's Projects; directly in charge of the construction and completion of the project in Yen Bai.



Mr. NGUYEN NGOC HUY
Deputy General Director

Mr. Nguyen Ngoc Huy has a Bachelor of Foreign Languages. He has joined Hoa Sen Group since 2011 and has experienced many professional positions in Export sector of Hoa Sen Group such as Director of Region 3 - Export Department; Deputy Director of Export Department...

On December 25, 2018, Mr. Nguyen Ngoc Huy has been appointed by the Board of Directors as Deputy General Director who is directly responsible for the export activities of Hoa Sen Group and manages the Export Department under the direction of the General Director and the guidelines of the Board of Directors.

Mr. Nguyen Ngoc Huy is assigned to manage, coordinate and take main responsibility in: Finding and connecting with export customers; promoting, expanding and diversifying export markets of the Group.

MEMBERS OF THE BOARD OF MANAGEMENT



Mr. TRAN THANH NAM
Acting Deputy General Director

Mr. Tran Thanh Nam was born in 1988, holds a Master's degree in Business Administration and has been with the Group for nearly 10 years. During his time working at Hoa Sen Group, he was appointed to many positions in the field of business and management of Distribution System...

On December 17, 2019, after reviewing and evaluating Mr. Tran Thanh Nam's competence, quality, standards and dedication process at the Group, the Board of Directors appointed him to the position of Acting Deputy General Director cum Director of Distribution System, responsible for the management and administration of the entire Distribution System of the Group.



Mr. NGUYEN TAN HOA
Acting Deputy General Director

(appointed from July 27, 2020)

Mr. Nguyen Tan Hoa was born in 1978. He has a degree in Mechanical Engineering. Being with the Group for more than 14 years (since 2006), Mr. Nguyen Tan Hoa has accumulated a lot of experience and was appointed to many important positions in the field of production - projects, most notably leading positions in the Group's production system, such as: Director of Hoa Sen Phu My Plant, Director of Hoa Sen Nghe An One Member Limited Company, Deputy Head of Industrial Project Management Board, Director of Hoa Sen Steel Sheet One Member Limited Company...

On July 27, 2020, the Board of Directors approved a Resolution on the appointment of Mr. Nguyen Tan Hoa to the position of Acting Deputy General Director.

In his new position, Mr. Nguyen Tan Hoa is assigned to be in charge of the Group's management and operation of manufacturing operations, supply and industrial projects.

PRODUCTION CAPACITY

PLANT SYSTEM OF HOA SEN GROUP



HOA SEN YEN BAI GALVANIZED STEEL PIPES PLANT

(Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company)

Production line	Designed Capacity Tons/Year
Steel Pipe Line	82,800



HOA SEN NGHE AN PLANT

(Owned by Hoa Sen Nghe An One Member Limited Liabilities Company)

Production line	Designed Capacity Tons/Year
Cold Rolling Line	700,000
Steel Sheet Producing Line with NOF Technology	800,000
Color Coating Line	240,000



HOA SEN NAM CAM PLANT

(Owned by Hoa Sen Nghe An One Member Limited Liabilities Company)

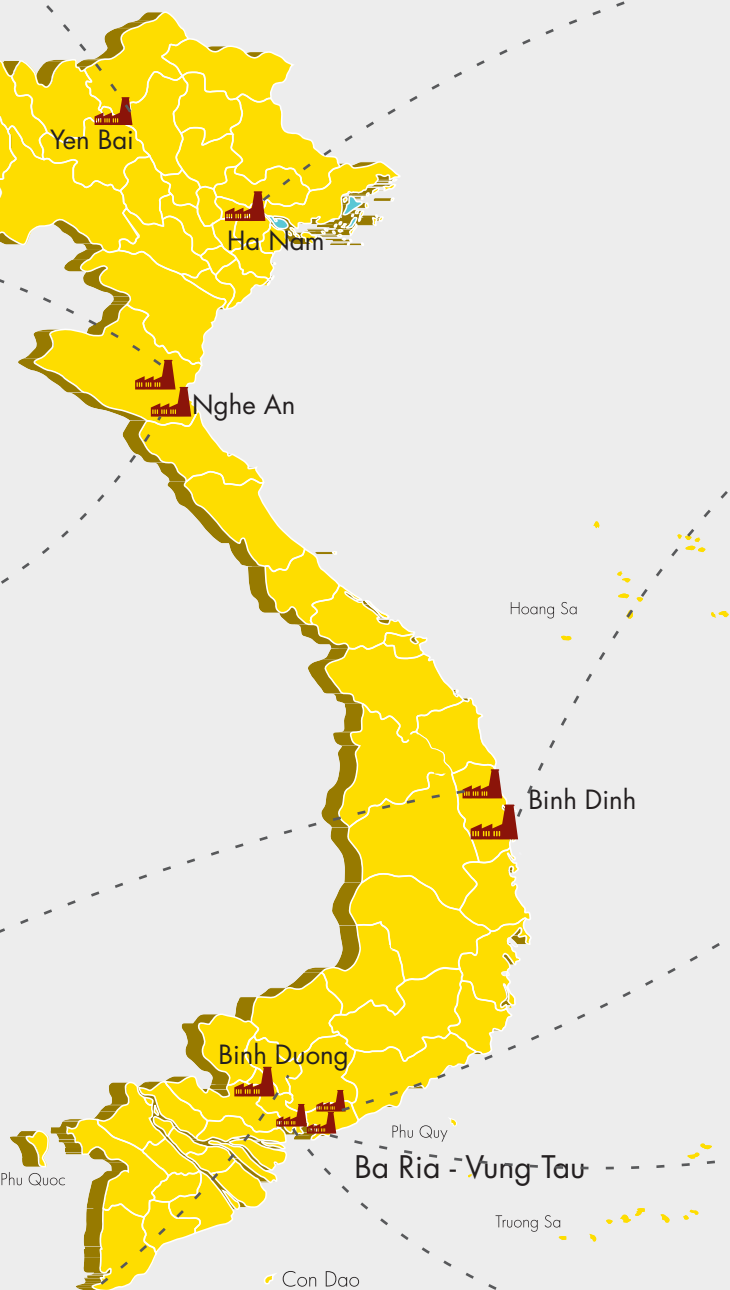
Production line	Designed Capacity Tons/Year
Steel Pipe Line	120,000



HOA SEN BINH DINH GALVANIZED STEEL PIPES - PLASTIC PIPES PLANT

(Owned by Hoa Sen Binh Dinh One Member Limited Liabilities Company)

Production line	Designed Capacity Tons/Year
Steel Pipe Line	100,000
Plastic Pipe Line	12,000



HOA SEN BINH DUONG STEEL SHEET PLANT

(Owned by Hoa Sen Steel Sheet One Member Limited Liabilities Company)

Production line	Designed Capacity Tons/Year
Cold Rolling Line	980,000
Steel Sheet Producing Line with NOF Technology*	150,000
Color Coating Line*	45,000

(*) Owned and managed by Hoa Sen Group



HOA SEN HA NAM PLANT

(Owned by Hoa Sen Ha Nam One Member Limited Liabilities Company)

Production line	Designed Capacity Tons/Year
Steel Pipe Line	217,800
Plastic Pipe Line (uPVC, HDPE, PPR)	19,800



HOA SEN NHON HOI - BINH DINH PLANT

(Owned by Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liabilities Company)

Production line	Designed Capacity Tons/Year
Cold Rolling Line	350,000
Steel Sheet Producing Line with NOF Technology	430,000
Color Coating Line	195,000



Hoa Sen - Phu My Building Materials Plant

(Owned by Hoa Sen - Phu My Building Materials One Member Limited Liabilities Company)

Production line	Designed Capacity Tons/Year
Steel Pipe Line	332,040
Plastic Pipe Line (uPVC, HDPE, PPR)	97,891



HOA SEN PHU MY HOT DIP GALVANIZED STEEL PIPES PLANT

(Owned by Hoa Sen Phu My One Member Limited Liabilities Company)

Production line	Designed Capacity Tons/Year
Hot Dip Galvanizing Line	85,000



HOA SEN PHU MY STEEL SHEET PLANT

(Owned by Hoa Sen Group)

Production line	Designed Capacity Tons/Year
Steel Sheet Producing Line with NOF Technology	1,150,000
Color Coating Line	330,000

Note: Designed Capacity Tons/Year

PRODUCT CATEGORY

ADVANCED TECHNOLOGY CREATES DIVERSE PRODUCTS WITH HIGH QUALITY AND INTERNATIONAL STANDARDS

HOA SEN STEEL SHEET

COLD ROLLED COIL

With the investment in the most modern technologies in the world from the suppliers of Esmech-SMS (Germany), CMI (India), cold rolling line can produce thicknesses from 0.0115 – 3.0 mm combined steel quality control automation (flatness, thickness, deformation controlling). The cold rolled coil meets the strictest requirements and improves the effective resolution of losses during production process.



GALVANIZED STEEL SHEET (GI)

Being manufactured by the advanced and environmentally friendly NOF technology of Danieli (Italy), the GI products meet the strictest requirements of galvanized steel sheet with coating up to Z600 (600 g/m²). Thank to good corrosion resistance and smooth coating layer, Hoa Sen galvanized steel sheet products are the top choice of consumers, ensuring high quality according to ASTM A653/A653M (U.S), AS 1397 (Australia), EN 10346 (Europe), MS 2384, MS 2385 (Malaysia), SNI 07-2053 (Indonesia) and IS 277 (India) standards.



PRE-PAINTED GALVANIZED STEEL SHEET (PPGI)

The variety of colors and sizes of Hoa Sen pre-painted galvanized steel sheet always meets the customer's needs, ensure high quality under JIS G 3312 (Japan), ASTM/A755 A755M (U.S), AS 2728 (Australia), EN 10169 (Europe), MS 2383 (Malaysia) and IS 14246 (India) standards.



ALUMINUM-ZINC ALLOY COATED STEEL SHEET (GL)

Being manufactured by the modern NOF technology line, investing in the world leading wind - blade technology with automatic adjustment of coating amount, ensuring coating evenly, quality and coating coverage of up to AZ200 (200 g/m²), meets the requirements of ASTM A792/A792M (U.S), AS 1397 (Australia), JIS G3321 (Japan), MS 1196 (Malaysia), EN 10346 (Europe), SNI 4096 (Indonesia) and IS 15961 (India) standards. The surface of the product is bright and beautiful with silver color, outstanding corrosion resistance, effective heat resistance, flexibility in design and has 4 times longer life than normal galvanized steel sheet.



PRE-PAINTED ALUMINUM-ZINC ALLOY COATED STEEL SHEET (PPGL)

The application of the leading technology of coating on aluminum-zinc alloy base enables it to paint two identical surface in order to increase aesthetics, diversity of colors, high durability makes the PPGL product outstanding durability, ensure high quality under: JIS G 3322 (Japan), ASTM/A755 A755M (U.S), AS 2728 (Australia), EN 10169 (Europe), MS 2383 (Malaysia) and IS 15965 (India) standards and the warranty is from 10 to 20 years.



WOOD PATTERN STEEL SHEET

The outstanding feature of wood pattern steel sheet is their surfaces which are coated with the paint of wood pattern. Therefore, they are highly aesthetic, and can be applied to make outdoor products and furniture which bring the subtlety and luxury to the house. Being different from traditional steel sheet, the applications of wood pattern steel sheet are extremely diverse. The products are used flexibly for construction works and houses such as ceilings, walls, wardrobes, shelves, furniture, etc. These are the products which have many advantages such as high aestheticism, good heat resistance, high durability, no mold, easy cleaning, high temperature resistance, etc. The product can be used without drawbacks of earlier materials such as dinginess, mold, rapid degradation, etc.



PRE-PAINTED GL/GI WITH PVDF

Pre-painted GL/GI uses paint of which main factor is high grade Fluoropolymer plastic on GL/GI steel sheet surfaces, and combination of the carbon-fluoro associated with carbon-hydrogen atoms of PVDF to increase significant prevention of erosion, acid and to strengthen paint durability than normal polyester paint. Moreover, the product can prevent UV ray in severe weather conditions and ensure high quality in accordance with standards of JIS G3322, JIS G3312 (Japan), ASTM A755/A755M (U.S), AS 2728 (Australia), EN 10169 (Europe), MS 2383 Malaysia, IS 14246 and IS 15965 (India).



HOA SEN GOLD

HOA SEN GOLD color coating aluminum-zinc alloy steel sheet is a high-class and high-quality product line of Hoa Sen Group. HOA SEN GOLD products are coated with aluminum-zinc alloy coating and high-class paint, therefore, they have outstanding durability, chemical resistance, superior weather resistance, suitable for applications requiring high durability, long service life, especially suitable for exterior applications such as roofs, walls and panels. Especially, HOA SEN GOLD products are guaranteed against leaking up to 30 years and warranty against fading within 10 years from the date of manufacture.



METALLIC STEEL SHEET

An outstanding feature of metallic steel sheet is that its metallic surface creates a very high aestheticism and is widely favored by the customers. Metallic steel sheet is applied to interior decoration which brings the elegance and sophistication to the houses.



WRINKLE STEEL SHEET

Wrinkle steel sheet is GL/GI steel sheet painted with special wrinkle pattern on its surfaces. The outstanding features of wrinkle steel sheet is high aestheticism, high durability, good heat resistance, good moisture resistance, easy installation, etc. The products are used flexibly for construction works and houses such as ceilings, walls, roofs, etc.



HOT DIP GALVANIZED STEEL (HGI)

With the input material of high quality cold rolled coil of Hoa Sen Group and the advanced NOF technology, Hoa Sen hot dip galvanized steel meets diversified requirements in industrial and civil construction. Hoa Sen hot dip galvanized steel always meets standards of JIS G3302, JIS G3321 (Japan), ASTM A653/A653M, ASTM A792/A792M (America), AS 1397 (Australia), EN 10346 (Europe), MS 2384, MS 2385, MS 1196 (Malaysia), IS 277 và IS 15961 (India).



PRODUCT CATEGORY

ADVANCED TECHNOLOGY CREATES DIVERSE PRODUCTS
WITH HIGH QUALITY AND INTERNATIONAL STANDARDS

HOA SEN STEEL PIPE

GALVANIZED STEEL PIPE

Being manufactured through the process of pickling, cold rolling, annealing, galvanizing, slitting, formed rolling, Hoa Sen galvanized steel pipe has clean and smooth surface, steady thickness, high plasticity and good adhesion as well as high quality in accordance with international standards: JIS G3344, JIS G3466 (Japan), ASTM A500/A500M (U.S), AS 1163 (Australia/New Zealand) and MS 1862 (Malaysia).



HOT DIP GALVANIZED STEEL PIPE

Hoa Sen Hot-Dip Galvanized Steel Pipe is our new product which is widely used in various fields such as: fire alarm system, gas transmission system, scaffolding, construction structure... This product is the top choice of mass consumers. Being manufactured through following process: pipe shaping, surface pickling and cleaning, surface treatment, hot-dip galvanizing, Hoa Sen Hot-Dip Galvanized Steel Pipe has high durability and high quality in accordance with various international standards: BS 1387, BS EN 10255, ASTM A53/A53M-12, AS 1074 and MS 863 (Malaysia). Hoa Sen Hot-Dip Galvanized Steel Pipe has a wide range of dimensions: thickness from 1.2mm to 8.2mm, coating mass from 320g/m² to 705g/m² (coating thickness from 45µm to 100µm), size from Ø21.2mm to Ø219.1mm, which facilitates construction and installation process.



HOA SEN GOLD PRE-PAINTED STEEL PIPE

HOA SEN GOLD steel pipe is a high-end product line with high quality of Hoa Sen Group. HOA SEN GOLD steel pipe is coated with zinc and high quality paint. Therefore, they have outstanding durability, excellent chemical and weather resistance, suitable for applications requiring high durability, long service life, especially suitable for construction such as structural frames, steel frames, purlins, staircase frames. In particular, HOA SEN GOLD steel pipe is warranted against corrosion by natural conditions for 30 years from the date of manufacture.



UPVC PLASTIC PIPE AND ACCESSORIES

Being manufactured by the modern production line with the advanced Europe technology and the centralized blending system, the plastic products are homogeneous and high-quality in accordance with standards of ISO 1452-2, ISO 1452-3, TCVN 8491-2, TCVN 8491-3, AS/NZS 1477 (Australia), Hoa Sen Group successfully produced uPVC with 630mm in diameter, 24.1mm in thickness and 10 bar in pressure. Hoa Sen Group's plastic pipe is widely used in various fields such as public and civil drainage system, electricity works, telecommunication and sand pumping, etc.



ELASTIC CONDUIT (COILS)

Being manufactured in accordance with BS EN 61386-22:2004 +A11:2010 (Europe) standard with various sizes from Ø16-50 mm. The product has advantages of fire resistance, electrical insulation, safety protection for civil and industrial power system. With light weight and easy to transport and installation, Hoa Sen elastic conduit is able to construct easily, flexibly in narrow place and difficult condition.



RIGID CONDUIT (PIPE CONDUIT)

Being manufactured in accordance with BS EN 61386-21:2004 +A11:2010 (Europe) standard, fire resistance, electrical insulation, safety protection for civil and industrial power system, easy bending and installation. Hoa Sen pipe conduit has various sizes from Ø16-63mm with pressure resistance capacity from 320N, 750N, 11250N which is suitable to customer's demand and using purpose.



HDPE PLASTIC PIPE

Using high quality imported plastic materials and being manufactured with the advanced European technology (Germany), HDPE plastic pipe product meets high demand of water supply and drainage. Hoa Sen HDPE plastic pipe is produced in accordance with standard of TCVN 7305-2 (ISO 4427-2) with the maximum size up to 630mm and the pressure from 6 to 20 bar.



PPR PLASTIC PIPE – 2 LAYERS PPR PLASTIC PIPE

Using high quality imported plastic materials and being manufactured with the advanced European technology (Germany) and being controlled tightly in accordance with standard of DIN 8077, DIN 8078, Hoa Sen PPR plastic pipe tolerates heat of water up to 95°C and is used in hot watering for civil and industrial constructions. The PPR plastic pipe is made by 2 layers: inside layer can tolerate temperature up to 95°C, outside layer which has sunlight protection can prevent the product surface from UV ray, and increases longevity of the product when installing and using outside.

The inside and surface of product is smooth, no moss, no dregs, non-toxic to ensure water sanitation and healthy safety. The PPR plastic pipe also has high chemical durability, not affected by salts, acids and alkaline salts, etc.

Light weight and easy to transport, construction and installation; high sound insulation, no noise and no vibration when water flowing; smooth surface and inside of product, color harmony, modern accessory shape.





**CORE COMPETITIVE
ADVANTAGES**
FOUNDATION FOR
SUSTAINABLE DEVELOPMENT

5



Vertically integrated
value chain



Owning 536 Branches and
Distribution-retail stores



The leading, friendly and
community-oriented brand



Professional corporate
governance and unique
corporate culture



Pioneering in advanced
technology investment



IMPLEMENT THE MANUFACTURING COST-LEADERSHIP STRATEGY





VERTICALLY INTEGRATED VALUE CHAIN

HOA SEN GROUP
IS THE

No. **1**

STEEL SHEET MANUFACTURER IN SOUTHEAST

Hoa Sen Group's steel sheet production process begins from main raw material – hot roll coils. Imported hot rolled coils which are input through cold rolling line will create cold rolled coils. Cold rolled coils are the input materials for galvanizing lines which produce galvanized steel sheets.

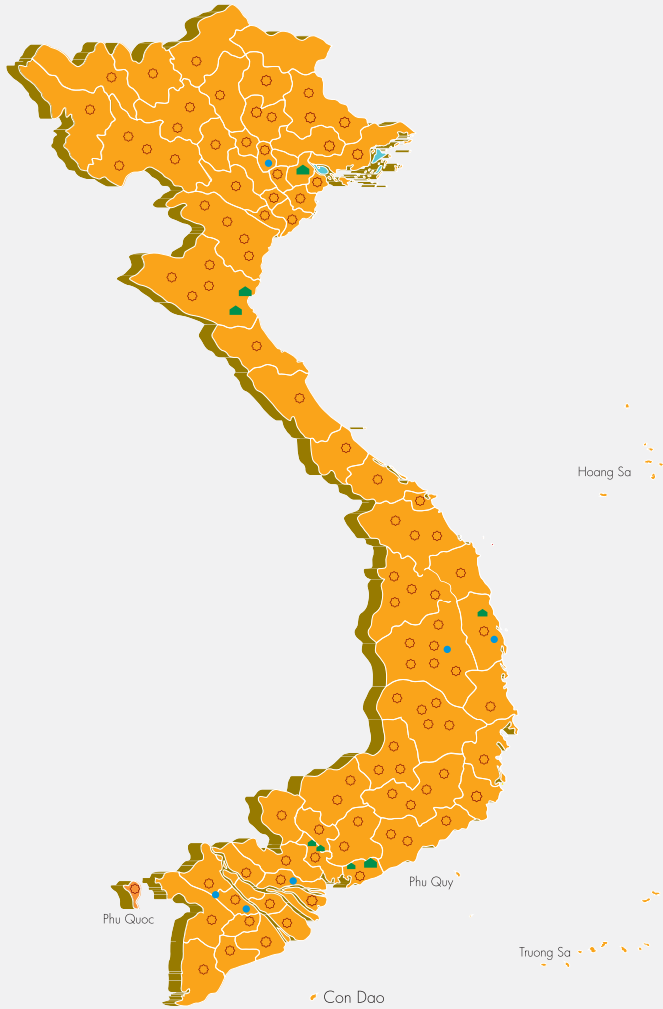
Each stage of this production process is tightly controlled. As the result, all Hoa Sen products have high quality, meet the diverse demands of the market and meet international quality standards such as ASTM standard of U.S, AS standard of Australia, JIS standard of Japan, European EN standard, etc.

Through nationwide distribution-retail branches, high quality products of Hoa Sen Group are delivered to the end-users.

With the vertically integrated value chain, Hoa Sen Group takes the initiative to control the costs of each stage of the production process tightly. This helps the Group minimize costs and achieve economic effect of the scope. This is the foundation for Hoa Sen Group to implement the manufacturing cost-leadership strategy.



OWNING 536 BRANCHES AND DISTRIBUTION-RETAIL STORES



With the centralized and unified management in accordance with the general policies, the nationwide distribution-retail branches have become an outstanding competitive advantage of the Group in directly approaching to the end-users, tightly controlling products' quality and promptly delivering the products to the market. In the period of the fluctuating economy, the strategic roles of the distribution-retail branches are more promoted when the Group can flexibly apply sales policies to maintain the cash flow. This is foundation that enables the Group to quickly settle the manufacturing and business activities when macroeconomic conditions become unfavorable and keep on affirming the number one position in Vietnamese coated steel sheet market.

65 & 471

BRANCHES STORES

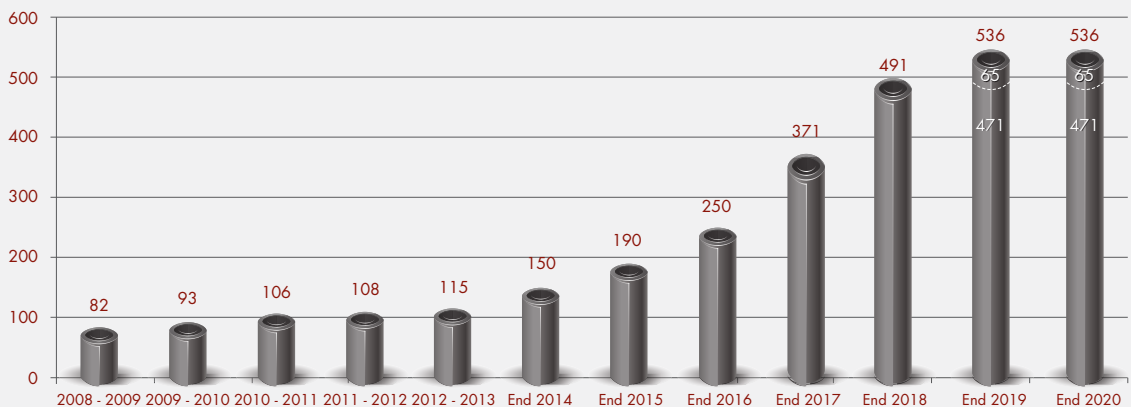
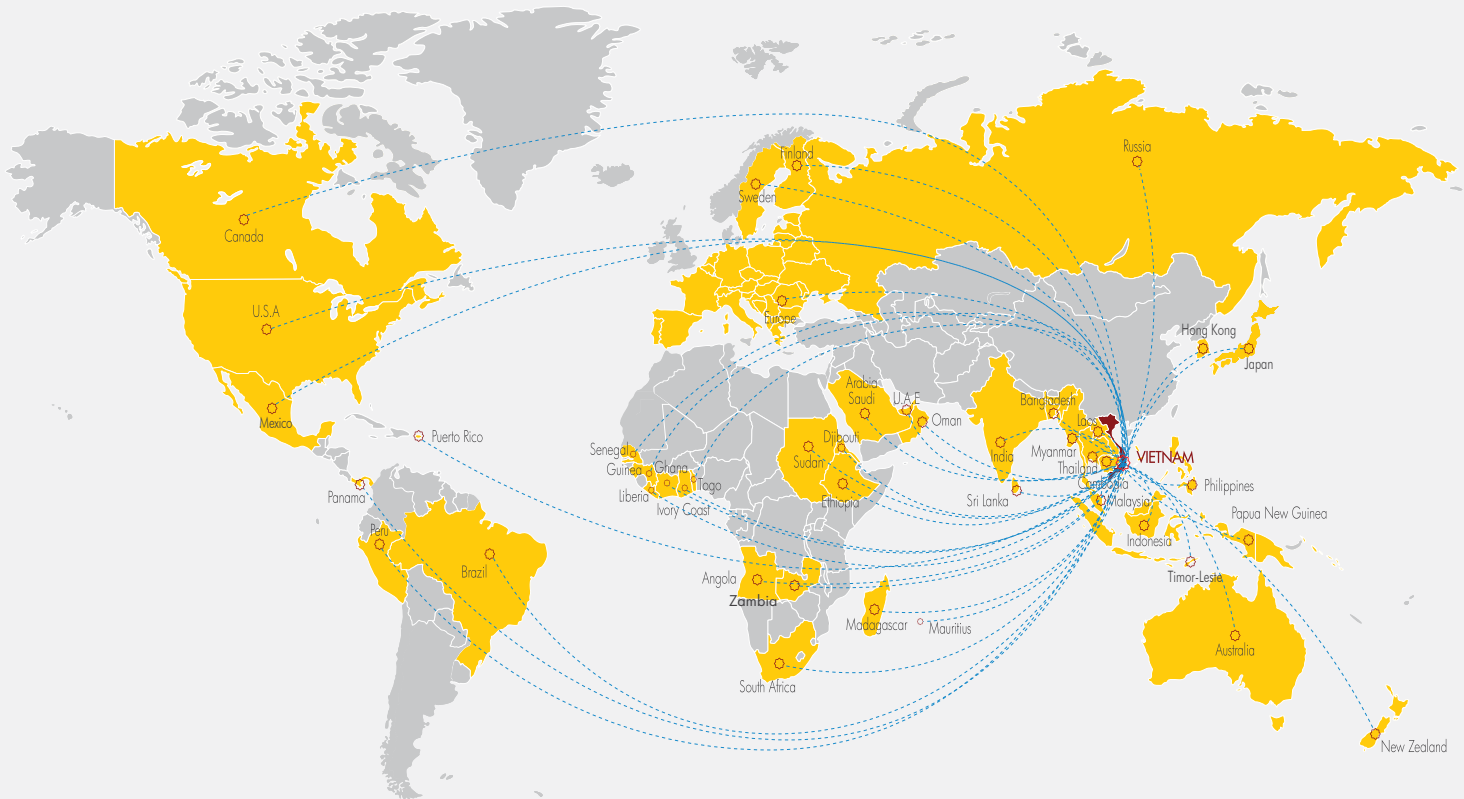


CHART OF DISTRIBUTION-RETAIL NETWORK DEVELOPMENT IN VIETNAM

CONTINUING DEVELOPMENT AND GROWING MARKET SHARE



DISTRIBUTION CHANNELS TO COUNTRIES IN THE WORLD.

HSG PRODUCTS ARE PRESENT IN MORE THAN

85

COUNTRIES AND TERRITORIES

Besides maintaining domestic market, Hoa Sen Group also continuously strengthens export activities to traditional markets and expands its presence to potential markets in Middle East, Southern Asia, Africa, Australia, Europe, and America. Currently, Hoa Sen Group's products are presented in 85 countries and territories.



THE LEADING, FRIENDLY AND COMMUNITY-ORIENTED BRAND



THE UNIQUE BRANDING STRATEGY

“IT IS NOT MERELY THAT HOA SEN GROUP HAS QUICKLY GROWN TO LEAD VIETNAM STEEL SHEET AND STEEL MARKET AND IS ALSO THE LEADING STEEL SHEET EXPORTER IN SOUTHEAST ASIA. IT IS THE UNIQUE BRANDING STRATEGY THAT MAKES A LEADING HOA SEN BRAND COMPARED TO DOMESTIC AND FOREIGN BRANDS.”

It is not merely that Hoa Sen Group has quickly grown to lead Vietnam steel sheet and steel market and is also the leading steel sheet exporter in Southeast Asia. It is the unique branding strategy that makes a leading HOA SEN brand compared to domestic and foreign brands.

Since the first days of establishment, Hoa Sen Group has chosen the strategy of building brand in accordance with its core business philosophy: “Integrity – Community – Development”. Over the last 19 years, Hoa Sen Group not only focuses on well organizing business and manufacturing activities but also pioneers in necessary social activities through sponsoring and diverse charity programs. By community activities with profound humanity, Hoa Sen Group has affirmed the mission of a dynamic, creative Vietnamese enterprise, actively contributing to the general development of society.

In addition, Hoa Sen Group always

affirms the brand value by good quality of products and services. For Hoa Sen Group, the products’ quality is the prestige and the survival of the brand. By performing seriously four commitments: “Right price, right standard, right quality, and warranty”, Hoa Sen Group has delivered products to customers with “international standard, reasonable price, fast delivery and good after sale service”.

Currently, Hoa Sen Group continues promoting the community-oriented Hoa Sen brand to reinforce position in domestic market and expand to other countries in region as Hoa Sen products are presented over 85 countries and territories.

It is the different branding strategy that has created a leading Hoa Sen brand compared to domestic and foreign brands. In the fiscal year 2019 - 2020, Hoa Sen Group has achieved many great victories, Hoa Sen officially returned to the club of businesses

with trillions of dollars in profit after tax in the context of the general socio-economic situation and the steel market in particular is facing a difficult and challenging period.

In the past fiscal year, Hoa Sen Group has continuously received many noble awards such as: For the 5th consecutive time, Hoa Sen has been honored with the National Brand Program for all 3 product groups: Hoa Sen Steel Sheet, Hoa Sen Plastic Pipe and Hoa Sen Steel Pipe; Top 100 sustainable enterprises in 2029; Top 50 leading Vietnamese brands in 2020; 18th place in the Top 500 largest private enterprises in Vietnam in 2020; For many consecutive years, Hoa Sen has been honored in the Top 1,000 largest tax paying enterprises in Vietnam;... All of these are the best proofs of Hoa Sen Group's successful brand building process and at the same time creating a strong position and the prestige of Hoa Sen - the leading brand in the market.



PROFESSIONAL CORPORATE GOVERNANCE AND UNIQUE CORPORATE CULTURE

CORPORATE CULTURE

Hoa Sen Group established its governance system upon the foundation of corporate culture of 10 "T" letters: Integrity – Loyalty – Dedication – Talent – Friendliness. This is an important factor contributing to the rapid and sustainable development of Hoa Sen Group in over 18 years.

INTEGRITY

Being honest and transparent in all activities

COMMUNITY

Sharing our achievements with the community is Hoa Sen Group's humanistic beauty

DEVELOPMENT

Continuously developing and bringing the Hoa Sen brand name to new heights.





COMMUNITY-ORIENTED DEVELOPMENT



5

PIONEERING IN ADVANCED TECHNOLOGY INVESTMENT

“ In Vietnam, Hoa Sen Group is always the pioneer in investing in modern equipment line and applying new technology. Thanks to modern lines and technology, Hoa Sen Group’s products always have high quality and meet international and domestic quality standards. ”



In order to supply high quality products stably to customers, meet all the requirements and customers’ satisfaction as well as implement social responsibilities to environment, health and safety, the Group has established, applied and maintained integrated management system including ISO 9001:2015 standards of quality management system, ISO 14001:2015 standards of environmental management system and OHSAS 18001:2007 standards of occupational health and safety management system.





**DEVELOPING SUSTAINABLY WITH
ADVANCED TECHNOLOGY**





ENGAGE THE MARKET

Increase **the quality**

WITH THE NO. 1 POSITION IN THE FIELD OF STEEL SHEET MANUFACTURING AND TRADING IN VIETNAM MARKET AND THE LEADING STEEL SHEET EXPORTER IN SOUTHEAST ASIA, HOA SEN GROUP CONTINUES TO AFFIRM ITS POSITION IN THE DOMESTIC MARKET WITH DISTRIBUTION NETWORK IS WIDE AND CONSTANTLY REACHING OUT, INTEGRATING INTO WIDE AND LARGE INTERNATIONAL MARKET.

REPORT OF PRODUCTION AND BUSINESS ACTIVITIES



BUSINESS RESULT IN THE FISCAL YEAR 2019 - 2020

GENERAL SITUATION

• Socio-economic situation in 2020

The socio-economic situation in 2020 is undergoing major changes, instability and difficulties as follows:

- The COVID-19 pandemic broke out from the end of 2019, creating unprecedented impacts on the world economy in general and the domestic economy in particular. Social distancing caused by the pandemic slows down the trade of goods, affects import and export activities. Many businesses fall into disruptions and shutdowns. The outbreak of the pandemic has completely changed the stable business method ever since.

- Natural disasters, droughts, storms, and floods that have occurred on a large scale and continuously for many months have caused great damage to the lives of people and the socio-economic situation of the country, indirectly reducing the demand for consumption in the domestic market.

- Trade tensions between economies, although not continuing to escalate, show no signs of cooling down, affecting the supply and production in the world.

- Economic growth decreases compared to other years due to impacts from pandemics and natural disasters, storms and floods. Due to objective impacts, the real estate and construction industries slow down, affecting the demand for consumption of building materials products.

However, with the flexible management of the Government and Ministries, as well as the efforts of businesses, the socio-economic situation in the country has some favorable highlights:

- The COVID-19 pandemic in Vietnam has been well controlled. Social distancing is gradually lifted. Business support policies have been effective. By the end of 2020, the economy is on the way to recovery, consumption demand grows again.

- Although economic growth is affected, the basic macro indicators still show stability. The consumer price index (CPI) falls. Inflation is under control. The currency market is stable. Public investment capital in capital construction and infrastructure projects is disbursed on schedule, contributing to creating demand for building material products.



- Comprehensive and extensive international integration, leaving many important imprints. In 2020, many free trade agreements were signed, in which high standard and wide market agreements such as: Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP); Europe - Vietnam Bilateral Free Trade Agreement (EVFTA); The Regional Comprehensive Economic Partnership (RCEP)... has opened up many opportunities for economic development.

• Market situation

Although the steel industry market in 2020 has prospered compared to 02 years ago, in general, there are still many uncertainties and unpredictable:

- The price of raw materials continues to fluctuate complicatedly due to the impact of the COVID-19 pandemic, affecting the cost of purchasing raw materials for production and business of steel enterprises.

- Policies to protect domestic production, trade remedies in export markets continue to maintain and tend to increase, affecting export activities of enterprises.

- The domestic market continues to be fiercely competitive. Steel enterprises face many problems, of which the outstanding problems are: Excess production capacity; Natural disasters, storms, floods, pandemics affect or interrupt production and business activities; The situation of counterfeit goods increases; Cheap and poor quality steel output is still massively imported into Vietnam.

CONSOLIDATED BUSINESS RESULTS OF FISCAL YEAR 2019 - 2020

In the fiscal year 2019 - 2020, despite having to go through unstable periods of the socio-economic situation in general and the steel industry market in particular, the Board of Directors directed the Board of Management and affiliated units to be flexible and creative in operating production and business activities, in order to strengthen the stable foundation established by previous fiscal years, to overcome difficulties and challenges.

At the end of the fiscal year 2019 - 2020, with the efforts of the Board of Directors and the Board of Management, the Group recorded successful business results and growth compared to previous fiscal year.

REPORT ON BUSINESS INDICATORS:

Consumption volume in the fiscal year 2019 - 2020 reached 1,622,682 tons, 8% higher than the plan, increased 9% over the same period.

Net revenue target in the fiscal year 2019 - 2020 reached VND 27,531 billion, completing 98% of the plan, decreased 2% over the same period.

Profit after tax in the fiscal year 2019 - 2020 had an impressive and outstanding growth, reaching VND 1,153 billion, more than doubled compared to the plan and doubled over the same period. This comes from the fact that the Group has succeeded in restructuring the Distribution Channel; Plants operate efficiently; IT & ERP systems operate stably.

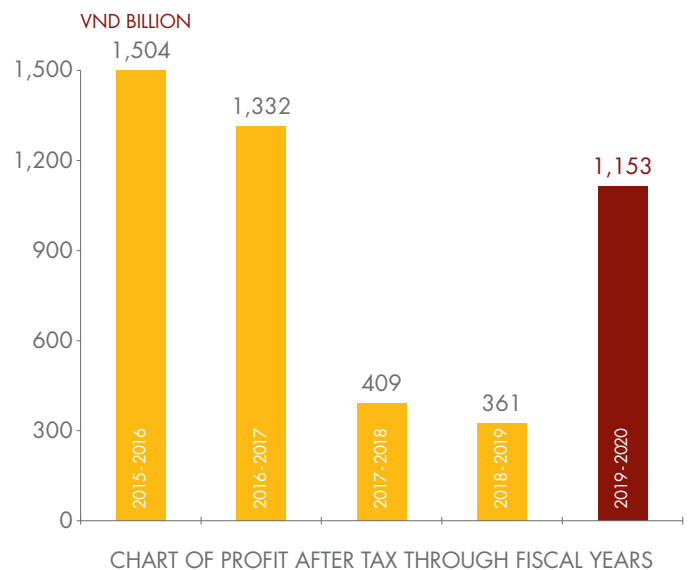
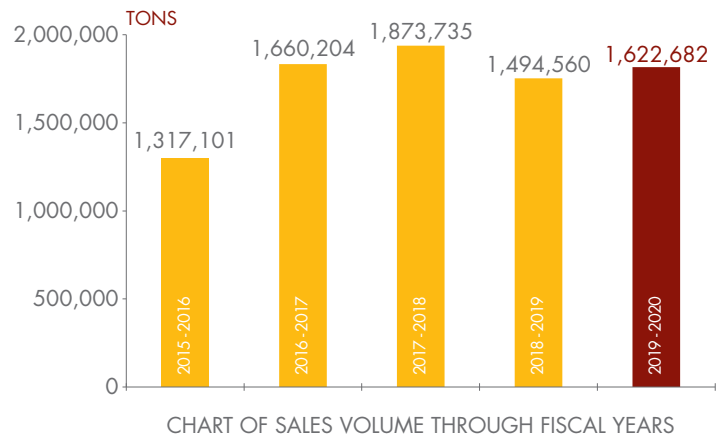
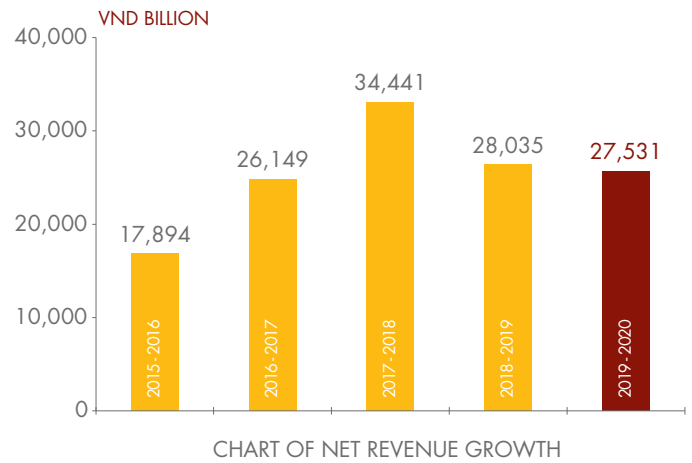
Thus, at the end of the fiscal year 2019-2020, the Group's business results have had positive and impressive changes. The targets have all completed or exceeded the set plan, increasing compared to previous fiscal year. Particularly the target of profit after tax increased sharply. This shows the Group's strong recovery and development, after a difficult and challenging period in the past two fiscal years.

The Group's achievement of outstanding business results in the fiscal year 2019 - 2020 comes from the following factors:

- Implement the right and creative business strategy:

In the past two fiscal years, the Group has adjusted its business strategy in a flexible, correct, harmonious and creative way. Accordingly, the policy of the Board of Directors for the Group's production and business activities is not to race to increase output by competing to reduce selling prices. The selling price of Hoa Sen products must properly reflect the product quality and brand value of the Group. In addition, the Group also re-evaluated and re-planned consumption channels, consumption regions, market areas and product groups, thereby focusing on product segments, customers and geographical areas which bring good and stable profit margin to improve the profit of the Group.

- In the fiscal year 2019 - 2020, the Group also launched a new product line, HOA SEN GOLD super durable steel sheet in the high-end segment with many outstanding advantages, affirming the position of the leading enterprise in the steel industry.



Successfully implementing the Group's restructuring:

The Group has successfully implemented the restructuring of all resources to improve governance efficiency, business efficiency and financial capacity. In particular, focus on the following key tasks:

- Restructure production, business and supply activities, including: Good control of inventory; Effectively control and reduce production costs; Applying initiatives and technical improvements to improve product quality and reduce costs; re-planning the business strategy (Focusing on the retail customer group, localizing the sales team, applying the plastic output growth policy...).
- Financial and expense restructuring, including: Reducing the Group's outstanding loans; Restructuring the Group's assets to ensure efficiency and optimization in the operation process (Liquidation of used and redundant assets after arrangement; Transfer of some assets that are inconsistent with the Group's development strategy in the new period...).
- Restructuring and transforming the Distribution Channel management model, including: Transforming the Distribution Channel management model following the model of Provincial Branch - Store; Applying ERP and electronic invoices to production and business activities of Provincial Branches, Stores;
- Restructuring the organizational structure, personnel apparatus and internal affairs, including: Streamlining and rearranging the title system; Refinement, rearrangement of intermediate units; Reducing personnel for the whole Group.



IMPLEMENTATION PROGRESS OF INVESTMENT PROJECTS

PLANT PROJECTS

In the fiscal year 2018 - 2019, the Group completed and put into operation the entire Plant Projects, contributing to perfecting core competitive advantages, increasing competitiveness, and reducing transportation costs. Projects completed in the financial year 2018 - 2019.



OTHER INVESTMENT PROJECTS

In the fiscal year 2019 - 2020, after carefully assessing and considering objective conditions that affect the Group's vision and advantages in implementing investment projects in the field of real estate and seaports, steel rolling ..., the Board of Directors noticed:

- In the current context, the change of the objective situation is no longer consistent with the initial strategic objectives when the Group promotes investment projects;
- From an internal perspective, the Group has made adjustments to the medium and long-term development strategy in production, business activities and project investment, in the direction of: Focusing resources on consolidating and developing efficiency of the core business segment (coated steel sheet - steel - plastic); Ensure stable recording of revenue and profit over the years; Improve indicators of financial capacity and financial balance; Pulling down the Group's loan balance in the next few years; Focus on consolidating and perfecting the management system, IT system and ERP; Exploit competitive advantages of retail Distribution Channel nationwide in the direction of diversifying business products, improving service quality and customer experience.

From the above reasons, the Board of Directors has come to the orientation for a number of projects and subsidiaries. As follows:

NO	NAME OF SUBSIDIARY/ PROJECT	DESCRIPTION
1	Hoa Sen Ca Na – Ninh Thuan International General Seaport One Member Limited Liabilities Company (Investor of the project "Ca Na General Seaport")	-Transferring all contributed capital of the Company to other partners. -Rate of contributed capital to be transferred: 100%. -Transfer value: The transfer value is not lower than the actual cost that the Group has contributed capital to the Projects up to the time of transfer.
2	Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company (Investor of the project "Investment in infrastructure of Ca Na Industrial Park")	-Transferee partners: The Group has transferred the capital contribution in these companies to partners with financial capacity and interest in projects in Ninh Thuan province.
3	Hoa Sen Ca Na – Ninh Thuan Integrated Iron & Steel Complex Investment One Member Limited Liabilities Company	
4	Hoa Sen Ca Na – Ninh Thuan Renewable Energy One Member Limited Liabilities Company	The Board of Directors has approved the policy to dissolve these companies because the Group no longer needs to continue implementing the projects.
5	Hoa Sen Ca Na – Ninh Thuan Cement One Member Limited Liabilities Company	
6	Hoa Sen Quy Nhon Joint Stock Company	
7	Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company (Investor of the project "Investment in infrastructure of Du Long Industrial Park")	<p>1. Completed items:</p> <ul style="list-style-type: none"> -Welcome gate and fence surrounding the Industrial Park; -Lighting system for industrial park welcome gate; -400kVA power station <p>2. Items in progress:</p> <ul style="list-style-type: none"> -The intersection connecting the industrial park to the National Highway: Will be completed in November 2020. Completing items, including: building stone embankments and talus roofs on both sides of the road to the industrial park -Industrial park operating house, including: Infrastructure construction for operating house. Leveling and construction of the infrastructure system in the operating house's premises. -Completing traffic infrastructure for some main internal roads in the industrial park. <p>3. Implementation plan:</p> <p>In the fiscal year 2020-2021, the Board of Directors approved the project implementation plan as follows:</p> <ul style="list-style-type: none"> -Continue to complete the items that are being implemented -The Board of Directors will continue to study and work with interested partners to agree on the operation orientation for the industrial park, after the items have been basically completed.
8	Hoa Sen Yen Bai Joint Stock Company (Investor of the Project "Hoa Sen Yen Bai Shopping Mall, Hotel, Restaurant and Event")	<p>1. For Shopping Mall:</p> <p>Completed the basic construction of the raw part, including:</p> <ul style="list-style-type: none"> -Basic construction; -Finish painting the outside; -Install glass cover, garden railing; -Electromechanical installation; -Construction of infrastructure in the project area.

NO	NAME OF SUBSIDIARY/ PROJECT	DESCRIPTION
8	Hoa Sen Yen Bai Joint Stock Company (Investor of the Project "Hoa Sen Yen Bai Shopping Mall, Hotel, Restaurant and Event")	<p>2. For Commercial townhouses:</p> <ul style="list-style-type: none"> -Completed the design and planning of subdivision for the land area, with a planning of 100m²/lot. -Preparing for construction of water supply and drainage infrastructure items, internal roads, landscapes and trees in the project area. -Currently completing the design of the townhouse according to the project's planning, to prepare for the construction of the model house. <p>3. Implementation plan:</p> <ul style="list-style-type: none"> -The Board of Directors has agreed to continue to invest more to complete the unfinished items, in order to increase the asset value. -Items expected to be implemented in the fiscal year 2020 - 2021: <ul style="list-style-type: none"> • Complete interior for 90 hotel rooms; • Finishing the exterior of the Hoa Sen Yen Bai hotel tower; • Completing the internal infrastructure and building a number of model houses on the land where Commercial townhouses are expected to be built.

GROUP DEVELOPMENT STRATEGY FOR THE PERIOD 2021 - 2026

1. BACKGROUND

1.1. EXTERNAL FACTORS:

The Board of Directors noticed: In recent years, the socio-economic situation in general and the needs of consumers in particular have had significant changes, which have had many impacts on the traditional business methods of the companies, businesses, including:

- Firstly, the habits and needs of consumers today are mainly towards convenience and speed. Consumers tend to look for a comprehensive solution which provides a variety of choices to meet their needs fastest and most complete. Therefore, the business of building materials - interior products according to the traditional, small model, providing too few choices will be difficult to meet the habits and needs of consumers in today's society;
- Secondly, the innovation and improvement of technology in recent years has taken place very strongly. Many new platforms and technologies have been developed to assist businesses in: Improving sales quality, enhancing consumer experience, and improving efficiency in inventory and supply chain management;
- Thirdly, the outbreak of the COVID-19 pandemic, resulting in consequences such as travel restrictions, social distancing, quarantine, etc., has become one of the factors that change traditional transaction methods, such as: Cash payment, direct purchase into new transaction methods, such as: Online purchase, electronic sales, cashless payment.

Before the changes in the socio-economic situation in general and the market situation in particular, the Board of Directors considered upgrading the traditional business method and model to a new, more creative and modern one.

1.2. INTERNAL FACTORS:

From an internal perspective, the Group's production and business activities have made positive changes and improved, ensuring the suitability and feasibility for the implementation of the set goals and strategies, specifically:

- By the end of the fiscal year 2019-2020, the Group's production and business activities grew steadily again. The targets of output, revenue and profit all achieved the set plan and grew over the same period. Cash flow remained stable. Profits from production and business activities are recorded continuously and regularly;
- The Group's outstanding loans decreased sharply and reached the lowest level compared to previous years. The debt-to-equity ratio has been brought to an appropriate level. Financial imbalance has been resolved;
- Export market is expanded with various export products. The Group has effectively taken advantage of the opportunity that the Free Trade Agreement has opened up. Export output grew steadily;
- The domestic market continues to promote its competitive advantage. Management and control are consolidated. Sales skills and customer service quality of sales staff are always fostered and improved.

2. DEVELOPMENT STRATEGY FOR THE PERIOD 2021 - 2026

In view of the assessment of the objective context and internal capacity, the Board of Directors set out the key development strategy for the period 2021 - 2026 as follows:

- Promoting traditional production and business activities, including: Optimizing the production - supply system; enhance competitive advantages of export and domestic business channels; and effective application of available platforms and technologies;
- Developing business activities under a new model, including: Diversifying the category of business products in the field of building materials and furniture; setting up Hoa Sen Home building materials - furniture supermarket chain nationwide.
- Promote upgrading and improving technology into business activities such as: Deploying websites and online sales apps, intelligent supply chain management.

3. THE KEY TASKS IN THE FISCAL YEAR 2020 – 2021 TO ACHIEVE GOALS – DEVELOPMENT STRATEGY:

To implement the above objectives and development strategies, the Board of Directors has set out the key tasks for the current period as follows:

	KEY TASKS	DESCRIPTION
1	<i>Building Hoa Sen Home building materials - furniture supermarket system</i>	1. Hoa Sen Home building materials - furniture supermarket system will be built in two ways: Upgrading existing stores and opening new supermarkets nationwide.
2	<i>Expanding the category of business products in the field of building materials - furniture</i>	The expansion and diversification of the Group's business product category will be carried out on the basis of cooperation with suppliers in the field of building materials and furniture with reputation for brands and quality products for sale. The products will be retained to consumers through Hoa Sen Home building materials - furniture supermarket system, focusing on basic building materials (construction steel, section steel, ...) and finishing building materials (tiling bricks, Sanitary ware, Paint of all kinds, Electrical equipment, ...)
3	<i>Implement IT - ERP Project Phase 2</i>	<p>1. Orientation for implementation: On the basis of the success of putting into operation the ERP system in phase 1, the Board of Directors approved the orientation of implementing IT - ERP project phase 2 including the following items: -Applications to complete sales activities, including: Sales management; Sales staff Management; E-learning training system for sales staff; Customer care applications and platforms; -Online sales website www.hoasenhomes.vn to serve multi-product business; -Human Resource Management module applied to the whole Group to standardize, perfect and improve the efficiency of human resource management; -Supply Chain Management module to improve inventory, supply, and transportation management to optimize costs, time, and promptly respond to customer needs.</p> <p>2. Implementation plan in the fiscal year 2020 – 2021: - In the fiscal year 2019 - 2020, the Group focuses on searching and selecting a consultant for the implementation roadmap and monitoring the implementation of the project's items to suit the actual situation and needs of the Group. -In the fiscal year 2020 - 2021, the Group will complete the selection of implementation units.</p>



CONSOLIDATED BUSINESS PLAN FOR THE FISCAL YEAR 2020 -2021

The Board of Directors noticed that, although the steel industry market in 2021 has prospered, there are still many potential uncertainties and challenges. In addition, the complicated development of the pandemic, combined with the instability of the socio-economic situation may threaten to affect the stable operation of businesses. However, from an internal perspective, the Group has made strong improvements in its financial position, production and business situation.

Based on the above forecasts, the Board of Directors submits to the General Meeting of Shareholders the consolidated business plan for fiscal year 2020 – 2021 as follows:

ITEM	UNIT	PERFORMANCE OF THE FY 2019 – 2020	PLAN IN THE FY 2020 – 2021	IN COMPARISON WITH THE PERFORMANCE OF FY 2019 – 2020	
				ABSOLUTE NUMBERS	RELATIVE NUMBERS
Total sales volume	Ton	1,622,682	1,800,000	177,318	11%
Net sales	billion VND	27,531	33,000	5,469	20%
Consolidated after-tax profit	billion VND	1,153	1,500	347	30%

The Board of Directors sets a consolidated business plan for the 2020-2021 fiscal year on the basis of ensuring sustainable growth in production and business activities. Specifically, in the fiscal year 2020-2021, with the increase in cost savings and operational efficiency improvement, the Board of Directors aims to increase output by 11%, revenue to grow by 20% and profit after tax to grow by 30% over the same period.

ORIENTATION FOR THE IMPLEMENTATION OF THE 2020-2021 FISCAL YEAR PLAN

With the above developments, the Board of Directors set the following action plan to complete the production and business targets and plans for the fiscal year 2020-2021:

FOR ADMINISTRATIVE AND EXECUTIVE ACTIVITIES

Consolidate the efficiency of management and control of the whole Group in the spirit of streamlining the apparatus, reducing costs, through the following solutions:

- Completing the Group's operational apparatus from the parent company to its subsidiaries, plants, provincial branches and stores on the basis of promoting effective management, administration and control throughout the system.
- Improve the efficiency of Distribution Channel activities, and at the same time build and perfect the operating model

of Hoa Sen Home supermarket system on the basis of combining and operating between the new business and the traditional business.

- Consolidate the effectiveness of governance and control on the basis of establishing and applying reasonable and flexible targets, policies, and compensation mechanisms.
- Consolidate and exploit effectively IT - ERP system, in the spirit of ensuring optimization and transparency in production and business activities. Continue to research and prepare to deploy IT - ERP project phase 2.

FOR BUSINESS ACTIVITIES

Continue to strengthen and promote the Group's business efficiency through the following solutions:

- Planning and rearranging business strategy towards focusing on product lines that have the potential to create good and stable profit margins
- Closely monitoring, following and quickly grasping market movements, especially in the current difficult period, to provide effective and timely response solutions.
- Reinforce and enhance strengths in the domestic market through the expansion and operation of Distribution System effectively, increase domestic consumption combined with the enhancement of supply capacity and service quality, from that confirming the Group's leading position in the market.

- Implement the strategy of diversifying export markets, in parallel with reducing export expenses, ensuring efficiency and profitability in export activities, standing firm against difficulties and instability of the market.

- Implement solutions to reduce costs related to business operations, to ensure profit and business performance of the Group.

- Establishing effective stable business policies associated with governance, risk control, monitoring and cost optimization in all Subsidiaries of the Group.

- Effective business for commercial products at the Group's Traditional Stores system and Hoa Sen Home.

FOR PRODUCTION AND SUPPLY ACTIVITIES

Optimize production capacity; improve product quality; rational, effective and professional arrangement for supply activities through the following solutions:

- To consolidate the efficiency of production management, to ensure the completion of product quality and increase the proportion of first – class and genuine products; Ensuring labor safety, fire and explosion prevention; Solutions for effectively coping with natural disasters and environment must be completed.
- Effectively exploit and operate the completed plant projects. Regularly implement maintenance to increase the operational efficiency of the Plants.
- Research, improve and innovate technologies to perfect technology and operating procedures for production lines

and machinery.

- Strengthening the Group's competitive advantage in supply activities through taking advantage of and optimizing the geographical position and distribution conditions of the Group's production and business units in the whole country.
- Ensuring the promptness, timeliness and cost savings in the supply of raw materials, goods and finished products to serve production and business activities.
- Increasing and reducing the consumption of raw materials, fuel, energy, tools, spare parts but still ensuring the quality of finished products, contributing to lowering product costs and reducing production costs.

FOR INVESTMENT ACTIVITIES, STRATEGY

- Completing on schedule for ongoing projects, to increase asset value.
- Finding and working with partners in the promotion and transfer of the Group's projects.
- Continue to thoroughly research, consider and decide the

undertakings and implementation plans for a number of projects in the field of real estate, ensuring that they are suitable with market developments and needs.

- Implement research, select a consulting unit and organize the implementation on schedule for the phase 2 IT & ERP project.

FOR HUMAN RESOURCE DEVELOPMENT ACTIVITIES

- Focusing on strengthening and improving the quality, profession, qualifications, skills, and responsibilities of the human resources, ensuring that the personnel structure is

streamlined, efficient, professional and suitable for Hoa Sen culture.

- Ensuring mental stability and working motivation of workers and employees, especially in the current situation of market instability.

FOR COMMUNICATION - MARKETING ACTIVITIES

- Implement marketing strategy, brand promotion in a reasonable, diversified and creative manner, associated with community events, sponsorship and charity activities to strengthen and promote strong and friendly Hoa Sen brand image.

- Promote charity and sponsorship activities, especially in the context of the current socio-economic situation experiencing many uncertainties from pandemics, natural disasters, storms and floods.



REPORT OF THE BOARD OF MANAGERMENTS

“IN THE FACE OF UNSTABLE DEVELOPMENTS IN THE MARKET SITUATION IN PARTICULAR AND THE SOCIO-ECONOMIC SITUATION IN GENERAL, IN THE FISCAL YEAR 2019 - 2020, THE BOARD OF MANAGEMENT HAS CLOSELY MONITORED MARKET DEVELOPMENTS AND IMPLEMENTED MANY FLEXIBLE SOLUTIONS TO STABILIZE AND PROMOTE PRODUCTION AND BUSINESS ACTIVITIES, COMPLETE THE SET TARGETS, PLANS AND ACHIEVE IMPRESSIVE RESULTS.”

PRODUCTION AND BUSINESS RESULTS OF THE FISCAL YEAR 2019 - 2020

BUSINESS RESULTS IN THE FISCAL YEAR 2019 – 2020 COMPARED TO THE PLAN

By the end of the fiscal year 2019 - 2020, the consumption of finished products of the whole Group reached 1,622,682 tons, 9% higher than the plan. Net revenue reached 27,531 billion dong, nearly reaching the plan. Profit after tax reached 1,153 billion dong, more than double the plan.

TARGET	UNIT	PLAN OF THE FISCAL YEAR 2019 – 2020	PERFORMANCE OF THE FISCAL YEAR 2019 – 2020	COMPARING THE PERFORMANCE WITH THE PLAN
(A)	(B)	(C)	(D)	(E)=(D/C)*100
Total sales volume	Ton	1,500,000	1,622,682	108%
Net sales	billion VND	28,035	27,534	98%
Consolidated after-tax profit	billion VND	400	1,151	288%

COMPARE BUSINESS RESULTS FOR THE FISCAL YEAR 2019 - 2020 WITH THE PLAN

BUSINESS RESULTS FOR FISCAL YEAR 2019 – 2020 COMPARED TO FISCAL YEAR 2018 – 2019

In the fiscal year 2019 - 2020, the indicators of business results have grown significantly compared to the fiscal year 2018 - 2019, overcoming difficulties and instability of the market. Specifically, consumption increased by 9% over the same period. Most impressive is the target of consolidated profit after tax increased by 2 times over the same period.

The above impressive business results are the efforts of the Board of Management in general and the Board of Directors in particular in governance, administration and implementation of flexible and creative business policies.

INDICATOR	UNIT	FISCAL YEAR 2019 – 2020	FISCAL YEAR 2019 – 2020	COMPARING THE PERFORMANCE OF FISCAL YEAR 2019 – 2020 WITH THE PERFORMANCE OF FISCAL YEAR 2018 – 2019
(A)	(B)	(C)	(D)	(E)=(D/C)*100
Total sales volume	Ton	1,494,560	1,622,682	9%
Net sales	billion VND	28,035	27,531	(2%)
Consolidated after-tax profit	billion VND	361	1,153	219%

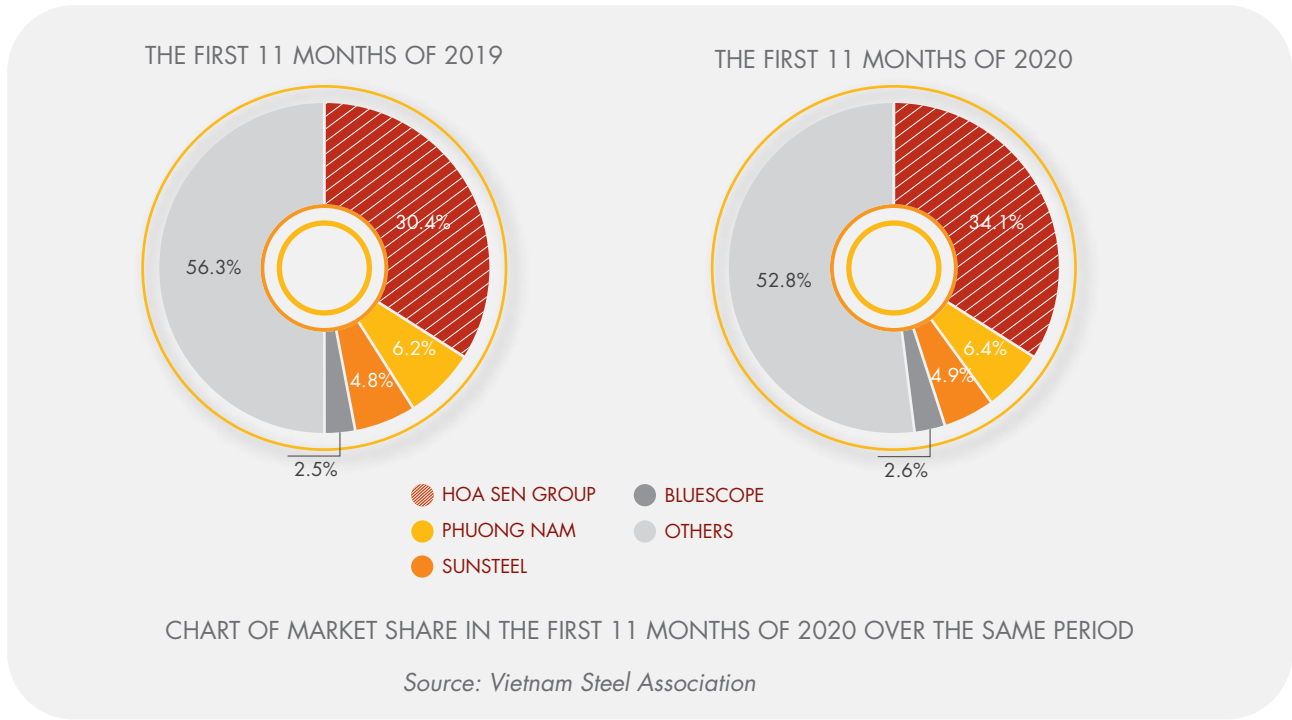
COMPARE BUSINESS RESULT OF THE FISCAL YEAR 2019 – 2020 WITH THE FISCAL YEAR 2018 – 2019



MARKET SHARE OF HOA SEN GROUP IN THE FISCAL YEAR 2019 – 2020

SHEET STEEL MARKET SHARE

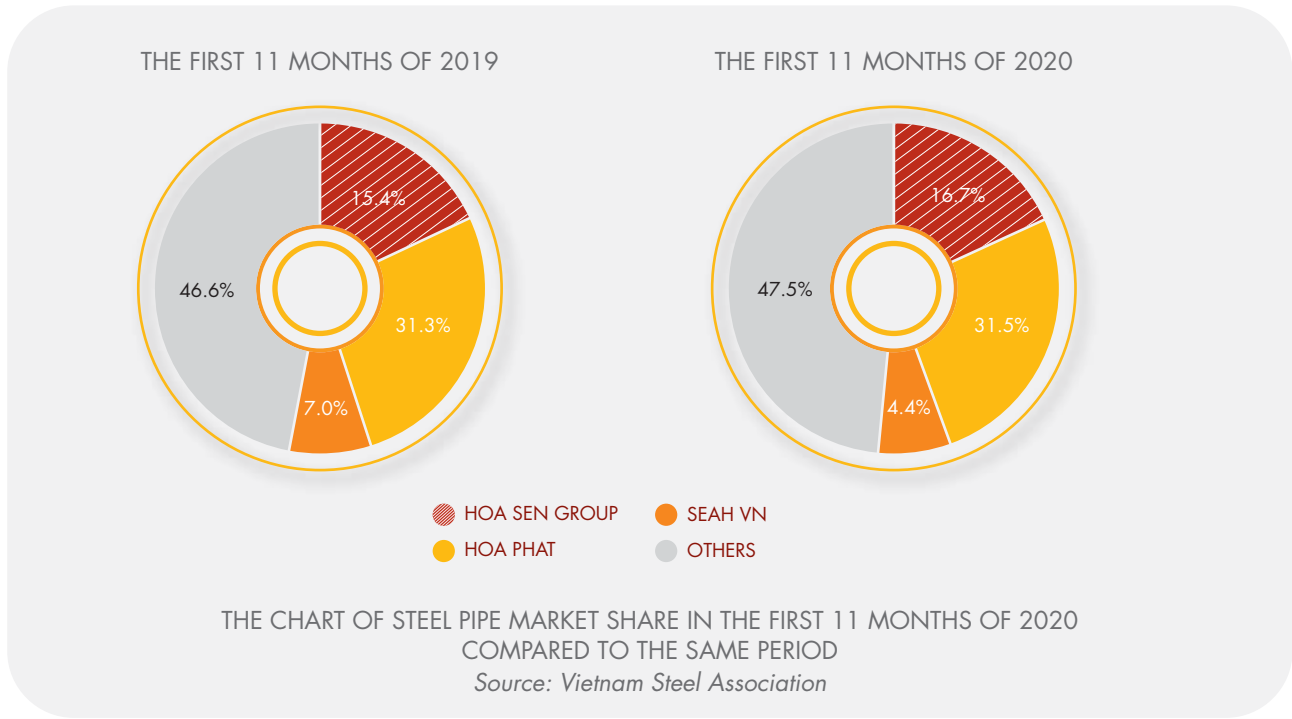
According to statistics of the Vietnam Steel Association, in the first 11 months of 2020, Hoa Sen Group achieved growth in market share of galvanized steel sheet and consolidated its leading position in the market, with a market share of 34,1%.



Note: This statistic only includes sales volume of members of Vietnam Steel Association, excluding the sales of Perstima Vietnam Co., Ltd, because the production of tin-coated steel sheet does not serve the construction industry.

STEEL PIPES MARKET SHARE

According to Vietnam Steel Association, Hoa Sen Group's steel pipe market share in the first 11 months of 2020 grew and reached 16,7%, making it one of the leading enterprises in the market.



Note: This statistic only includes sales volume of members of Vietnam Steel Association

THE EXPENSE TO SALES RATIO AS PER THE CONSOLIDATED FINANCIAL STATEMENTS

NO	ITEM	UNIT	FISCAL YEAR 2018 - 2019	FISCAL YEAR 2020 - 2021
1	Sales volume	Ton	1,494,560	1,622,682
2	Net sales	Billion VND	28,035	27,531
3	Gross profit/Net sales	%	11,3	16,8
4	Financial expenses/Net sales	%	2,9	2,3
	Interest expenses/Net sales	%	2,7	2,0
5	Sales expenses/Net sales	%	6,2	8,1
6	General and Administration Expenses/Net sales	%	1,7	1,7

SOME BASIC FINANCIAL INDICATORS ACCORDING TO THE CONSOLIDATED FINANCIAL STATEMENTS

NO	ITEM	UNIT	FISCAL YEAR 2018 - 2019	FISCAL YEAR 2020 - 2021
SOLVENCY RATIO				
1	Current ratio	time	0.84	1.0
	Quick ratio		0.3	0.4
CAPITAL STRUCTURE RATIO				
2	Debt/Total assets ratio	%	68	63
	Debt/Owners' Equity ratio	%	215	169
	Total assets/ Owners' Equity ratio	%	315	269
PERATION CAPABILITY RATIO				
3	Inventory turnover	time	4.5	4.6
	Net sales/Total assets	time	1.6	1.6
PROFITABILITY RATIO				
4	Net profit after tax/Net sales ratio	%	1,3	4,2
	Net profit after tax/ Owners' Equity ratio	%	6,6	19,1
	Net profit after tax/Total assets ratio	%	2,1	6,5
	Operating profit/Net sales ratio	%	0,9	5,0
	Earnings per share	VND/ share	781	2.492





MANAGEMENT OPERATIONS IN THE FISCAL YEAR 2019 – 2020

In the fiscal year 2019 - 2020, the Board of Management has drastically implemented many flexible and reasonable operating solutions, strengthened the core competitive advantages to promptly stabilize production and business activities in order to respond to market uncertainties, in every effort to complete the guidelines and orientations of the General Assembly of Shareholders and the Board of Directors, Management solutions include the following key tasks:

STRENGTHEN GOVERNANCE EFFICIENCY

Coordinating with the Restructuring Board and assisting units under the Board of Directors to consolidate the Group's organizational structure in order to enhance the effectiveness of governance and control; effectively apply IT & ERP systems to the management of production and business activities.

Optimizing the process system, operating regulations in the direction of reducing procedures; ensuring the scientific and reasonableness in the system of policies, processes and regulations; transforming the management mechanism in the direction of applying norms and assigning targets to consolidate and promote efficiency in governance and control activities.

Continue to implement solutions to reduce expenses for the Group's operations such as: working expenses, administrative expenses, personnel expenses, etc, to suit the actual situation in order to ensure operational efficiency of the Group.

Effectively operating the Provincial Branch model for the entire Distribution Channel to consolidate and improve the effectiveness of the Distribution Channel's governance.

STRENGTHENING COMPETITIVENESS IN THE DOMESTIC MARKET

In the fiscal year 2019 - 2020, the Group continues to strengthen the operational efficiency of the whole Distribution Channel, in which the focus is on consolidating the personnel apparatus at Provincial Branches and Stores; Improve the inspection and supervision mechanism for the operation of branches and stores; Organize training to improve skills and professionalism of personnel at Distribution Channel, especially in sales and customer care.

Implement, set up and monitor sales policies for each region, area of operation, and ensure that the development and application of policies are implemented quickly, responding promptly to market movements.

The management, operation and organization of branches/retail stores are carried out effectively and closely, The flow of information is always ensured smoothly, and the Branches are well aware of the Group's general business orientation and policies.

The retail system is widely distributed and the effective management mechanism has contributed to helping the Group stabilize its production and business

activities and cope with the disadvantages of the market.

In the fiscal year 2019 - 2020, the Group also put into business a number of commercial products in the field of building materials – furniture throughout the Distribution Channel (such as: construction steel, welding materials, insulation panels, cutting stone, grinding stone, hand-held equipment, water-based paint, etc.) to research, evaluate and pilot the application of the new business model Hoa Sen Home that the Board of Directors has directed.

DEVELOPING EXPORT MARKETS

In the fiscal year 2019 - 2020, the Group's export output is 644 thousand tons, accounting for 43% of the Group's total consumption volume, Thus, the proportion of exports in the consumption structure of the Group in the fiscal year 2019 - 2020 has increased over the same period.

Hoa Sen's products always ensure quality and meet international quality standards such as: the standard set of ASTM (American

Society for Testing and Materials), the standard set of BS EN (British Standards European Norm) of Europe, JIS (Japanese Industrial Standards) of Japan, AS (Australian Standards) of Australia, SNI (Indonesian National Standards) of Indonesia, MS (Malaysian Standards) of Malaysia

Hoa Sen's products always ensure quality and meet international quality standards such as: the standard set of ASTM (American Society for Testing and Materials), the standard set of BS EN (British Standards European Norm) of Europe, JIS (Japanese Industrial Standards) of Japan, AS (Australian Standards) of Australia, SNI (Indonesian National Standards) of Indonesia, MS (Malaysian Standards) of Malaysia

Above all, 2020 is a landmark year for Vietnam's integration into the world market, with Free Trade Agreements signed: High standard and wide market agreements such as: Comprehensive and Progressive Trans-Pacific Partnership (CPTPP); Vietnam - Europe Bilateral Free Trade Agreement (EVFTA); Regional Comprehensive Economic Partnership (RCEP)... Therefore, the Group has made good use of the advantages opened up by these Agreements to promote export activities.

STABLE AND EFFECTIVE OPERATION OF THE PLANTS

In the fiscal year 2019 - 2020, the Group's production plants were completed and put into operation, operated stably and effectively, taking advantage of the core advantages of geographical location, increasing competitiveness, reduce transportation expenses, lower product costs, optimize production expenses.

The Group continues to monitor and supervise the operation of production lines, machinery and equipment at the plants to come up with the most optimal maintenance and operation plan, ensuring the requirements for production output, perfect product quality and ensure the best regulations on labor safety, fire prevention and fighting.

IMPLEMENT ORIENTATIONS FOR PROJECTS IN OTHER FIELDS

In the fiscal year 2019 - 2020, following the policy of the Board of Directors in adjusting the implementation strategy for other projects, the Board of Management organized the following tasks:

FOR PROJECTS IN CA NA – NINH THUAN AND QUY NHON

According to the assignment of the Board of Directors, the Board of Management has implemented:

- Promote and carry out legal procedures related to the transfer of the Group's entire capital contribution at Hoa Sen Ca Na - Ninh Thuan International General Port Company and Hoa Sen Ca Na - Ninh Thuan Industrial Park Infrastructure Investment Company for interested partners.
- Carry out legal procedures to dissolve the remaining companies in Ca Na and Hoa Sen Quy Nhon Joint Stock Company because the Group no longer needs to implement the Project.

FOR THE PROJECT OF HOA SEN YEN BAI SHOPPING MALL, HOTEL, RESTAURANT AND EVENT

According to the policy from the Board of Directors, the Board of Management has researched and prepared the construction and completion plan for the Project, including the following items:

- For the Shopping Mall block: Complete the basic construction of the raw part, paint the exterior, install glass cover, garden railing, install electromechanical, construct the project campus infrastructure.
- For the commercial townhouse: Completed the design and subdivision planning for the land area, completed the design plan of townhouses in the land area and prepared for the construction work in the next fiscal year.

FOR DU LONG INDUSTRIAL PARK INFRASTRUCTURE INVESTMENT PROJECT

By the end of the fiscal year 2019 - 2020, the Board of Management is organizing the construction of the following items:

- The intersection connecting the industrial park to the National Highway: Completed in November 2020, Completing items, including: building stone embankments and talus roofs on both sides of the road to the industrial park
- Industrial park operating house, including: Infrastructure construction of operating house; Leveling and construction of the infrastructure system in the operating house's premises.
- Improve traffic infrastructure for some main internal roads in the industrial park.

ORGANIZE THE IMPLEMENTATION OF THE GROUP'S DEVELOPMENT GOALS AND STRATEGIES FOR THE PERIOD 2021 - 2026

In the fiscal year 2019 - 2020, the Board of Directors has set the Group's development goals and strategies for the period of 2021 - 2026, in order to catch new and modern trends, in line with the change of the economic – society situation.

Therefore, implementing the policy approved by the Board of Directors and following the direction of the Strategy & Development Investment Department under the Board of Directors, the Board of Management organized the implementation of important tasks:

- **For the task of developing the system of Hoa Sen Home Building Materials**, Furniture Supermarket, the Board of Directors has implemented:

- Finalize ideas and development models for Hoa Sen Home System, following ideas and policies from the Board of Directors.
- Search and negotiate with rental units, construction units to open new Hoa Sen Homes according to the policy of the Board of Directors, ensuring the new opening meets the standards and legal conditions, advantages of product supply, market demand and effective contribution to business activities.
- Develop a design plan and organize the construction of upgrading the traditional store system into Hoa Sen Home according to the approved model.

- **For the task of expanding the list of commercial products in the field of building materials and furniture**, the Board of Management has implemented:

- Research, survey, assess market demand, propose a catalogue of commercial product in the field of construction materials - furniture to put into business, ensuring suitability with the needs in each region, bring efficiency.

- Search, negotiate and propose to select Suppliers and partners for commercial product group to be put into business.
 - Organizing the delivery, supply, inventory control, goods coordination and transportation of commercial products to sale units.
 - Organize the implementation, business plan, business policy for commercial products put into business at the Retail Store System, At the same time, arrange, prepare necessary resources for the business implementation of products.
 - Evaluate the business performance of commercial products to propose adjustments and changes to suit the actual situation.
- For the IT & ERP Project Phase 2, the Board of Management has implemented:
- Discuss, negotiate and select a consultant for consulting packages according to the requirements set by the Group
 - Prepare necessary resources to implement the Project according to the guidelines from the Board of Directors
 - Develop the implementation plan and progress for the project's items according to the policy of the Board of Directors and ensure it is suitable to the new situation.

IMPROVING AND STRENGTHENING PROFESSIONAL SKILLS OF HUMAN RESOURCES



IMPROVING AND STRENGTHENING PROFESSIONAL SKILLS OF HUMAN RESOURCES

Implementing the guidelines of the Board of Directors on strengthening professional skills, qualifications and responsibilities of the human resources, the Board of Management closely directed the Interior Division and coordinated with the affiliated units under the Board of Directors such as the Board of Restructuring, Human Resources Department to perform the following tasks:

- Arranging and allocating personnel in a rational, streamlined manner, with appropriate orientation and suitable policies, ensuring the optimization and effective utilization of resources for the overall goal of the Group.
- Implement measures to ensure compliance with regulations on pandemic prevention and control, according to guidelines and directions from Government agencies, in line with the new normal stage, in which the focus is: Implement work-from-home regime; work location distancing; organize medical declaration for employees; check, monitor health, measure body temperature for employees;...
- Applying the mechanism of strict assignment, promoting responsibilities, expertise and qualifications of each individual and all units, At the same time, effectively applying the KPI work performance assessment system to assess a detailed and comprehensive work performance of each individual in order to adjust, arrange and select appropriate personee.
- Developing and perfecting appropriate salary and welfare policies, fairness and reasonable remuneration for the employees who are assessed as capable, professional, well-connected and consistent with Hoa Sen culture.
- Accompanying, sharing and ensuring stable working spirit and motivation of employees to overcome the current difficult period.

BUILDING A STRONG BRAND

Effective communication and marketing activities in recent years continue to be implemented in the fiscal year 2019 – 2020 to strengthen and promote Hoa Sen brand in the market, specifically as follows:

- Implementing new TVCs advertising with content and creative ideas, broadcasting in peak hours on central and local television channel;
 - Enhancing the application of modern information technology and digital technologies, such as Digital marketing, viral marketing ... to enhance the Group's activities, communication, brand and image management
 - Completing Hoa Sen Group's website to enhance the aesthetics, creativity and user-friendliness to enhance the Group's brand value and image.
 - Promote and strengthen sponsorship and charity programs to contribute to the lives of people in the context of the socio-economic situation experiencing many uncertainties from pandemics, natural disasters, storms and floods.
- In the fiscal year 2019 - 2020, Hoa Sen Group was honored to achieve awards, great achievements and prestige, contributing to prove the Group's excellence and professionalism in the operation process, specifically:
- October 10, 2019: Hoa Sen Group was honored in the Top 1,000 enterprises paying the largest corporate income tax in Vietnam.
 - November 30, 2019: Hoa Sen Group honored the Top 100 Sustainable Development Enterprises voted by the Vietnam Chamber of Commerce and Industry (VCCI).
 - November 2020: Continue to win National Brand Award for 03 product lines: Hoa Sen Steel Sheet, Hoa Sen Plastic Pipe, Hoa Sen Steel Pipe.

BUSINESS PLAN OF THE FISCAL YEAR 2020 – 2021

BUSINESS AND PRODUCTION PLAN OF FISCAL YEAR 2020 - 2021

The production and business plan of the fiscal year 2020 - 2021 submitted to the General Assembly of Shareholders for consideration and approval is as follows

ITEM	UNIT	PERFORMANCE OF FY 2019 - 2020	PERFORMANCE OF FY 2020 - 2021	IN COMPARISON WITH THE PERFORMANCE OF FY 2019 - 2020	
				ABSOLUTE NUMBERS	RELATIVE NUMBERS
Total sales volume	Ton	1,622,682	1,680,000	57,318	104%
Net sales	billion VND	27,534	30,000	2,466	109%
Consolidated after-tax profit	billion VND	1,151	1,265	114	110%

PERFORMANCE ORIENTATION

In order to perform objectives of the fiscal year 2020 - 2021, based on the Board of Directors' guideline, the Board of Management has oriented the key duties as follows:

FOR ADMINISTRATIVE - EXECUTIVE ACTIVITIES

- Continuing to coordinate with the Board of Restructuring and the Departments and Units under the Board of Directors to organize the review and arrangement of operational system; streamlining title of positions in the Group; adjusting to streamline professional processes and regulations; restructuring the Distribution System according to the policies approved by the General Assembly of Shareholders and the Board of Directors in the spirit of ensuring efficient utilization of resources, streamlining the system, reducing operational costs reasonably.
- Completing and effectively operating the ERP system of the Group, especially focusing on completing and putting the ERP system into operation which is applicable to the Provincial Branch model after restructuring the Distribution System in order to enhance governance and supervising capacity, contributing to the improvement of production and business situation.

FOR BUSINESS OPERATIONS

- Continuing to improve the competitiveness in the domestic market through the development of the retail system in a reasonable manner, in parallel with the rapid implementation of restructuring the Distribution System according to the guidelines proposed by the Board of Directors and the General Assembly of Shareholders.
- For export activities, the Group will continue to seek, expand new potential markets and develop, diversify export products, at the same time take reasonable measures to respond to trade remedies measures from fastidious markets to improve export profit margins, contributing to stabilize the Group's business and production situation.
- Promoting sales, increasing consumption volume for new products of the Group such as plastic pipes, hot-dip galvanized steel pipes.
- Developing and applying sales, promotion, discount, after-sales policies in a reasonable, efficient and flexible manner, and deploying new sales methods such as online sales and installment sales to meet consumer demands.

- Closely monitoring and drastically applying solutions to reduce costs for business activities, reasonably reducing inventory of finished products to improve profit margins, reducing short-term debt balance, reducing financial costs, enhancing efficiency in the Group's business performance.
- Effective sale for commercial products at the Group's System of Traditional Stores and Hoa Sen Home.

FOR PRODUCTION AND SUPPLY ACTIVITIES

- Enhancing the optimization in arranging and allocating production activities, in parallel with establishing and ensuring strict compliance with norms in production activities such as material consumption; energy consumption; use of tools and spare parts ... in order to ensure the reduction of costs in production activities, contributing to reducing product price.
- Enhancing the application of technology innovation, improving skills of engineers and operating workers to increase the efficiency and capacity of production lines and improving product quality, increasing the ratio of finished goods, ensuring stable and safe production.
- Enhancing the application of technology innovation, improving skills of engineers and operating workers to increase the efficiency and capacity of production lines and improving product quality, increasing the ratio of finished goods, ensuring stable and safe production.
- Continuing to control costs, closely monitoring fluctuations in raw material prices on the market, calculating the demand and time to buy appropriate materials to select a reasonable purchase price and meet demand of production and business, at the same time ensuring the optimal cost of raw materials of the Group.
- Optimizing time and transportation - supplying costs such as: researching, calculating methods and choosing optimal transport route for each order; carrying out competitive bidding to select transport companies to ensure service quality and reasonable prices; developing and issuing rules and instructions in transporting goods by road

and waterway to limit risks and ensure product quality during transportation

FOR INVESTMENT ACTIVITIES

- Quickly completing the on-going industrial project such as Hoa Sen Nhon Hoi - Binh Dinh Plant Project, Hoa Sen Binh Dinh Steel Pipe Investment Project ... to soon bring the projects into stable operation, in order to increase production capacity, strengthen competitive advantage in cost, improve the efficiency of cash flow.
- Researching new investment plans to expand the scale and scope of operation, better meet market demand.

FOR HUMAN RESOURCE DEVELOPMENT

- Developing the quality of human resources, with a focus on the successive staff and reserve managers; strengthening training, improving and enhancing professional qualifications and skills for employees.
- Gradually improving the standards and criteria in recruitment to strengthen the initial training to build quality staff;
- Improving the work performance assessment through KPI system.
- Ensuring policies on salary and benefits for employees of the Group.

FOR COMMUNICATION - MARKETING ACTIVITIES

- Appropriately deploying the brand building through diversified and effective marketing programs.
- Continuing to carry out communication events, charity activities, sponsoring humanity and community - orientated activities to implement social responsibility and contribute to build a strong and friendly brand of Hoa Sen Group.
- Building a communication campaign in order to demonstrate the strong commitment of Hoa Sen Group to ensure consumers' rights by providing products at the right price, with the right standards and best quality.
- Completing the performance of consulting activities through the free switchboard 18001515 to support consumers how to distinguish authentic Steel sheet - fake Steel sheet, and giving more information and instructions for customers to choose the right products of Hoa Sen Group.





Gathering **trust**

ENHANCING MANAGEMENT

THESE GROWTH FIGURES ARE A TESTAMENT TO THE BREAKTHROUGH THINKING OF THE MANAGEMENT TEAM OF HOA SEN GROUP, WHICH HAS A REASONABLE AND RIGHT DEVELOPMENT STRATEGY IN EACH PERIOD, HELPING THE GROUP TO SUCCESSFULLY BUILD THE VALUE CHAIN, CONNECTING THE TRUTH FROM RELATED PARTIES



**CORPORATE
GOVERNANCE**

BUSINESS ETHICS



Based on core values and business philosophy, business ethics of Hoa Sen Group adjusts internal and external relationships of the Group, which focus on five basic relationships between the Group and:



REPORT OF THE BOARD OF DIRECTORS ON ADMINISTRATION - EXECUTIVE ACTIVITIES IN THE FISCAL YEAR 2019 - 2020

I. STRUCTURE AND MEMBERS OF THE BOARD OF DIRECTORS



1. MEMBERS OF THE BOARD OF DIRECTORS FOR THE TERM 2018 - 2023

The Board of Directors for the term 2018 - 2023 is elected by the General Meeting of Shareholders at the 2017-2018 Annual General Meeting of Shareholders, specifically as follows:

- Number of members of the Board of Directors for the term of 2018 - 2023 is 06 members.
- Non-executive members and independent members of the Board of Directors meet the standards in Article 13 of Decree 71/2017 / ND-CP dated 06/06/2017, specifically:
 - Number of members of Executive Board: 03 members.
 - Number of Non-executive Board members: 03 members, of which the number of Independent Board members is 02 members.
- The title of members of the Board of Directors for the term of 2018-2023 are as follows:

STT	NAME	POSITION
1	Mr. LE PHUOC VU	Chairman of the Board of Directors
2	Mr. TRAN NGOC CHU	Vice Chairman of the Board of Directors (Vice Chairman)
3	Mr. TRAN QUOC TRI	Executive member of the Board of Directors
4	Mr. LY VAN XUAN	Non-executive member of the Board of Directors
5	Mr. NGUYEN VAN LUAN	Independent Member of the Board of Directors
6	Mr. DINH VIET DUY	Independent Member of the Board of Directors

2. COMMITTEES UNDER THE BOARD OF DIRECTORS AND SPECIALIZED UNITS SUPPORTING THE COMMITTEES

The Board of Directors establishes Committees under the Board of Directors to organize, direct and supervise the implementation of the functions, duties and powers of the Board of Directors in accordance with the provisions of the Enterprise Law, the Charter and the current Corporate Governance Regulations. In particular, focus on the following key functions and tasks:

- Planning, developing and organizing the implementation of the Group's goals, strategies and business plans.
- Evaluating and supervising the activities of the Board of Directors; evaluating criteria for appointment of senior management - executive positions of the Group; developing a team of administrative - executive officers; planning, developing and organizing the implementation of guidelines on internal management system, organizational structure, salary and bonus, welfare, and human resource policies of the whole Group.
- Supervising the operating activities of the Company; managing risks and establishing a strong control environment.
- Ensuring the implementation of shareholders' interests; Transparency and information disclosure.

The personnel of the Committees under the Board of Directors are all members of the Board of Directors and include: Chairman of the Committee and Members.

In addition, the Board of Directors established specialized units under the Board of Directors to advise, support and assist the Committees in performing the functions, tasks and powers of the Committees as assigned by the Board of Directors. The specialized committees may include members of the Board of Directors, independent individuals and senior managers.

The detailed explanation of the committees under the Board of Directors and the specialized units under the Board of Directors is as follows:

NO	THE COMMITTEES UNDER THE BOARD OF DIRECTORS	THE SPECIALIZED UNITS	FUNCTIONS, DUTIES
1	Committee of Investment and Strategic Development	Unit of Strategy & Development Investment (<i>Strategy & Development Unit</i>)	Research, survey, develop and recommend the Board of Directors to consider, decide or submit to the General Meeting of Shareholders to decide on medium and long term development strategies of the Group
2	Committee of Corporate Governance & appointment, salary and bonus (<i>Management & Compensation Committee</i>)	Unit of Restructuring & HR, salary and bonus (<i>Restructuring Unit</i>)	<ul style="list-style-type: none"> -Research, advise and make recommendations on issues related to the Company's Internal Management System; -Evaluating the criteria and capacity of the candidates for the Board of Director; -Supervising and evaluating the performance of functions and duties of each member of the Board of Directors; -Evaluate and recommend the appointment, dismissal of management positions; -Review and recommend remuneration and other benefits for positions under the Board of Directors; -Review and recommend the reward and discipline for the members of the Board of Directors, the Board of Management.
3	Committee Of Audit	Audit Support Unit	<ul style="list-style-type: none"> -On behalf of the Board of Directors to supervise the truthfulness of financial statements; -Take the main responsibility and give directions and orientations for the internal audit profession; -Monitor the operation of the internal control system, risk management system and compliance system; -Proposing the Board of Directors to consider, approve and supervise transactions with related persons under the decision-making authority of the Board of Directors; -Proposing the selection of an independent auditing company, the remuneration level and related terms in the audit contract; -Monitor and evaluate the independence and objectivity of the audit firm and the effectiveness of the audit process; -Monitoring to ensure that the Company complies with current legal regulations.
4	Committee of Finance and Investor Relations		<ul style="list-style-type: none"> -Supervising and giving direction in transactions related to shareholders, shareholder relations, information disclosure on the stock market; -Establish, recommend and advise the Board of Directors in deciding issues related to finance and capital mobilization of the Company.

The structure and personnel of the Committees under the Board of Directors and the specialized units under the Board of Directors are as follows:

NO	COMMITTEE	FULL NAME	POSITION
THE COMMITTEES UNDER THE BOARD OF DIRECTORS			
1	COMMITTEE OF INVESTMENT AND STRATEGIC DEVELOPMENT	Mr. LE PHUOC VU – Chairman of the Board of Directors	Committee Chairman
		Mr. TRAN NGOC CHU – Vice Chairman of the Board of Directors	Committee member
	STRATEGY & DEVELOPMENT UNIT	ÔngMr. LE PHUOC VU – Chairman of the Board of Directors	Committee Chairman
		Mr. TRAN NGOC CHU – Vice Chairman of the Board of Directors	Vice Chairman
2	MANAGEMENT & COMPENSATION COMMITTEE	Mr. LE PHUOC VU – Chairman of the Board of Directors	Committee Chairman
		Mr. TRAN NGOC CHU – Vice Chairman of the Board of Directors	Committee member
	RESTRUCTURING UNIT	Mr. LE PHUOC VU – Chairman of the Board of Directors	Chairman
		Mr. TRAN NGOC CHU – Vice Chairman of the Board of Directors	Vice Chairman
		Mr. BUI THANH TAM – In charge of Corporate Governance	Vice Chairman
3	COMMITTEE OF AUDIT	Mr. NGUYEN VAN LUAN – Independent Board Member of the Board of Directors	Committee Chairman
		Mr. DINH VIET DUY – Independent Board Member of the Board of Directors	Committee member
	AUDIT SUPPORT UNIT	Mr. LY VAN XUAN – Non-executive member of the Board of Directors	Committee member
Ông LÊ VŨ NAM		Chairman	
4	COMMITTEE OF FINANCE AND INVESTOR RELATIONS	Mr. LE DINH HANH – Director of Internal Control	Vice Chairman
		Mr. DINH VIET DUY – Independent Board Member of the Board of Directors	Committee Chairman

II. ACTIVITIES OF THE BOARD OF DIRECTORS

1. REPORT ON PERFORMANCE OF FUNCTIONS AND DUTIES OF EACH MEMBER OF THE BOARD OF DIRECTORS:

In the fiscal year 2019 - 2020, the Board of Directors has assigned each member of the Board of Directors to perform specific functions and tasks to ensure that the activities of the Board of Directors are implemented effectively and closely.

Based on the recommendations of Management & Compensation Committee, the Board of Directors assessed: In the fiscal year 2019 - 2020, the members of the Board of Directors have well completed the tasks and responsibilities assigned by the Board of Directors and within the framework of the authority is stipulated in the Charter and the Group's internal management system.

Details of functions, duties and powers are given in the following table:

NO	MEMBER	FUNCTION
1	Mr. LE PHUOC VU Chairman of the Board of Directors	<ul style="list-style-type: none"> - Performing the function of leading and coordinating the activities of the Board of Directors in accordance with the provisions of the Enterprise Law, the Charter and the Group's Governance Regulations. - Performing the authority on governance - administration according to the assignment from the Board of Directors as stipulated in the Charter and Regulations on corporate governance . - Assigned by the Board of Directors to be the Chairman of the Strategy Development Committee and the Chairman of the Management & Compensation Committee, and at the same time directing, administering and deciding on issues within the scope of functions and tasks of the Committees under the Board of Directors and specialized units under the Board of Directors. - Directing on orientations and strategies for operating activities, decisions, guidelines and solutions implemented by the Board of Management of the Group.
2	Mr. TRAN NGOC CHU Vice Chairman of the Board of Director	<ul style="list-style-type: none"> - In charge of handling the daily work of the Board of Directors. - Assigned by the Board of Directors to the executive function in the management and administration apparatus of the Group. The Vice Chairman of the Board of Directors is the head of the Executive Board of the Group. - On behalf of the Board of Directors and Chairman of the Board of Directors to perform the authority of the Board of Directors and Chairman of the Board of Directors. - Directly direct and decide on important issues within the authority of the Group's Executive Board. - Directing works in the fields of Foreign affairs, Finance - Credit - Banking, Investment promotion, Industrial projects, Real estate projects and other projects in the Group and overseas.
3	Mr. TRAN QUOC TRI Executive member of the Board of Directors cum General Director	<ul style="list-style-type: none"> - Concurrently holding the title of General Director, being the head, leading and responsible to the Board of Directors for the day-to-day management and administration of the Board of General Directors and functional units under the management of the Board of General Directors. - Directly coordinate, organize the implementation and be responsible to the Board of Directors for all activities of the Board of Management of the Group.
4	Mr. LY VAN XUAN Non-executive member of the Board of Directors	As a member of the Audit Committee under the Board of Directors, participating in the function of approving and supervising transactions with Related Persons and shareholder relations, information disclosure.
5	Mr. NGUYEN VAN LUAN Independent Board Member of the Board of Directors	<ul style="list-style-type: none"> - Take the position of Chairman of the Audit Committee under the Board of Directors, provide professional guidance to the Audit Support Unit and organize the implementation and supervision of the risk management system, internal control and supervision. - Approve and monitor transactions with Related Persons
6	Mr. DINH VIET DUY Independent Board Member of the Board of Directors	<ul style="list-style-type: none"> - Taking the position of Chairman of the Finance & Shareholder Relations Committee, taking the main responsibility for shareholder relations, information disclosure and transparency. - Being a member of the Audit Committee under the Board of Directors, participating in the function of supervising transactions with related people of the Group.

2. MEETINGS OF THE BOARD OF DIRECTORS:

In the fiscal year 2019 – 2020 (from October 1, 2019 to September 30, 2020), the Board of Directors approved 57 Resolutions related to important issues under the authority of the Board of Directors.

The rate of attending the Board meetings of each member is detailed as follows:

NO	MEMBER OF THE BOARD OF DIRECTORS	POSITION	STARTING DATE IS MEMBER OF THE BOARD OF DIRECTORS	NUMBER OF THE BOARD'S MEETINGS ATTENDED	ATTENDANCE RATE
1	Mr. LE PHUOC VU	Chairman of the Board of Directors	16/01/2018	57	100%
2	Mr. TRAN NGOC CHU	Vice Chairman of the Board of Directors	16/01/2018	57	100%
3	Mr. TRAN QUOC TRI	Executive member of the Board of Directors	16/01/2018	57	100%
4	Mr. LY VAN XUAN	Non – Executive member of the Board of Directors	16/01/2018	57	100%
5	Mr. NGUYEN VAN LUAN	Independent member of the Board of Directors	16/01/2018	57	100%
6	Mr. DINH VIET DUY	Independent member of the Board of Directors	16/01/2018	57	100%

2. MEETINGS OF THE BOARD OF DIRECTORS:

In the fiscal year 2019 – 2020 (from October 1, 2019 to September 30, 2020), the Board of Directors approved 57 Resolutions related to important issues under the authority of the Board of Directors.

The rate of attending the Board meetings of each member is detailed as follows:

NO	RESOLUTION NUMBER	DATE	DESCRIPTION
1	42/NQ/HĐQT/2019	01/10/2019	Change of Head at some Branches.
2	43/NQ/HĐQT/2019	08/10/2019	Organizing the Annual General Meeting of the Shareholders 2019 - 2020.
3	44/NQ/HĐQT/2019	19/10/2019	Approving credit limit and loan policy at Tien Phong Commercial Joint Stock Bank.
4	45/NQ/HĐQT/2019	19/10/2019	Approving the adjustment of investment registration information for Ca Na General Port Project of Hoa Sen Ca Na - Ninh Thuan International General Port Company.
5	46/NQ/HĐQT/2019	01/11/2019	Change of Head at some Branches.
6	47/NQ/HĐQT/2019	22/11/2019	Approving credit limit and loan policy at Ho Chi Minh City Development Commercial Joint Stock Bank (HD Bank).
7	48/NQ/HĐQT/2019	25/11/2019	Approving for Hoa Sen Building Materials One Member Limited Liability Company to borrow capital and mortgage assets to secure debt repayment obligations at Vietnam Joint Stock Commercial Bank for Industry and Trade (Vietin Bank).
8	49/NQ/HĐQT/2019	30/11/2019	Change of Head at some Branches.
9	50A/NQ/HĐQT/2019	17/12/2019	Periodic meetings of the Board of Directors in September, October, November and December 2019, with the following contents: - Approving periodic reports on business results, financial situation in September, October & November 2019 and business plan, financial expense forecast for December 2019. - Approving the consolidated business plan for the fiscal year 2019-2020, submit it to the General Meeting of Shareholders at the Annual Meeting. - Approving financial contents and submit them to the General Meeting of Shareholders at the Annual Meeting. - Approving the report on implementation progress and orientation for the Group's investment projects - Approving a number of policies related to the Group's restructuring, personnel, salary and bonus
10	50B/NQ/HĐQT/2019	17/12/2019	Appointment of Acting Deputy General Director cum Director of Distribution System for Mr. TRAN THANH NAM.
11	51/NQ/HĐQT/2019	17/12/2019	Approving policies on transactions with related people arising in the fiscal year 2019 - 2020.
12	52/NQ/HĐQT/2019	17/12/2019	Approving a number of policies related to branches as follows: - Converting the remaining 16 branches under the old model into Stores under the Provincial Branch - Establishing a new branch of coated steel production (named: "Branch of Hoa Sen Group Joint Stock Company in Tuy Phuoc").
13	53/NQ/HĐQT/2019	30/12/2019	Change of Head at some Branches.
14	01A/NQ/HĐQT/2020	06/01/2020	Assigning tasks to members of the Board of Directors to perform a number of tasks and operations related to financial, credit and banking activities.
15	01B/NQ/HĐQT/2020	06/01/2020	Assigning tasks to members of the Board of Directors to perform a number of tasks and operations related to business registration procedures.
16	02/NQ/HĐQT/2020	09/01/2020	Approving the loan policy and appointing a representative to carry out loan procedures at Vietnam International Commercial Bank (VIB).
17	02A/NQ/HĐQT/2020	17/01/2020	Approving the loan policy and appointing a representative to carry out loan procedures at the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) - Nam Binh Duong Branch.
18	03/NQ/HĐQT/2020	30/01/2020	Change of Head at some Branches.
19	04/NQ/HĐQT/2020	19/02/2020	Periodic Board of Directors meeting in January & February 2020, with the following contents - Approving periodic reports on business results, financial situation in January 2020 and business plan, financial expense forecast for February 2020 - Approving the report on implementation progress and orientation for the Group's investment projects - Approving a number of policies related to the Group's restructuring, personnel, salary and bonus
20	04A/NQ/HĐQT/2020	19/02/2020	Selecting KPMG Vietnam Co., Ltd. to be the auditor of the Group's financial statements in the fiscal year 2019 - 2020.
21	04B/NQ/HĐQT/2020	19/02/2020	Implementing dividend payment of fiscal year 2018 - 2019. - Payment method: Dividend in shares - Payout rate: 5%

Summary table of some important meetings of the Board of Directors in the fiscal year 2019 - 2020: (continued)

NO	RESOLUTION NUMBER	DATE	DESCRIPTION
22	04C/NQ/HĐQT/2020	19/02/2020	Approving the new engraving and changing the seal of Hoa Sen Group Joint Stock Company due to the change of the name of the administrative location from "Di An Town" to "Di An City".
23	05/NQ/HĐQT/2020	20/02/2020	Approving the loan policy and appointing a representative to carry out loan procedures at Vietnam Maritime Commercial Joint Stock Bank - Ho Chi Minh City Branch
24	05A/NQ/HĐQT/2020	25/02/2020	Approving the loan policy and appointing a representative to carry out loan procedures at Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch
25	05B/NQ/HĐQT/2020	25/02/2021	Approving for Hoa Sen Nghe An One Member Limited Liability Company to borrow capital and use assets to secure the loan at Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch and Nghe An Branch
26	06/NQ/HĐQT/2020	28/02/2020	Change of Head at some Branches
27	07/NQ/HĐQT/2020	19/03/2020	Approving the loan policy and appointing a representative to carry out loan procedures at Bank for Agriculture and Rural Development of Vietnam - Saigon Branch
28	07A/NQ/HĐQT/2020	25/03/2020	Approving the policy of increasing the limit for opening L/C, borrowing capital and appointing a representative to carry out loan procedures at Saigon Thuong Tin Commercial Joint Stock Bank - Central Branch
29	08/NQ/HĐQT/2020	31/03/2020	Change of Head at some Branches
30	09/NQ/HĐQT/2020	03/04/2020	Approving the loan policy and appointing a representative to carry out loan procedures at Ho Chi Minh City Development Commercial Joint Stock Bank
31	10/NQ/HĐQT/2020	06/04/2020	Approving the loan policy and appointing a representative to carry out loan procedures at the Investment and Development of Vietnam Joint Stock Commercial Bank (BIDV) – Transaction Office Branch 2
32	11/NQ/HĐQT/2020	20/04/2020	Approving the policy of adjusting investment registration information for Hoa Sen Phu My hot-dip galvanized steel pipe plant expansion project
33	12/NQ/HĐQT/2020	29/04/2020	Change of Head at some Branches
34	13/NQ/HĐQT/2020	12/05/2020	<p>Periodic Board of Directors meeting in March, April & May 2020, with the following contents:</p> <ul style="list-style-type: none"> - Approving periodic reports on business results, financial situation in March & April 2020 and business plan, financial expense forecast for May 2020. - Approving a number of policies related to shares and shareholder relations - Approving the orientation for real estate in the Group's name. - Approving policies related to the Group's investment projects, including: Plant Project, Project in Ca Na, Project in Quy Nhon and Project in Yen Bai. - Approving a number of policies related to governance and restructuring. - Approving the suspension and assigning the Board of Management to study and re-evaluate a number of policies approved by the Board of Directors at previous meetings, including: <ul style="list-style-type: none"> • Issuing bonds to existing shareholders to raise capital for production and business (approved at the meeting on April 3, 2019); • Research and prepare a plan to restructure the plastic production and sale (approved at the meeting on September 6, 2019).
35	14/NQ/HĐQT/2020	12/05/2020	Approving the report on the results of stock issuance to pay dividends for the fiscal year 2018 - 2019
36	15/NQ/HĐQT/2020	12/05/2020	Change of Head at some Branches
37	16/NQ/HĐQT/2020	19/05/2020	Change of Head at some Branches
38	17/NQ/HĐQT/2020	15/06/2020	Change of Head at some Branches
39	18/NQ/HĐQT/2020	18/06/2020	Approving the loan policy and appointing a representative to carry out loan procedures at Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Ria - Vung Tau Branch
40	19/NQ/HĐQT/2020	29/06/2020	Approving the policy of holding an Extraordinary General Meeting of Shareholders of Shareholders from 2019 to 2020 to submit to the General Meeting of Shareholders to consider the issuance of shares to strategic partners
41	20/NQ/HĐQT/2020	30/06/2020	<p>Periodic Board of Directors meeting in June & July 2020, with the following contents:</p> <ul style="list-style-type: none"> - Approving periodic reports on business results, financial situation in June 2020 and business plan, financial expense forecast for July 2020. - Approving the schedule of organizing the Extraordinary General Meeting of Shareholders of the fiscal year 2019-2020 - Approving the schedule of organizing the Extraordinary General Meeting of Shareholders of the fiscal year 2019-2020.

2. MEETINGS OF THE BOARD OF DIRECTORS: (continued)

Summary table of some important meetings of the Board of Directors in the fiscal year 2019 - 2020: (continued)

NO	RESOLUTION NUMBER	DATE	DESCRIPTION
42	21/NQ/HĐQT/2020	01/07/2020	Change of Head at some Branches
43	21A/NQ/HĐQT/2020	04/07/2020	Approving the loan policy and appointing a representative to carry out loan procedures at Vietnam International Commercial Bank ("VIB") - Sailing Business Center
44	22/NQ/HĐQT/2020	06/07/2020	Approving the loan policy and appointing a representative to carry out loan procedures at SinoPac Bank - Ho Chi Minh City Branch
45	23/NQ/HĐQT/2020	21/07/2020	Approving the study of the plan and promoting the transfer of some projects of the Group in Ca Na, Ninh Thuan
46	23A/NQ/HĐQT/2020	21/07/2020	Reviewing and evaluating the process of the Group receiving the transfer of land use rights in District 9, Ho Chi Minh City
47	24/NQ/HĐQT/2020	27/07/2020	Approving a number of policies related to Subsidiaries and Projects, specifically: <ul style="list-style-type: none"> - Transfer of all contributed capital in the following companies: <ul style="list-style-type: none"> • Hoa Sen Ca Na - Ninh Thuan International General Port One Member Limited Liability Company (investor of Ca Na General Seaport Project); • Hoa Sen Ca Na - Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Company (investor of Ca Na Industrial Park Project) - Dissolution of the following companies <ul style="list-style-type: none"> • Hoa Sen Ca Na – Ninh Thuan Integrated Iron & Steel Complex Investment One Member Limited Liabilities Company • 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 Quy Nhon Joint Stock Company
48	25/NQ/HĐQT/2020	27/07/2020	Appointed the position of Acting Deputy General Director in charge of production, supply and industrial projects for Mr. NGUYEN TAN HOA
49	26/NQ/HĐQT/2020	29/07/2020	Approving the loan policy and appointing a representative to carry out loan procedures at CTBC Bank Limited – Ho Chi Minh City Branch
50	27/NQ/HĐQT/2020	31/07/2020	Approving the policy to postpone the organization of the Extraordinary General Meeting of Shareholders of the 2019 - 2020
51	28/NQ/HĐQT/2020	01/08/2020	Change of Head at some Branches
52	29/NQ/HĐQT/2020	08/08/2020	Approving the loan policy and appointing a representative to carry out loan procedures at United Overseas Bank Limited
53	30/NQ/HĐQT/2020	14/08/2020	Approving the resignation of Mr. NGUYEN MINH KHOA from the position of Deputy General Director in charge of production and supply and agreeing to resign according to the application of Mr. NGUYEN MINH KHOA from August 14, 2020
54	31/NQ/HĐQT/2020	01/09/2020	Change of Head at some Branches
55	32/NQ/HĐQT/2020	03/09/2020	Periodic meeting of the Board of Directors in August & September 2020, with the following contents: <ul style="list-style-type: none"> - Approving periodic reports on business results, financial situation in August 2020 and business plan, financial expense forecast for September 2020 - Approve the Group's medium and long-term development goals and strategies (period 2021 - 2026) to submit to the General Meeting of Shareholders for consideration and approval. - Approving the policy of establishing a Strategy & Development Investment Unit to support and assist the Strategy Development Committee under the Board of Directors in implementing the Group's key objectives, strategies and tasks. - Approving a number of policies related to shares and shareholder relations - Approving a number of policies related to human resources, organizational structure and restructuring
56	33/NQ/HĐQT/2020	30/09/2020	Approving policies on transactions with related people arising in the fiscal year 2020 - 2021.
57	33A/NQ/HĐQT/2020	30/09/2020	Divide all and transfer all undistributed profits for the fiscal year 2019 - 2020 of subsidiaries under Hoa Sen Group Joint Stock Company.

3. ACTIVITIES OF COMMITTEES UNDER THE BOARD OF DIRECTORS

As Committees under the Board of Directors and established by the Board of Directors, the Committees perform the function of researching, advising and proposing the Board of Directors / General Assembly of Shareholders to consider and decide the guidelines and orientations related to production and business activities of the Group, and on behalf of the Board of Directors to monitor and supervise functional units of the Executive Board in the implementation of the resolutions and guidelines approved by the Board of Directors / General Assembly of Shareholders.

In the fiscal year 2019 - 2020, the operations of the Committees under the Board of Directors are as follows:

3.1. INVESTMENT & STRATEGIC DEVELOPMENT COMMITTEE

- For the Group's development goals and strategies for the period of 2021 - 2026: The Committee has researched, planned and formulated the Group development goals and strategies to recommend the Board of Directors to consider, approve. The development objectives and strategies have been approved by the Board of Directors to continue to be submitted to the General Meeting of Shareholders for approval at the 2020-2021 Annual General Meeting. At the same time, the Committee has also proposed to the Board of Directors to establish a Development Investment & Strategy Unit to organize the implementation of the set goals and strategies.

- For Plant Projects: The Committee organized, directed and supervised functional units to closely monitor and ensure stable and effective operation of plants. Currently, the Committee also continues to study, develop and propose investment plans for future Plant Projects.

- For projects in Ca Na - Ninh Thuan: In the fiscal year 2019 - 2020, after assessing the change of the objective situation, it is no longer consistent with the Group's initial strategic direction when implementing the projects in Ca Na, and at the same time the Group has also made adjustments to its medium and long-term development strategy, the Committee has recommended the Board of Directors to consider and decide on how to handle the subsidiaries in the Ca Na project. As follows:

- Transferring the Group's entire capital contribution in Hoa Sen Ca Na - Ninh Thuan International Port General Port Company and Hoa Sen Ca Na - Ninh Thuan Industrial Park Infrastructure Investment Company;

- Dissolving Hoa Sen Ca Na – Ninh Thuan Integrated Iron & Steel Complex Investment One Member Limited Liabilities Company; 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.

- For other projects: The Committee considered and recommended the Board of Directors to decide on continuing to implement and complete Du Long Industrial Park Infrastructure Investment Project and the Project of Hoa Sen Yen Bai Shopping Mall, Hotels, and Restaurants & Event to ensure on schedule, in line with current resources of the Group.

- For projects temporarily suspended: The Committee advised and submitted to the Board of Directors to consider the balance of resources to terminate the project, dissolve Hoa Sen Quy Nhon Joint Stock Company to recover investment capital.

3.2. COMMITTEES OF RESTRUCTURING AND HUMAN RESOURCES

3.2.1. THE WORK OF RESTRUCTURING AND PERFECTING THE OPERATIONAL SYSTEM

- Developing, perfecting and advising the Board of Directors to review and approve the organizational structure, problems of human resources, designate the titles of the Departments, Divisions in the Representative Office, Subsidiaries, Plants, Units to ensure compliance with the new situation, in the spirit of

streamlining the system, reducing costs, but still ensuring optimal and effective management and control

- Directing and coordinating with functional units to implement the restructuring of Distribution System following the model of Provincial Branch, applying ERP and electronic invoices to the Distribution Network, at the same time terminating the operation of the old model in accordance with the approved schedule..

- Directing functional units to review and complete the system of Regulations, Business Processes related to the Group's operating areas in the spirit of optimizing processes, reducing steps, intermediaries and procedures.

3.2.2. HUMAN RESOURCE MANAGEMENT

- Research and build the total staffing of the whole Group in the spirit of streamlining the apparatus, reducing expenses.

- Reviewing, arranging and allocating the whole Group's personnel appropriately in order to ensure compliance with the Group's production and business situation, streamlining the operating system, optimizing the efficiency of human resources but still ensure the working spirit and motivation of employees.

- Researching, building and recommending to the Board of Directors through policies of salary, bonus, welfare, reward and discipline of the Group.

- Evaluate and propose the Board of Directors to consider and appoint a number of senior management positions to strengthen the entire management and administration apparatus of the Group.

3.2.3. THE WORK OF OPTIMIZING COST EFFICIENCY

- Implementing the guidelines of the Board of Directors, Committees of Restructuring, Human Resources and Remuneration has directed and coordinated with units to implement many solutions to reduce operating costs of the Group to ensure consistent with the situation of market instability, stabilizing production and business activities, ensuring profits.

- The Committee also advises the Board of Directors in organizing liquidation and transfer of some assets (movables assets, real estate) that the Group no longer needs to use to recover investment capital and supplement to the manufacturing and trading operation.

3.2.4. Handling other issues related to the Group's restructuring, personnel and remuneration

3.3. FINANCE AND INVESTOR RELATIONS COMMITTEES

3.3.1. SHAREHOLDER RELATIONS AND INVESTORS ACTIVITIES

- Participating in annual and irregular meetings of the General Assembly of Shareholders; preparing meeting documents and fully publishing documents on the website for shareholders to refer, as a basis for shareholders to discuss and vote at the conference in accordance with the provisions of law; fully and thoughtfully answer all questions asked by shareholders at the conference within a reasonable time.

- Participating in meeting and exchanging with domestic and foreign investors, presenting and answering issues that investors care about, creating trust in investors.

- Contacting, meeting, answering questions and supporting shareholders in the registration procedures.

- Updating new legal regulations to recommend the Board of Directors to consider the plan to adjust the Group's internal regulation system related to shareholder relations, internal governance, disclosure and transparency of information to ensure the interests of shareholders.

3.3.2. INFORMATION DISCLOSURE ACTIVITIES

- Implementing regular and irregular information disclosure procedures in accordance with the law.

- Actively disclosing information for important information, which directly or indirectly affects the interests and investment decisions of investors.

3.3.3. DIVIDEND PAYMENT ACTIVITIES

- Advising the Board of Directors appropriately on the ratio, form and time of dividend payment to ensure that it does not affect the operation of the Company.

- In the fiscal year 2019 - 2020, the Committee has recommended the Board of Directors to consider and approve the policy of paying dividends of the fiscal year 2018 - 2019 in shares at the rate of 5% before June 30, 2020 to ensure the interests of shareholder.

3.3. FINANCE AND INVESTOR RELATIONS COMMITTEES

3.3.4. FINANCIAL ACTIVITIES

- Negotiating and working with banks and credit institutions in calling capital to implement on-going projects.
- Reviewing, proposing and advising the Board of Directors to decide on capital contribution activities, cash flow coordination for the subsidiaries, factories and on – going projects.

3.4. AUDIT COMMITTEE

3.4.1. FINANCIAL SUPERVISION

- Periodically reviewing the financial statements of the Company, ensuring the accuracy and transparency in financial data when reporting to state management agencies, shareholders and investors.
- Verifying reports on monthly financial expenses carried out by the Board of Management ("the Executive Board"), thereby proposing the Board of Directors on orientations related to financial management.
- Inspecting the financial data of the Company to ensure the financial situation of the Company is always in a healthy state.
- Organizing the units to analyze financial situation, and set up the plan to reduce costs of the Group.

3.4.2. INSPECTION, SUPERVISION AND APPROVAL OF TRANSACTIONS WITH RELATED PERSONS

- Participating in monitoring, checking and approving transactions between the Company and related persons.
- Reviewing, commenting and advising the Board of Directors to approve the Regulation on procedures for approval, entry and implementation of transactions with related persons.

3.4.3. ENSURING THE EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT SYSTEM

- Making business recommendations and monitoring the performance of the internal control system, risk management system and compliance monitoring system;
- Regularly or irregularly organize inspections of functional units under the Group to ensure compliance with the Group's internal regulations and current laws.

3.4.4. ENSURING TRANSPARENCY AND EFFICIENCY OF INDEPENDENT AUDITING FIRMS

- Proposing the selection of an independent auditing company, the remuneration level and related terms in the audit contract
- Monitor and evaluate the independence and objectivity of the audit firm and the effectiveness of the audit process.

III. RESULTS OF IMPLEMENTING THE RESOLUTION OF THE GENERAL MEETING IN THE FISCAL YEAR 2019 - 2020

In the fiscal year 2019 – 2020, the Board of Directors held an annual shareholder meeting on 13/01/2020 to submit to the General Meeting of Shareholders approving a number of reports and guidelines related to the Company's activities. The contents approved by the General Meeting of Shareholders are recorded in Resolution No. 01 / NQ / DHDGD / 2020 dated 13/01/2020.

Details of the implementation are as follows:

NO	MAIN CONTENT	RESULT
1	Approved the operation orientation and business plan for the fiscal year 2019 - 2020	The Group has completed and exceeded the production and business plan for the fiscal year 2019 - 2020. Details show the next sections of the report.
2	Approved the plan for profit distribution of fiscal year 2018 - 2019	Completed the dividend payment of the fiscal year 2018 - 2019 in May 2020: - Payment rate: 10% - Form of payment: Stock dividend - Charter capital after payment is completed: VND 4,446,252,130,000
3	Appropriation of funds in the fiscal year 2019 - 2020 According to the guidelines of the General Meeting of Shareholders, the rate of appropriation of funds is as follows: - Bonus fund: Maximum of 2% of consolidated profit after - tax - Remuneration fund: Maximum of 2% of consolidated profit after - tax - Funds for charity: Up to 2% of consolidated profit after - tax	The Board of Directors has setting up funds in the fiscal year 2019 – 2020 with the following ratio - Bonus fund: 2% of consolidated profit after - tax - Remuneration fund: 2% of consolidated profit after - tax - Funds for charity: 2% of consolidated profit after - tax
4	Authorize the Board of Directors to choose the Auditing Company to audit the Financial Statements of the fiscal year 2019 - 2020	The Board of Directors selected KPMG Vietnam Co., Ltd. as the auditor for the Group's Financial Statements in the fiscal year 2019 - 2020

In the fiscal year 2019 - 2020, the Board of Directors approved the policy of holding an Extraordinary General Meeting of Shareholders to submit to the General Meeting of Shareholders for approval the issuance of shares to strategic partners to accompany the Group in the implementation of objectives and strategies medium and long term development strategy. The Meeting was scheduled to be held on August 8, 2020 at the Thong Nhat Hall

However, in July 2020, the COVID-19 pandemic broke out again, which led to the directives and orders of Government agencies on limiting meetings and gatherings for disease prevention and control. At the same time, due to the negative impact of the COVID-19 pandemic, the stock market has recently moved adversely. The Board of Directors considers that the current situation of the stock market in general and HSG's share price in particular does not reflect the Company's operations properly and is not suitable for the formulation and implementation of the issuance plan to submit to the General Meeting of Shareholders

For that reason, the Board of Directors has applied Section 2 – Rules for operating the Extraordinary General Meeting of Shareholders 2019 – 2020 announced in the Meeting Documentation, published on July 27, 2020, to make a decision to postpone the organization of the Meeting to another time in accordance with the development of the pandemic and strictly comply with the Notices and Decisions of the competent State agencies.

At the 2020-2021 Annual General Meeting of Shareholders, the Board of Directors agreed to submit to the General Meeting of Shareholders to consider authorizing the Board of Directors to research, search and select strategic partners to prepare a stock issuance plan and submit it to the General Meeting of Shareholders for consideration and approval at the next Meeting.

IV. RESULTS OF SUPERVISORY OPERATION ACTIVITIES OF THE BOARD OF DIRECTORS:

1. ASSIGNING TASKS TO MEMBERS OF THE BOARD OF MANAGEMENT

The Board of Directors appointed and assigned to members of the Board of Management to carry out the business segments in the production and business activities of the Group. As follows:

NO	NAME AND POSITION	DESCRIPTION
1	Mr. TRAN QUOC TRI General Director - The third legal representative	<p>1. Function of legal representation: Implementing the authority of the Third Legal Representative in accordance with the Enterprise Law, the Company's Charter and Current Regulations.</p> <p>2. In charge of common responsibility for the management activities of the Board of Directors: - Organizing, coordinating, assigning and appointing the members of the Board of Directors in the overall management of the Group's daily business and production activities; - Organizing the implementation of the Group's orientations and policies as assigned by the Board of Directors; - Be supervised and responsible to the Board of Directors for the results of activities of the Board of Management.</p> <p>3. Directly responsible for a number of fields as assigned by the Board of Directors: Managing and taking direct responsibility in: Export, Import raw materials, Domestic sale (Distribution System Management, commercial products), Business Planning & Policy, Human Resources, Recruitment & Training.</p> <p>4. Responsible for coordinating and organizing the implementation of key tasks related to the Group's development goals and strategies.</p>
2	Mr. HOANG DUC HUY Deputy General Director In charge of Internal Control	Directing and managing professional operations of the Internal Control Department.
3	Mr. VU VAN THANH Deputy General Director In charge of Finance – Marketing	<p>1. Directing the professional operations of the Finance and Trade Remedies Department, Marketing;</p> <p>2. Representing the entire contributed capital of the Group to perform the function of managing - operating the activities of the manufacturing Subsidiaries in the North (Nghe An, Ha Nam, Yen Bai).</p> <p>3. In charge of operations related to the Group's strategy & development, specifically: Purchasing, selecting suppliers for commercial products in the field of building materials - furniture; Supply and transport for commercial products put into business.</p>
4	Mr. HO THANH HIEU Deputy General Director In charge of Domestic sales, IT, ERP	<p>1. Operating and taking direct responsibility in the following operations: Commercial business (Steel sheet - steel - plastic); Information technology & ERP;</p> <p>2. Representing the entire contributed capital of the Group to perform the function of managing - operating the activities of the manufacturing Subsidiaries in the Central (Binh Dinh Province);</p> <p>3. In charge of operations related to the Group's strategy & development, specifically: IT & ERP project phase 2; Effective business for commercial products already in operation.</p>
5	Mr. TRAN QUOC PHAM Deputy General Director In charge of Investment and Construction	<p>1. Operating and taking direct responsibility in Investment & Basic Construction; Investment promotion of real estate projects (if any).</p> <p>2. Organizing the implementation and supervision of construction, finishing, pre-acceptance test of works, infrastructure and workshops at the Group's Projects (including Plant Projects and other Real Estate Projects).</p> <p>3. In charge of operations related to the Group's strategy & development, specifically: Design, construction and acceptance for the upgrading and new construction of the Hoa Sen Home Supermarket system of building materials - furniture.</p>
6	Mr. NGUYEN NGOC HUY Deputy General Manager In charge of Export	Operating and taking direct responsibility in Export.
7	Mr. TRAN THANH NAM Acting Deputy General Director in charge of Distribution System	<p>1. Operating and taking direct responsibility in the following operations: Management of Distribution System; Business, market development for branches and stores of Distribution System.</p> <p>2. In charge of operations related to the Group's strategy & development, specifically: Searching, developing and expanding the system of Hoa Sen Home Supermarket system of building materials - furniture; sale activities for the Hoa Sen Home.</p>
8	Mr. NGUYEN TAN HOA Acting Deputy General Director in charge of production, supply and industrial projects	<p>1. Operating and taking direct responsibility in the following operations: Technology, quality; Monitor operational performance of industrial projects; Procurement and Supply to serve the traditional business segment.</p> <p>2. Directly manage and take responsibility for production management at plants and subsidiaries under the Group;</p> <p>3. Organize and supervise the installation, completion and acceptance of lines, machinery and equipment at the Group's production projects.</p>

2. EVALUATION OF THE BOARD OF MANAGEMENT PERFORMANCE IN THE FISCAL YEAR 2019 - 2020

The members of the Board of Directors sent representatives to participate in the weekly meetings with the Board of Directors, Directors of Functional Departments and Directors of Subsidiaries to monitor and check the management and administration in order to timely adjust to suit the guidelines and orientations of the Board of Directors. At the meeting, the Board of Directors will review and evaluate the reports on business and production situation; report the progress and results of the work assigned; updated information on market movements and proposed tasks and plans to be implemented during the week. At the weekly meetings, the Board of Directors sent members of the Board of Directors to attend to supervise and monitor the management activities and promptly make adjustments to suit the guidelines and orientations of the Board of Directors

2. EVALUATION OF THE BOARD OF MANAGEMENT PERFORMANCE IN THE FISCAL YEAR 2019 - 2020 (CONTINUED)

Extraordinary meetings of the Board of Directors: During the peak periods, important decisions need to be made, the Board of Directors holds extraordinary meetings to discuss and agree on issues and decisions. In some necessary cases, members of the Board of Directors are invited to attend the meeting to supervise, monitor and provide guidance.

Periodic Board meetings: The Board holds regular meetings every 2 months to evaluate the management of the Board of Management, the results of implementing the Board's guidelines and monthly business results, discuss and review the business plan of the next month and giving guidelines and important policies for the Group's activities. At regular meetings of the Board of Directors, the members of the Board of Management and a number of key managers (Internal Auditing Board, Chief Accountant, and Corporate Governance) must attend in full to report and acknowledge the guidelines and orientations of the Board of Directors.

In the fiscal year 2019 - 2020, the Board of Management successfully fulfilled the role through timely and flexible production and business management solutions which are consistent with the guidelines and orientations of the Board of Directors. The guidelines and decisions given by the Board of Directors are fully and quickly implemented by the Board of Management and reported to the Board of Directors with a high sense of responsibility.

V. REPORT ON THE ACTIVITIES OF THE AUDIT COMMITTEE UNDER THE BOARD OF DIRECTORS

1. RESULTS OF SUPERVISION OF FINANCIAL AND ACCOUNTING SITUATION OF THE GROUP

In the fiscal year 2019 - 2020, performing the functions specified in the Organization Charter and Corporate Governance Regulation, through the operations of the Internal Audit Committee, the Board of Directors organized the following tasks: (i) reviewing and evaluating the Group's financial and accounting situation; (ii) work with the Independent Auditing Unit (KPMG Vietnam Co., Ltd.) to ensure the independence and objectivity in the audit activities of the Group's financial statements.

Evaluating the Group's financial and accounting situation in the fiscal year 2019 - 2020, the Board of Directors has the following conclusions about the Group's financial situation and financial statements:

1.1. FINANCIAL SITUATION:

The Board of Directors confirmed that the Group's financial position in the fiscal year 2019 – 2020 is good and transparent, namely:

- The Group fully complies with the requirements of the current Vietnamese accounting standards and accounting system in organizing the accounting and financial work.
- The accounting documents are strictly managed and systematically stored by the Group in accordance with regulations, ensuring quick and complete tracking when inspection and auditing are required.
- The opening of accounting books and fund books must comply with current regulations, daily record and update promptly and accurately the receipt, payment and debit / credit notes of the bank.
- Basic indicators of debt situation, loan capital, liquidity, asset use efficiency, provisioning, and equity to meet financial - accountant regulations, principles and standards.
- The Group has made efforts in reducing costs, boosting sales to record net profits from production and business activities, effectively reducing loan balance, ensuring the Group's financial balance. The results show that, at the end of the fiscal year 2019 - 2020, the ratio of outstanding loans to equity was improved.
- At the end of the fiscal year 2019 - 2020, the Group recorded impressive business results with all targets completed and exceeded the plan, strong growth over the same period. This is a positive sign in the current difficult context of the economic situation in general and the market in particular.

1.2. FINANCIAL STATEMENTS:

The Board of Directors confirms that the information in the Group's quarterly, semi-annual and annual financial statements (including separate and consolidated statements) is presented in an honest, reasonable manner, consistent, suitable with the provisions of the law. The Board of Management maintains caution in organizing accounting, statistics and financial reporting.

Based on the reports presented by the Board of Management at the regular Board of Director's meetings, the actual inspection results, as well as audit data of the independent auditing unit - KPMG Vietnam Co., Ltd, the Board of Director of Hoa Sen Group confirms that the financial position of Hoa Sen Group is in a completely healthy state.

2. REPORT ON ACTIVITIES OF INSPECTION AND SUPERVISION OF TRANSACTIONS WITH RELATED PERSONS

In the fiscal year 2019 - 2020, the supervision and inspection of transactions with related persons are strictly implemented, in accordance with the law, details are as follows:

- The conclusion and execution of transactions are subject to the approval of the Board of Directors in accordance with the provisions of the Group's Charter, Regulation on Management and Regulation on transactions with related persons, in accordance with the provisions of the Law on Business and the current Securities Law.
- At regular meetings, members of the Board of Directors discussed, presented opinions and views on transactions with related persons. For transactions that are considered to be important, the Board of Directors held an extraordinary meeting to pass a separate Resolution on transactions and be disclosed in accordance with the law.
- For regular transactions, the Board of Management submits to the Independent members of the Board of Directors, non-executive members of the Board of Directors and the Head of the Internal Audit Department for consideration and approval in accordance with regulations.
- The conclusion and execution of transactions are based on equality and voluntariness in accordance with the laws and regulations of the Group. Transactions are signed in writing, ensuring transparency and harmony of interests of shareholders and interests of parties to the transaction.

In the fiscal year 2019 – 2020, the Board of Directors reviewed and approved the policies on transactions with Related Persons of the Company. The guidelines have also been published in accordance with the current securities laws. As follows

NO	RESOLUTION NUMBER	DATE	DESCRIPTION
1	51/NQ/HĐQT/2019	17/12/2019	Approve transactions with Related Persons arising from 01/10/2018 to 30/09/2019 (fiscal year 2018 – 2019) and the proposed transaction plan arising from 01/10/2019 to 30/09/2020 (fiscal year 2019 – 2020).
2	33/NQ/HĐQT/2020	30/09/2020	Approve transactions with Related Persons arising from 01/10/2019 to 30/09/2020 (fiscal year 2019 – 2020) and the proposed transaction plan arising from 01/10/2020 to 30/09/2021 (fiscal year 2020 – 2021)

3. ASSESSMENT OF AUDITING ENVIRONMENT

3.1. STRICT CONTROL AND INTERNAL AUDIT ENVIRONMENT

Internal audit is one of the important operations at the Group, increasingly attached to production and business activities. Internal audit is an effective tool of the Board of Directors to inspect, supervise and support the operation of the Board of Management in particular and the functional units of the Group in general, to maximize the protection for the business and the interests of shareholders.

Hoa Sen Group maintains a professional system of internal audit and internal control, participates in monitoring and strictly controlling all activities of the Group in order to ensure that professional operations are in compliance with the issued process. In addition, the Group also has specialized units to carry out bidding activities, control prices... to optimize input costs for the Group.

In addition, through the Internal Audit Sub - Committees and advisory units, the Board of Directors also identifies key risks in the year, identifies business processes related to risks and assess the appropriateness of the control system as well as compliance in operational processes.

3.2. TRANSPARENT AUDIT ENVIRONMENT

Hoa Sen Group always creates a policy of creating a transparent and favorable environment for auditing and inspection activities of Independent Auditing Organizations as well as State Agencies. The data in the financial statements of the Group reflect fully and honestly the financial situation, operation of the Group and in accordance with the standards on accounting, auditing and legal regulations.

VI. REMUNERATION AND OTHER INCOME OF THE BOARD OF DIRECTORS

Remuneration of the Board of Directors in the fiscal year 2019 – 2020:

NO	NAME	REMUNERATION (VND/ MONTH)
1	Chairman of the Board of Directors	30,000,000
2	Vice Chairman of the Board of Directors	25,000,000
3	Member of the Board of Directors	20,000,000

Other income at the Group of member of the Board of Directors

NO	NAME	POSITION	REMUNERATION (VND/ MONTH)
1	Mr. LE PHUOC VU	Chairman of the Restructuring Board	12,000,000
		Vice Chairman of the Restructuring Board	9,000,000
2	Mr. TRAN NGOC CHU	Member of the Executive Board of the Group	120,000,000
		Chairman of some subsidiaries	60,000,000
		General Director	100,000,000
3	Mr. TRAN QUOC TRI	Vice Chairman of the Restructuring Board	9,000,000
		Member of the Board of Management of Hoa Sen Phu My Steel Sheet Plant	20,000,000

* **Note:** The actual salary of the positions of the Board of Management is the salary rank and business efficiency salary plus. In particular, the business performance salary will depend on the monthly production and business situation of the Group.

INVESTOR RELATIONS

The investor relations (IR) always earn specific care from the Board of Management and get direct command from the Board of Directors, Spokesman. The activities of investor relations are founded on the core values of Hoa Sen Group and in conformity with law. It is to guarantee the equity and transparency to the investors and shareholders.

Prominent IR activities in the fiscal year 2019 - 2020:

- Successfully holding the Annual General Meeting of the fiscal year 2019 - 2020
- Disclosure of information in accordance with the provisions of Circular 155/2015/TT-BTC dated October 6, 2015
- Reimburse dividend payment of fiscal year 2019-2019 according to the Resolution 01/NQ/ĐHĐCĐ/2020 of Annual General Meeting on January 13th, 2020
- Organize meetings between investors to enhance the cooperation. In fiscal year 2019 - 2020, Hoa Sen Group had more than 100 meetings from domestic and international investors for Hoa Sen Group's operations.



SHARE INFORMATION

STOCK INFORMATION

CHART OF HOA SEN GROUP STOCK PRICE IN THE FISCAL YEAR 2019 - 2020

Stock price (VND)



Source: vndirect.com.vn (Chart drawn in prices has been adjusted)

DIVIDEND PAYMENT INFORMATION

In order to implement the Resolution of General Assembly of Shareholders at Annual General Meeting held on 13/01/2020, in the fiscal year 2019 – 2020, Hoa Sen Group paid completely its dividend payment of the fiscal year 2018 – 2019. The details are as follows:

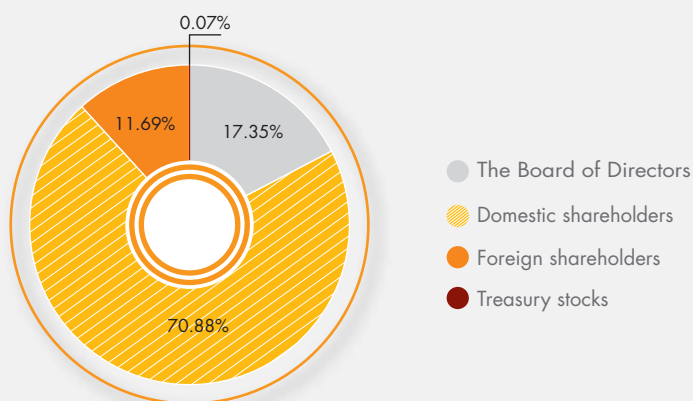
STT	ITEM	DIVIDEND PAYOUT RATIO	PAYMENT METHOD	PAYMENT DATE
1	Dividend payment by share issuance to shareholders	5% (Each shareholder owning 100 shares will receive 5 new shares)	In stock	May 27, 2020

REPURCHASE SHARES OF EMPLOYEES AS TREASURY SHARES

Pursuant to the Regulation on repurchasing shares of employees who resigned from the Group in the Regulations on issuing shares in 2017, from 25/10/2019 to 15/10/2020, Hoa Sen Group has acquired 97,700 shares of employees who resigned from the Group as treasury stocks in accordance with the provisions of the Stock Issuance Regulation 2017 and the securities law. The total number of shares after redemption is 327,100 shares

SHAREHOLDER STRUCTURE ON DECEMBER 08, 2020

NO	SHAREHOLDER	OWNING VOLUME	OWNING RATE
1	The Board of Directors	77,153,164	17.35%
2	Domestic shareholders	315,158,637	70.88%
	<i>Domestic individuals</i>	267,037,105	60.06%
	<i>Domestic organizations</i>	48,121,532	10.82%
3	Foreign shareholders	51,986,312	11.69%
4	Treasury stocks	327,100	0.07%
	TOTAL	444,625,213	100.00%



SHARE HOLDER OWNING OVER 5% OF SHARE CAPITAL ON DECEMBER 08, 2020

NO	ORGANIZATION/ INDIVIDUAL	ID CARD NO./ BUSINESS REGISTRATION CERTIFICATE NO.	ADDRESS	OWNING VOLUME	OWNING RATE
1	Mr. Le Phuoc Vu	052063000096	No. 19 Giang Van Minh Street, An Phu Ward, District 2, Ho Chi Minh City	74,342,561	16.72%
1	Hoa Sen Holdings Group	5800921584	Hamlet 2, Da M'ri Commune, Da Huoi District, Lam Dong Province	43,140,478	9.70%

FOUNDING SHAREHOLDERS

NO	FULL NAME	OWNING VOLUME	OWNING RATE
1	Mr. Le Phuoc Vu	74,342,561	16.72%
2	Mr. Hoang Duc Huy	222,337	0.05%
3	Mr. Ho Van Hoang	7,188,351	1.62%

NUMBER AND PERCENTAGE OF SHARES OWNED BY THE BOARD OF DIRECTORS ON DECEMBER 08, 2020

NO	FULL NAME	POSITION	OWNING VOLUME	OWNING RATE
1	Mr. Le Phuoc Vu	Chairman of the Board of Directors	74,342,561	16.72%
2	Mr. Tran Ngoc Chu	Vice Chairman of the Board of Directors	1,507,936	0.34%
3	Mr. Tran Quoc Tri	Member of the Board of Directors General Director	772,437	0.17%
4	Mr. Ly Van Xuan	Member of the Board of Directors	530,230	0.12%
5	Mr. Nguyen Van Luan	Member of the Board of Directors	-	0.00%
6	Mr. Dinh Viet Duy	Member of the Board of Directors	-	0.00%

NUMBER AND PERCENTAGE OF SHARES OWNED BY THE BOARD OF MANAGEMENT, CHIEF ACCOUNTANT, PERSON IN CHARGE OF CORPORATE GOVERNANCE ON DECEMBER 08, 2020

NO	FULL NAME	POSITION	OWNING VOLUME	OWNING RATE
1	Mr. Tran Quoc Tri	Member of the Board of Directors, General Director	772,437	0.17%
2	Mr. Hoang Duc Huy	Deputy General Director	222,337	0.05%
3	Mr. Vu Van Thanh	Deputy General Director	365,699	0.08%
4	Mr. Ho Thanh Hieu	Deputy General Director	511,087	0.11%
5	Mr. Tran Quoc Pham	Deputy General Director	443,215	0.10%
6	Mr. Nguyen Ngoc Huy	Deputy General Director	111,245	0.03%
7	Nguyen Tan Hoa	Deputy General Director	33,289	0.01%
8	Mr. Tran Thanh Nam	Deputy General Director	21,945	0.00%
9	Ms. Nguyen Thi Ngoc Lan	Chief Accountant	236,137	0.05%
10	Mr. Bui Thanh Tam	Person in charge of Corporate Governance	443,052	0.10%

NUMBER AND PERCENTAGE OF SHARES OWNED BY THE BOARD OF INTERNAL AUDIT ON DECEMBER 08, 2020

NO	FULL NAME	POSITION	OWNING VOLUME	OWNING RATE
1	Mr. Le Vu Nam	Head of Audit Support Department	330,090	0.07%
2	Mr. Le Dinh Hanh	Deputy Head of Audit Support Department	454,994	0.10%

NUMBER AND PERCENTAGE OF SHARES OWNED BY SHAREHOLDERS WHO RELATE TO INTERNAL SHAREHOLDERS ON DECEMBER 08, 2020

NO	FULL NAME	RELATED SHAREHOLDERS	RELATIONSHIP WITH INTERNAL SHAREHOLDERS	OWNING VOLUME	OWNING RATE
1	Mr. Le Phuoc Vu	Tam Hy One Member Limited Liabilities Company	Mr. Le Phuoc Vu is the owner of the company	9,187	0.00%
		Hoa Sen Holdings Group	Mr. Le Phuoc Vu is the owner of the company	43,140,478	9.70%
2	Mr. Ly Van Xuan	Ms. Vo Thi Son Ca	Spouse	108,976	0.02%
		Mr. Ly Hoang Long	Son	90,956	0.02%
		Mr. Ly Khanh Van	Daughter	178,938	0.04%
3	Mr. Hoang Duc Huy	Mr. Hoang Duc Hoang	Em	11,820	0.00%
		Mr. Hoang Duc Canh	Em	13	0.00%
4	Mr. Nguyen Van Luan	Ms. Nguyen Thi Lai	Con	542	0.00%

RISK MANAGEMENT

“ In order to minimize possible risks in business operations, the Group has built a strategy of risk management, which not only guarantees business objectives but also creates competitive advantage in order to ensure the Group’s best operation. The establishment of the functional units such as Internal Control Division, Legal Division, Valuation Division and Purchasing Division aim to control the possible risks and make the positive outcomes in business operation and supervision of the Group. ”

In addition, Hoa Sen Group has issued the flowchart of "Risks Identification and Risks Assessment Process" for guiding the implementation of risks identification and risks assessment, thereby issuing proper control measures to minimize the possibility of risks, stabilize the business operations of the Group, and create comfortable workplace for employees.



RISKS IN BUSINESS ACTIVITIES

Identifying: The economic growth rate is a factor that directly affects the aggregate demand. As the economy grows, the demand of steel and building materials products including the demand of Hoa Sen Group products will also increase. Otherwise, when the economy goes down, the demand of using steel and building material products will decline.

Assessing, supervising and managing risks:

Therefore, the Group has always prepared operational scenarios in order to actively respond to any situations to ensure the most efficient business operations.

- The Group imports the majority of hot rolled coils (the main raw materials) from foreign countries, therefore watch and analysis of hot rolled coils’ domestic and international price to select the right time to buy with the reasonable price and to limit of raw material risks that are particularly attended by the Board of Directors and the Board of Management.

- The fluctuation of selling price in the market directly affects Hoa Sen Group’s business activities. Therefore, the flexible selling price policy in accordance with the fluctuation of market price is always considered and adjusted by the Board of Directors and the Board of Management due to the market situation at specific time.

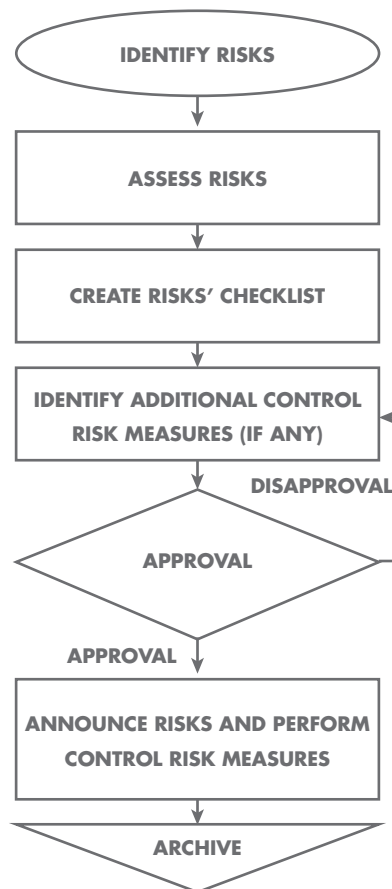


Chart of "Risks Identification and Risks Assessment Process"

RISKS IN PRODUCTION ACTIVITIES

Identifying: In production activities, Hoa Sen Group always focuses on reviewing, improving and standardizing the consumption norms of raw materials in order to optimize the products' cost.

Assessing, supervising and managing risks:

- The Valuation Division and Purchasing Division co-ordinate and consider in selecting suppliers of the raw materials which have suitable quality and reasonable price in order to minimize the raw material risks. Simultaneously, the Internal Control Division will recheck all the expenses of buying raw materials to guarantee the integrity, accuracy and transparency.
- The Group always has regular and periodic maintenance and repair schedules so that machinery and equipment are always in the best condition in order to ensure safe and efficient operation.

FINANCIAL RISKS

Identifying: In production and business activities, the Group may be subjected to risk of exchange rate, risk of interest rate, risk of bad debts and risk of liquidity.

Assessing, supervising and managing risks:

- Basing on the export revenue, the Board of Management balances structure of borrowings in VND and USD to ensure the lowest average interest rate but still has enough USD to payback the foreign currency loans. The borrowing structure is submitted to the Board of Directors to consider and supervise monthly in order to minimize impact of the risk of interest rate and the risk of exchange rate.
- For new customers, the Group requires payment guarantee from bank for delivery. For traditional customers, the Group issues debt limit for each customer in each period based on

financial situation, collateral, transaction reputation of each customer and proposal of sales units. The Board of Management reviews the debt limit monthly. The sales units are responsible for collecting the debts on time. The Internal Control Division inspects, supervises, and reports to the Board of Management the debts which need to be collected daily. If bad debts occur, the Legal Division will implement some measures to collect the debts including suing measure

- The Financial Division creates and reports on schedule of cash flow weekly so that the Board of Management has flexible business operating measures in order not to have overdue payables.

RISKS OF CHANGING POLICY

Identifying: Legal documents in the field of business and securities have been in the process of improvement so that changing policy can always happen and they can somehow affect to management, production, and business activities of Hoa Sen Group.

Assessing, supervising and managing risks:

The Assistant Board takes responsibility in updating and consulting new legal documents to minimize risk of changing policy which can affect directly to production and business activities of the Group.

OTHER RISKS

Other risks include unavoidable risks such as natural disasters, fires, accidents, etc.

Assessing, supervising and managing risks: The Group always buys 24/24 accident insurance for all employees and the asset insurance of the Group.



ORGANIZATION AND HUMAN RESOURCES

OVERVIEW OF WORKFORCE

THE TOTAL EMPLOYEES

As of September 30, 2020, Hoa Sen Group's total number of employees is 7,209 people.



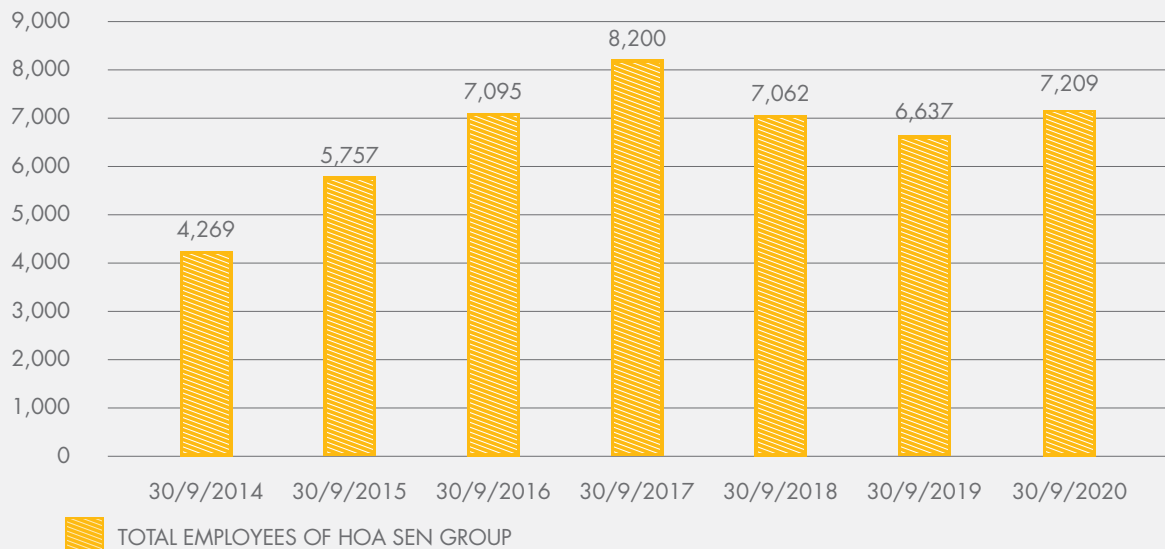
TOTAL EMPLOYEES OF HOA SEN GROUP

7,209

PEOPLE



CHART ON EMPLOYMENT IN HOA SEN GROUP OF THE PAST 07 FISCAL YEARS



STRUCTURE BY EDUCATION IN THE FISCAL YEAR 2019 - 2020

Chart of structure by education at September 30, 2020

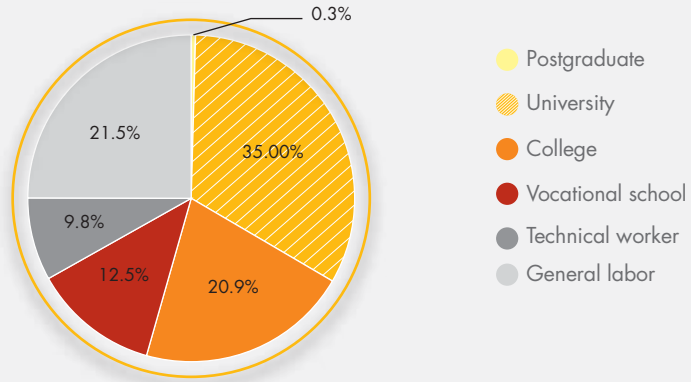
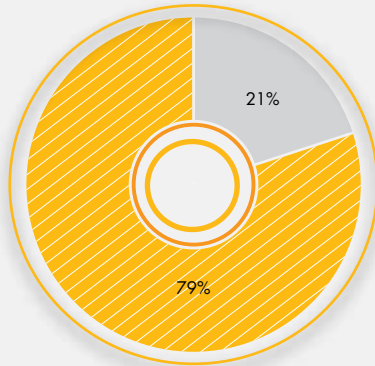


CHART OF STRUCTURE BY GENDER

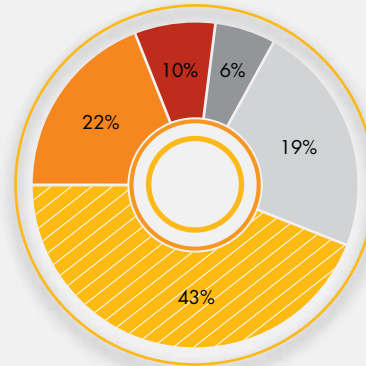
CHART OF STRUCTURE BY GENDER AT SEPTEMBER 30, 2020



- Female
- Male

Chart of structure by gender of Hoa Sen Group at September 30, 2020

CHART OF STRUCTURE BY AGE OF HOA SEN GROUP AT SEPTEMBER 30, 2020

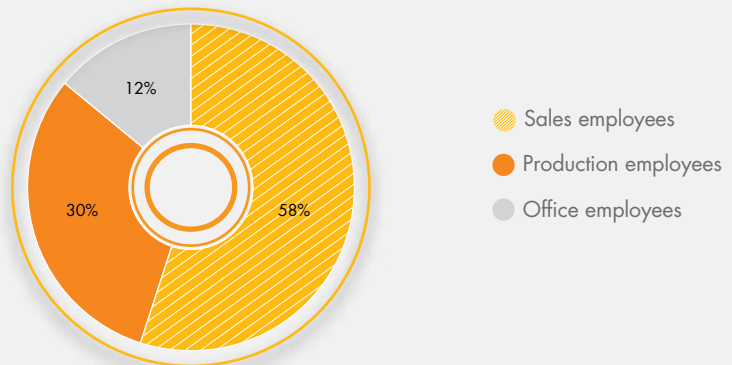


- Under 25
- 25 - under 30
- 30 - under 35
- 35 - under 40
- From and above 40

Chart of structure by age of Hoa Sen Group at September 30, 2020

CHART OF STRUCTURE BY FUNCTIONS OF HOA SEN GROUP AT SEPTEMBER 30, 2020

Chart of structure by functions of Hoa Sen Group at September 30, 2020



- Sales employees
- Production employees
- Office employees

SALARY, BONUS, BENEFITS AND OTHER BENEFITS FOR EMPLOYEES IN THE FISCAL YEAR 2019 - 2020

SALARY, BONUS, BENEFITS AND OTHER BENEFITS FOR EMPLOYEES IN THE FISCAL YEAR 2019 - 2020

Strictly complying with the provisions of law, the collective labor agreement was signed to ensure the legitimate rights and interests of the employees and employers.

In the collective labor agreement, employer is responsible for solutions of stable production, business development in order to guarantee labor's jobs; increase income; fulfill conditions, policies of employee's development and training, salary and welfare; create working environment safety, comfortably, and labor-oriented benefits.

Employees, on the contrary, have to complete assigned work; comply with working rules and the Group's regulations; propose new ideas applying for business operations; commit working after training according to sponsored training costs; compliance strictly labor discipline of safety, hygiene, and fire prevention.

The agreement was negotiated and signed by the representatives of employee and employer on the principle of

voluntariness, equality and publicity.

Besides the collective labor agreement, leading to sustainable development, Hoa Sen Group also focuses on building harmonious relationship between employer and employee as follows:

- Holding conversations with labor periodically;
- All employees are signed labor contract in accordance with legislation;
- Reporting business performance periodically;
- Explaining clearly purpose of evaluation and ranking employees;
- Responding to employee's issues in division meetings;
- All employees are treated equality and protected from any discrimination in work and career.

Hoa Sen Group commits never employ child labor and forced labor in any circumstance.

SALARY, BONUS, BENEFITS POLICY

• Salary and support policy

- The fiscal year 2019 - 2020 is a challenging economic year not only for the global economy, Vietnam economy and construction materials industry in general but also for Hoa Sen Group in particular. However, the Board of Directors has had practical and effective solutions to take the Group through the most difficult times. One of the effective solutions is to promulgate, amend and supplement a number of salary policies to suit the business situation in each period to ensure the income of employees throughout the Group.

- Supports such as support for gasoline, housing, transportation, telephone, branches under difficult circumstances, remote areas, maternity support, etc. are maintained as before. These are an additional monthly income that will motivate and help employees work more effectively.

• Insurance and other welfare policy

- Since employees become official employees of the Group, the social insurance, health insurance and unemployment insurance are performed by the Group in accordance with government stipulations to ensure all employees receive fully these types of insurance. Hoa Sen Group has adjusted the minimum salary for employees in accordance with the Government's regulations in January 2020. In addition, the Group has paid 24/24 accident insurance for all employees (including official employees and probationary employees) with the maximum coverage of 200,000,000 VND/person.

- In addition to the implementation of flexible salary, bonus and insurance policies according to legislation, the Group applies other welfare to employees including: organizing cultural, arts and sports activities to improve the spiritual life of employees on anniversaries, building communal canteens serving daily meals for workers and employees, providing uniform for employees, fully equipped with labor protection equipment in accordance with the law; shuttle bus for staff, supporting for female employees on International Women's Day and Vietnamese Women's Day, maternity support,

support for employees when married, support for employees in mourning...

- In conjunction with the Labor Union, Hoa Sen Group also cares and takes care of the lives of employees in difficult circumstances, supporting vehicles to bring employees to their hometowns to celebrate Tet, giving gifts to employees' children every year on the occasion of International Children Day.

- In production and business activities, the Group always strictly complies with the provisions of law on safety, health and environmental protection, proactively preventing damage to people, properties and environment. Specifically, every year all staffs of the Group and employees joining directly in production have been well provided with knowledge and safety skills in production by organizing training courses relating to safety in production such as first aid, labor safety, radiation safety, and chemical safety, electric safety, lifting equipment safety, fire prevention and fighting. In addition, Hoa Sen Group always takes care of employee's health and working safety. In each fiscal year, the Group organizes periodic health examination and advices effective treatments depending on examination's results in order to ensure employees working comfortably. The Company has actively implemented and always complied with the laws of environmental regulations such as: every year, the Group promulgates the policy of Quality - Environment and Occupational Health Safety with the purpose of ensuring safety in labor production and environmental protection.

- In addition to receiving payment from the Social Insurance agency or the accident insurance 24/24 as prescribed, the Group also supports treatment costs, the compensation/subsidy. Depending on the severity of the occupational accidents, the Group also has its own supportive policies to compensate, motivate and to rebuild the labor force for the employees.

- Worthy fostering policy for employees working in heavy, hazardous and poor working environment shall also be implemented in accordance with current regulations.

BUILDING FRIENDLY AND DEVELOPMENT WORKING ENVIRONMENT

- In addition to building appropriate salary, bonus and welfare policies, working environment is also an important factor for employees to stick with the business. Therefore, Hoa Sen Group always strives to maintain and build a friendly and united working environment by organizing activities to associate employees with each other as well as between employees and the Group.

- The Labor Union in collaboration with Hoa Sen Group organized arts, sports activities as follows:



The 1st prize in the final round of Golden Lotus singing



Mini football championship cup "Lotus Champions League 2019"



- Hoa Sen Sports Festival 2019

- On the occasion of International Women's Day and the founding of Vietnam Women's Union, the Group offered gifts to all female employees and also held a warm meeting.



- Honoring the female managers of the Parent Company on October 20

- As in previous years, the Group cooperated with Labor Union to give gifts to employee's children of the International Children's Day, organized the Mid-Autumn Festival for Hoa Sen Group's employee's children.



- Mid-Autumn Festival for Hoa Sen Group's employee's children



- Fire and rescue trial operations on October 24, 2020

RECRUITMENT AND TRAINING



RECRUITMENT WORK

With the core value of "Honesty - Community - Development" and a typical culture of "10 T's", people are considered an important factor to create the sustainable development of an enterprise. During the past years, the policy of recruitment and human resource development has always been a key factor that Hoa Sen Group focuses on in order to build a high-quality human resources team to meet production and business activities of the Group.

In the fiscal year 2019 - 2020, marking a turning point in recruitment by synchronously applying a new recruitment process, closer to the actual needs of the Group, has quickly solved the human resource needs for the entire Group in both quantity and quality. With the right human resource orientation and strategy, Hoa Sen Group has promoted widespread and flexible communication by applying various forms of recruitment, combining traditional methods and applying technology. Thereby, the Group has recruited a team of dedicated and experienced personnel who are not lacking in youth, dynamism and creativity.

In the fiscal year 2019 - 2020, the Group continues to implement and promote communication and recruitment image building through participation in career counseling programs, job fairs, etc. at Universities/ Colleges across the country. In addition, the Group also constantly focuses on cooperating with reputable recruitment agencies, while making use of the effectiveness of the media to reach the maximum source of potential candidates, bringing the brand image closer to employees. In the poll "Top 100 most favorite employers in 2019" organized by CareerBuilder, Hoa Sen Group continues to be honored as the leading recruitment brand in the field of Construction - Building materials. Thereby, it can be seen that Hoa Sen Group has been interested, trusted and chosen by many candidates as a place of career development because of its professional working environment and core cultural values that we are always aiming for.

TRAINING WORK

In addition to communication and recruitment branding to attract and approach potential candidates, the Group also constantly focuses on training to develop and retain current talents, improve the quality of human resources and efficiency in human resource management.

With the goal of building a team of personnel with enough knowledge, skills and capabilities to meet each job position, in addition to periodic training courses in accordance with the law, the Group also regularly organize courses to improve skills, expertise and professional knowledge for the whole Group across the country.

In particular, in the fiscal year 2019 - 2020, the Group has focused on promoting the organization of training courses "Next generation staff for the Distribution System" in order to build an succession management team for appointment to the following positions of Store Manager, Director/Deputy Director of the Provincial Branch of the Distribution System. With a scientifically designed training program framework, combining theory and practical experiences, it helps to equip employees with professional knowledge as well as necessary skills to meet job requirements.

In addition, in order to improve the quality of teaching and learning while reducing expenses and enhancing management efficiency in training, the Group also flexibly organizes forms from direct training at Branches/Stores, regional focused training, online training through technology applications, etc. Along with the development of information technology, the Group has been applying the E-Learning online training system, applying and integrating modern technology into teaching will help employees be more proactive in learning and tracking individual learning paths. In addition, the system also helps the management of training more closely, quickly and conveniently.

SUBSIDIARIES AND AFFILIATED COMPANIES

HOA SEN GROUP'S SUBSIDIARIES



HOA SEN PHU MY STEEL SHEET PLANT

BRANCH OF HOA SEN GROUP



GENERAL INFORMATION

Address	Street No.1B, Phu My I Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province
Telephone	(0254) 3 924 790 – Fax: (0254) 3 924 795
Business Registration Certification	No. 3700381324-095 issued by the Department of Planning and Investment of Ba Ria – Vung Tau Province on July 19 th , 2010. The 5 th amendment was on August 3 rd , 2016
Legal Representative	Mr. PHAM VAN CHUNG
Business Activities	Producing galvanized steel sheet, aluminum-zinc alloy coated steel sheet, pre-painted galvanized steel sheet and other alloy coated steel. Producing cold rolled coils and hot rolled coils
Hoa Sen Group owns	100%

INTRODUCTION

Hoa Sen Phu My Steel Sheet Plant was established on July 19th, 2010 on the area of 16.7 hectares including workshops, office, 110kV transformer station, waste water treatment and water recycling system. Moreover, the plant which is vertically integrated value chain and applies the most modern technology in steel industry in Vietnam was invested with the lowest capital expenditure and constructed in the shortest time yet keep the quality of the construction.

Hoa Sen Phu My Steel Sheet Plant is one of the largest plants in South East Asia with the total capacity of 1.200.000 tons/year.

HOA SEN PHU MY STEEL SHEET PLANT
IS ONE OF THE LARGEST PLANTS IN
SOUTH EAST ASIA

WITH THE TOTAL CAPACITY OF
TONS/YEAR

1,200,000

HOA SEN STEEL SHEET ONE MEMBER LIMITED LIABILITIES COMPANY



GENERAL INFORMATION

Address	No. 9 Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An Town, Binh Duong Province
Telephone	(0274) 3 737 200 - Fax: (0274) 3 737 904
Charter capital	VND 280,000,000,000 (Two hundred and eighty billion VND)
Business Registration Certificate	No. 3700763651 issued by the Department of Planning and Investing of Binh Duong Province on December 24 th , 2007. The 9 th amended was on September 26, 2018
Legal representative	Mr. TRAN NGOC CHU - Chairman
Director	Mr. NGUYEN TAN HOA
Business activities	Production of cold rolled coils, mechanical processing, handling and metal coating.
Hoa Sen Group owns	100%

INTRODUCTION

Hoa Sen Steel Sheet One Member Limited Liabilities Company was established on November 9th 2016 (precursor is Hoa Sen Steel Sheet Joint Stock Company). The company's principal activities are manufacturing and trading cold rolled coils. It is the first subsidiary of Hoa Sen Group. On December 24th, 2007, the Company was renamed to Hoa Sen Steel Sheet One Member Limited Liabilities Company.

On December 27, 2012, it established the first branch with the name of Branch Hoa Sen Steel Sheet One Member Limited Liabilities Company – Phu My Cold Rolling Mill.

Việc đưa dây chuyền cán nguội vào hoạt động tại Công ty - Putting cold rolling line into operation created an important link on the chain of the Group's core competitive advantages and supplied the majority of input materials for galvanizing line and steel pipe lines of Hoa Sen Group.

PUTTING COLD ROLLING LINE INTO OPERATION CREATED AN IMPORTANT LINK ON THE CHAIN OF THE GROUP'S CORE COMPETITIVE ADVANTAGES

CHARTER CAPITAL

280

BILLION VND

HOA SEN BUILDING MATERIALS ONE MEMBER LIMITED LIABILITIES COMPANY



GENERAL INFORMATION

Address	2B Street, Phu My I Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province
Telephone	(0254) 3 923 231 - Fax: (0254) 3 923 230
Charter capital	VND 150,000,000,000 (One hundred and fifty billion VND)
Business Registration Certificate	No. 3500786179 issued by the Department of Planning and Investment of Ba Ria - Vung Tau Province on December 18 th , 2007. The 12 th amended was on September 08, 2018
Legal representative	Mr. TRAN NGOC CHU - Chairman
Director	Mr. CAO QUANG SANG
Business activities	Manufacturing and trading building material products including billet strip, galvanized steel pipes, truss bar, hollow bar, batten bar, plastic pipes and accessories uPVC, solvent cement for uPVC pipes, Hoa Sen HDPE and PPR pipes.
Hoa Sen Group owns	100%

WITH THE AIM OF BECOMING THE LEADING MANUFACTURER – SUPPLIER OF STEEL PIPES, PLASTIC PIPES AND BUILDING MATERIALS IN VIETNAM AND SOUTH EAST ASIA REGION, HOA SEN BUILDING MATERIALS ONE MEMBER LIMITED LIABILITIES COMPANY DEPLOYED THE INVESTMENT PLAN PARTIALLY AND SUCCESSFULLY DEVELOPED FOR THE PAST FEW YEARS.

INTRODUCTION

Hoa Sen Building Materials One Member Limited Liabilities Company is an subsidiary of Hoa Sen Group and was established on December 18th, 2007 with the initial charter capital of VND 150 billion. The head office and main factories are located in the area of 10.8 hectares at Phu My I Industrial Park, Ba Ria – Vung Tau Province. It is in charge of producing – supplying the core products of Hoa Sen Group as billet strip, galvanized steel pipes, plastic pipes, accessories, solvent cement for uPVC, Hoa Sen HDPE and PPR pipes, ect.

Up to now, the Company has put into operation the Slitting Plant with modern production lines with a total capacity of nearly 600,000 tons / year; Hoa Sen Phu My Steel Pipe Plant with 23 production lines, total capacity of over 350,000 tons / year; Hoa Sen Phu My Plastic Plant with: 25 uPVC plastic pipe production lines, capacity of 50,000 tons / year; 33 plastic pipe accessories production lines, capacity of 3,600 tons / year; 3 HDPE and PRR production lines with a capacity of 6,000 tons / year; 2 production lines of electric conduits and elastic conduit

(coils), capacity of 1,360 tons / year. Accordingly, the production systems are operated automatically with the closed production process and managed strictly according to international quality standards.

Under the prudent business strategy, the products of the company is gradually acknowledged by customers and widely used in healthcare, food, industry, telecommunication, construction, drainage and other civil area. They are introduced to the customers by the Group's distribution channels as the retail distribution network, wholesaler network, agents, nationwide construction and the export to other countries.

With all achievements, the company endeavours continuously to satisfy consumers with high quality products, to response timely the demands of quantity and service and to be one of the leading manufacturer – supplier of building materials in both domestic and Asia-Pacific region in the future.

HOA SEN PHU MY ONE MEMBER LIMITED LIABILITIES COMPANY



GENERAL INFORMATION

Address	1A Street, Phu My I Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province, Vietnam
Telephone	(0254) 3 890222
Charter capital	VND 250,000,000,000 (Two hundred fifty billion VND)
Business Registration Certificate	No. 3502313442 issued by the Department of Planning and Investment of Ba Ria – Vung Tau on August 8 th , 2016. The 6 th amended was on June 21, 2017
Legal representative	Mr. TRAN NGOC CHU - Chairman
Director	Mr. NGUYEN VAN TRUONG
Business activities	Manufacturing hot dip galvanized steel pipes.
Hoa Sen Group owns	100%

INTRODUCTION

Hoa Sen Phu My One Member Limited Liabilities Company is a subsidiary of Hoa Sen Group that was established on August 8th, 2016 with the initial charter capital of 250 billion VND. The head office and plants are located in an area of 5.3 hectares at Phu My I Industrial Park, Phu My Ward, Phu My Town, Ba Ria – Vung Tau Province.

Hoa Sen Phu My Company plays the role of manufacturing – supplying the key product of Hoa Sen Group as the hot-dip galvanized steel pipes with the capacity for the first phase of 85,000 tons/year. The hot-dip galvanized steel pipes plant is expected to be in operation in the early 2018 and provide high quality products to the consumers, enhancing the production capacity of the Group.

DESIGN CAPACITY OF
PHASE I REACHED

85,000

TONS/ YEAR

HOA SEN BINH DINH ONE MEMBER LIMITED LIABILITIES COMPANY



GENERAL INFORMATION

Address	Lot A1.1 and TT 6.2&7, Nhon Hoa Industrial Park, Nhon Hoa Ward, An Nhon Town, Binh Dinh Province.
Telephone	(0256) 3 738 991
Charter Capital	VND 105,000,000,000 (One hundred and five billion VND)
Legal Representative	Mr. HO THANH HIEU - Chairman
Director	Mr. LE XUAN PHONG
Business Activities	Manufacturing building materials including steel pipes, galvanized steel pipes, plastic pipes and accessories.
Hoa Sen Group owns	100%

INTRODUCTION

Hoa Sen Binh Dinh One Member Limited Liabilities Company is a Hoa Sen Group's subsidiary established on May 14th, 2014 with 105 billion VND in charter capital. The company operation is under control of Hoa Sen Group in capital, brand, retailer and core competitive advantages.

The company was invested with modern technology in production in Nhon Hoa Industrial Park, An Nhon Town, Binh Dinh Province with total area of 8.3 hectares. Hoa Sen Binh Dinh One Member Limited Liabilities Company plays important role on

boosting steel pipes and plastic pipes supply to Central region market and export to Laos, Thailand, ...

In order to implement expanding plan of supply network as well as increase production capacity to response the demand of steel pipe increasingly in Central market, on December 2014, the company put into operation the steel pipes plant, including 9 steel pipe lines with the most advanced technology.

In January 2016, the uPVC

plastic pipe plant with capacity of 12,000 tons/year was officially into operation and yields the high quality plastic products in response to the demand of the Central and Western Highlands markets.

By applying advanced technology, strict quality management process and inquiring mind, Hoa Sen Binh Dinh One Member Limited Liabilities Company commits to bring solely high quality products to customers as deserving of Vietnam Value award.

HOA SEN NHON HOI – BINH DINH ONE MEMBER LIMITED LIABILITIES COMPANY



GENERAL INFORMATION

Address	Nhon Hoi B Industrial Park, Hoi Son Hamlet, Nhon Hoi Commune, Quy Nhon City, Binh Dinh Province, Vietnam.
Telephone	(0256) 222 0001
Charter capital	VND 770,000,000,000 (Seven hundred and seventy billion VND)
Business Registration Certificate	No. 4101453370 issued by the Department of Planning and Investment of Binh Dinh Province on November 26 th , 2015. The 4 th amendment was on May 22, 2018
Legal representative	Mr. HO THANH HIEU – Chairman
Director	Mr. TRUONG TAN DAT
Business activities	Manufacturing roofing sheets made of galvanized steel, aluminum zinc alloy steel, pre-painted galvanized steel and other alloys; Manufacturing steel pipes, galvanized steel pipes, steel pipes coated with other alloys; Manufacturing galvanized wire mesh, galvanized steel wire, steel wire of all kinds; Manufacturing stainless steel and inox.
Hoa Sen Group owns	100%

INTRODUCTION

Hoa Sen Nhon Hoi – Binh Dinh One Member Limited Liabilities Company is one of the subsidiaries of Hoa Sen Group, established on November 26, 2015. As of September 30, 2018, the total area of the entire Hoa Sen Nhon Hoi - Binh Dinh Plant is 218,481.54 m², located in Nhon Hoi B Industrial Park, Hoi Son Hamlet, Nhon Hoi Commune, Quy Nhon City, Binh Dinh Province, Vietnam.

The plant is invested in a modern machinery and equipment system, specializing in producing Hoa Sen steel, steel sheet products, applied in the fields of construction, civil, ...

Under the direction of the Board of Directors, Hoa Sen Nhon Hoi - Binh Dinh Steel Plant Project is in the process of completing the second phase, which is expected to complete

all items by the end of 2018, increasing the total production and supply capacity of the Group to over 40,000 tons / month with 01 Pickling Line, capacity of 800,000 tons / year, 01 Cold Rolling Line with a capacity of 350,000 tons / year, 02 Galvanizing / Aluminium Zinc Coating Lines with total capacity of 430,000 tons / year, 02 Color Coating Lines with total capacity of 195,000 tons / year, 01 Acid Regeneration Line with a capacity of 5,000 liters / hour and more than 6,000 tons of metal oxide / year. Besides, there are other auxiliary items. With the strong investment of modern production lines, machinery and equipment along with the orientation to take quality as a prerequisite to

increase the competitiveness of products, the plant has met the demand for consumption at Central and Central Highlands markets. Not only stopping in the domestic market, on May 8, 2018, for the first time, Hoa Sen Nhon Hoi - Binh Dinh Plant exported about 12 million USD of shipment to Europe to mark a new development step in the export operation of the plant, contributing a part of Hoa Sen Group's output in the international market, affirming the capacity of the plant's production lines that can meet the strict requirements of the customers both in the domestic and international market.

HOA SEN NGHE AN ONE MEMBER LIMITED LIABILITIES COMPANY



GENERAL INFORMATION

Address	Lot CN 1-8, Dong Hoi Industrial Park, Quynh Lap Commune, Hoang Mai Town, Nghe An Province, Vietnam
Telephone	(0238) 3 668 112
Charter capital	VND 1,100,000,000,000 VND (One thousand one hundred billion VND)
Business Registration Certificate	No. 2901788319 issued by the Department of Planning and Investment of Nghe An Province on June 12 th , 2015. The 8 th amendment was on June 12, 2018
Legal representative	Mr. VU VAN THANH – Chairman
Director	Mr. NGUYEN MINH PHUC
Business activities	Producing roof plate by galvanized steel sheet, aluminum-zinc alloy coated steel sheet, pre-painted galvanized steel sheet and other alloy coated steel, cold rolled coils.
Hoa Sen Group owns	100%

INTRODUCTION

Hoa Sen Nghe An One Member Limited Liabilities Company – one of Hoa Sen Group subsidiaries, was established on June 12th, 2015. The head office and main factory are located in Lot CN 1-8, Dong Hoi Industrial Park, Quynh Lap Commune, Hoang Mai Town, Nghe An Province. Business activities: Producing roof plate by galvanized steel sheet, aluminum-zinc alloy coated steel sheet, pre-painted galvanized steel sheet and other alloy coated steel, cold rolled coils.

On June 19th, 2015, Hoa Sen Nghe An One Member Limited Liabilities Company officially started Hoa Sen Nghe An Plant Project with a total capacity of production lines up to 01 million tons of products per year on a land area of 45 hectare. Total investment capital of the project is VND 7,000 billion. The project is divided into 3 phases and implemented within 36 months. Up to the present time, Hoa Sen Nghe An

Plant Project has basically completed the stages of the closed production process from raw materials of hot rolled steel to output products of steel – steel sheet, increasing the total production and supply capacity of the Company to over 80,000 tons of products / month with 01 Pickling line, capacity of 800,000 tons / year, 02 Cold rolling lines with total capacity of 800,000 tons / year, 03 NOF coating line with a total capacity of 1,000,000 tons / year, 02 Color coating lines with a total capacity of 240,000 tons / year, 02 Slitting lines with a capacity of 200,000 tons / year, 01 Trimming line with a capacity of 400,000 tons / year, 01 Acid regeneration line with a capacity of 5,000 liters / hour and other auxiliary items.

Putting the production lines into operation timely has met the demand

in the North Central market. Hoa Sen products are also present in some countries that are considered "most difficult" about product quality requirements such as America, Europe and India ... with total export volume reaching from average 15,000 to 20,000 tons/ month.

In parallel with the completion of the closed production process, Hoa Sen Nghe An constantly invests in improving modern technology to bring the best quality products, reduce raw materials consumption, reduce costs. At the same time, the standard system of product quality, environment and health has been deployed by Hoa Sen Nghe An, contributing to help Hoa Sen products affirm its solid position in the international market.

BRANCH OF HOA SEN NGHE AN ONE MEMBER LIMITED LIABILITIES COMPANY AT NAM CAM



GENERAL INFORMATION

Address	Nam Cam Industrial Park, Nghi Xa Commune, Nghi Loc District, Nghe An Province
Telephone	(0238) 3 798 555
Business Registration Certification	No. 2901788319-001 issued by the Department of Planning and Investment of Nghe An Province on September 28, 2016, first amended on October 11, 2017
Director	Mr. HO MANH HUNG
Business activities	Manufacturing steel pipes, galvanized steel pipes and other alloy coated steel pipes; manufacturing steel purlins, galvanized purlins.

INTRODUCTION

Branch of Hoa Sen Nghe An One Member Limited Liabilities Company at Nam Cam (precursor is Hoa Sen Nam Cam – Nghe An One Member Limited Liabilities Company) officially put into operation 6 steel pipes lines with total capacity of 82,800 tons/year in April 2015, which boosted the production capacity and the supplying potentiality of By investing advanced technology and tight control from the input materials to the output finished products to meet the international

quality standards as ASTM500 (U.S standard), JIS 3444:2010 (Japanese standard), the steel pipes products are expected to increase their competitiveness in both domestic and foreign markets.

TOTAL DESIGN
CAPACITY REACHES

82,800

TONS/YEAR

HOA SEN HA NAM ONE MEMBER LIMITED LIABILITIES COMPANY



GENERAL INFORMATION

Address	Thanh Liem Industrial Zone, Kien Khe Town, Thanh Liem District, Ha Nam Province
Telephone	(0226) 3 777 555
Charter Capital	VND 200,000,000,000 (Two hundred billion VND)
Business Registration Certificate	No. 0700759219 issued by the Department of Planning and Investment of Ha Nam Province on September 15 th , 2015, the 1 st amended on March 11, 2016
Legal Representative	Mr. VU VAN THANH – Chairman
Director	Mr. DAU DINH THUC
Business activities	Manufacturing galvanized steel pipes, steel strips, HDPE, PPR, uPVC plastic pipes, plastic accessories and plastic pipe adhesives
Hoa Sen Group owns	100%

INTRODUCTION

Hoa Sen Ha Nam One Member Limited Liabilities Company was established on September 15th, 2015 with the charter capital of 200 billion VND. The main office and plant are located in a 20.4 hectare area on Kien Khe I Industrial Zone, Ha Nam Province.

Hoa Sen Ha Nam plant is a key project of the expanding productivity plan of Hoa Sen Group. The plan is to assert Hoa Sen position in domestic market by consolidating the Southern market and advancing to the Northern one.

Hoa Sen Ha Nam Plant Project is one of the key projects in order to expand production of Hoa Sen Group. This is one of the key strategies of Hoa Sen

Group. The construction of Hoa Sen Ha Nam Plant will contribute to improve production capacity and optimize the ability of Hoa Sen Group to supply steel pipes and plastic pipes, especially meeting market demand in the North.

The upgrade of Hoa Sen Ha Nam plant will contribute to improve the productivity, maximize the supply capacity of the steel pipes and plastic pipes to reach the demand of the Northern market. In addition, the enhancement of the producing system as well as the distribution and retail network enables Hoa Sen Group's products reach the

customers more conveniently.

The company is now in charge of manufacturing – supplying the main products of the Group as galvanized steel pipes, plastic pipes, solvent cement for PVC pipes, HDPE pipes, PPR pipes and other Hoa Sen accessories. The finished product must be satisfied the 4 requirements “international standard quality, reasonable price, fast delivery and excellent after-sale service” along with 04 commitments “Right price, Right Standard, Right Quality, Warranty”.

HOA SEN YEN BAI BUILDING MATERIALS ONE MEMBER LIMITED LIABILITIES COMPANY



GENERAL INFORMATION

Address	Dong Danh Commune, Minh Quan Village, Tran Yen District, Yen Bai Province
Telephone	(0216) 2220 789
Charter capital	VND 50,000,000,000 (Fifty billion VND)
Business Registration Certificate	No. 5200870602 issued by the Department of Planning and Investment of Yen Bai Province on January 6, 2017, the 01 st amended on April 02, 2018.
Legal representative	Mr. VU VAN THANH - Chairman
Director	Mr. LE VAN PHUOC
Business activities	Manufacturing steel products as: black steel pipes, galvanized steel pipes/ aluminum-zinc alloy coated steel pipes...
Hoa Sen Group owns	100%

INTRODUCTION

Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company is the investor of Hoa Sen Yen Bai plant project, which started on March 1st, 2017 at Dong Danh Hamlet, Minh Quan Commune, Tran Yen District, Yen Bai Province (next to IC12 intersection of Noi Bai – Lao Cai highway). This is the first plant of Hoa Sen Group in the North West region. The plant is invested with modern equipment and advanced technology that specialized in producing the

galvanized steel pipes, which have civil and construction work application.

In December 2017, the plant completed Phase 1 and officially put into operation 6 steel pipe lines with the capacity of 80,200 tons/year. This should help Hoa Sen Group improve their productiveness and attain the market demand in the North West region, which is in line with the growing strategy of Hoa Sen Group.



GROUP OF SUBSIDIARIES TO CARRY OUT OTHER PROJECTS

HOA SEN DU LONG INDUSTRIAL PARK INFRASTRUCTURE INVESTMENT JOINT STOCK COMPANY

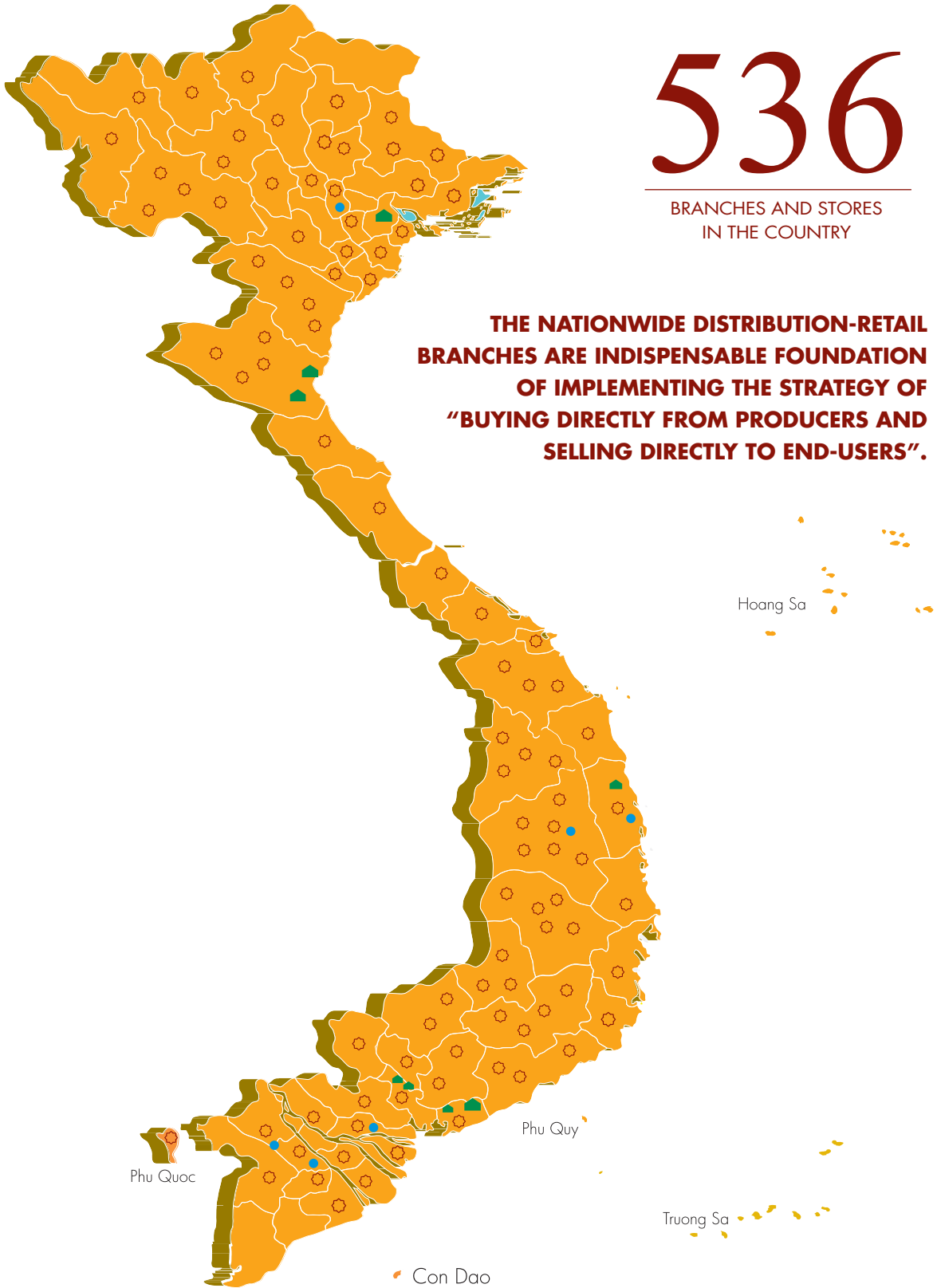
Address	No.4 Phan Dinh Giot Street, My Hai Ward, Phan Rang – Thap Cham City, Ninh Thuan Province
Telephone	(0259) 3 833 969
Charter capital	VND 47,080,240,000 (Forty seven billion eighty million two hundred and forty thousand VND)
Business Registration Certificate	No. 4500272658 issued by the Department of Planning and Investment of Ninh Thuan Province. The 04 th amendment was on April 06, 2018
Legal representative	Mr. TRAN NGOC CHU – Chairman of the Board of Directors
Business activities	Trading real estate and land use right belong to owner, user or leaseholder Detail: - House trading (except receiving the land use right for investment of the infrastructure construction according to the housing construction plan to change the right) - Office and storage leasing in the industrial zone - Buoys and anchors trading - Industrial park infrastructure trading, real estate trading
Hoa Sen Group owns	95%

HOA SEN YEN BAI JOINT STOCK COMPANY

Address	Group 48, Dong Tam Ward, Yen Bai City, Yen Bai Province
Charter Capital	VND 120,000,000,000 (One hundred twenty billion VND)
Business Registration Certificate	No. 5200861319 issued by Department of Planning and Investment of Yen Bai Province on May 5, 2016. Amended on December 22, 2016
Legal Representative	Mr. TRAN NGOC CHU – Chairman of the Board of Directors
Director	Mr. TRAN QUOC PHAM
Business activities	Trading real estate, land use right belongs to owner, user or leaseholder. Details: office leasing, house trading.
Hoa Sen Group owns	95%



BRANCH SYSTEM



For details of Distribution System, please refer to Hoa Sen Group's website:
<https://www.hoasengroup.vn/vi/kenh-phan-phoi>



COMMUNITY COHESION SUSTAINABLE DEVELOPMENT

“ WITHIN 19 YEARS OF ESTABLISHMENT AND DEVELOPMENT WITH THE MISSION: “PROVIDING PRODUCTS AND SERVICES WITH HOA SEN BRAND, ENSURING INTERNATIONAL QUALITY, REASONABLE PRICES, DIVERSE MODELS, ENVIRONMENTALLY FRIENDLY PRODUCTS; MEETING CONSUMER DEMAND, CONTRIBUTING TO CHANGE THE COUNTRY'S ARCHITECTURAL STYLE AND COMMUNITY DEVELOPMENT; CONSTANTLY INNOVATE AND DEVELOP TO AFFIRM THE STATURE AND MISSION OF A DYNAMIC VIETNAMESE BUSINESS, INNOVATIVE, PIONEERING IN BOTH BUSINESS AND COMMUNITY ACTIVITIES, ACHIEVING A HIGH POSITION IN THE INTERNATIONAL MARKET”

OVERVIEW OF SUSTAINABLE DEVELOPMENT REPORT

The steel industry is one of the few industries to implement the Global Sustainable Development Report. The first sustainable development report of the steel industry was issued in 2004 and is maintained annually on the basis of a set performance indicators on environmental, social and economic performance. Global sustainable development report is one of the major efforts undertaken by the steel industry to manage its performance, demonstrating its commitment to sustainability and increasing transparency.

(According to the report of the World Steel Association)



HOA SEN GROUP DEFINES THAT THE GROUP SUCCESES SUSTAINABLE DEVELOPMENT STRATEGY WHEN COMBINING ECONOMIC GROWTH TARGETS WITH PERFORMING SOCIAL, COMMUNITY, AND ENVIRONMENT'S RESPONSIBILITY. AT THE SAME TIME, ALL ACTIVITIES OF THE GROUP ALWAYS ENSURE THE BALANCE OF INTERESTS AMONG RELATED PARTIES TO IMPLEMENT THE LONG-TERM STRATEGY OF HOA SEN GROUP'S SUSTAINABLE DEVELOPMENT

THE SUSTAINABLE DEVELOPMENT REPORT

In the fiscal year 2019 - 2020, Hoa Sen Group implemented the Sustainable Development Report applying Guidance of Global Reporting Initiative (GRI) - the most widely used sustainable development reporting standard in the world and the Set of criteria for rating Vietnam Sustainable Enterprises (Corporate Sustainability Index CSI) in order to determine materiality sectors that effect to related parties in order to overview on building Sustainable Development Report and perform sustainable business strategy in the future.

The sustainable development report of Hoa Sen Group is prepared to reevaluate practice principles of sustainable development at Hoa Sen Group and its subsidiaries. The report presents approaches of Hoa Sen Group to sustainable development issues. During the year, although facing to the challenged business operation, Hoa Sen Group has prepared and analyzed the list of factors that affect the Group's business areas, then basing priority on level of related parties' effect and eliminating unaffected issues.

By determining priority on materiality sectors, Hoa Sen Group enhance managing and controlling activities in each issue to ensure harmony of related parties' interest and present fully essential issues that affect the Group's business area and that are most concerned by related parties.

SCOPE OF SUSTAINABLE DEVELOPMENT REPORT

The basis of information and data in the report are presented for the fiscal year 2019 – 2020 which begins on October 1, 2019 and ends on September 30, 2020. The reports of safety, social, environment are collected from operations of Hoa Sen Group and its subsidiaries. The report presents the business performance in fiscal year 2019 – 2020 and concerns orientation and target in the following years for Hoa Sen Group's sustainable development.

METHOD OF PREPARING SUSTAINABLE DEVELOPMENT REPORT

The method to approach the sustainable development issues of Hoa Sen Group comes from sustainable growth target in long term combine with targets of social development environment protection, hence contributing positively to general development of society.

The issues that related to sustainable development target are considered by Hoa Sen Group in relationship with actual operations, determining materiality issues to improve contents and present fully in sustainable development report in the fiscal year 2019 – 2020.

COVERAGE OF SUSTAINABLE DEVELOPMENT REPORT

The sustainable development report which is performed in Vietnam and in steel production sector is achieved by Hoa Sen Group and its subsidiaries and associates.

CONTACT

With orientation of sustainable development, Hoa Sen Group is trying to respond to related parties basing on foundation of transparency information, sustainable growth in business, social responsibility. Hoa Sen Group welcomes all your feedback. Please send us any suggestion related to sustainable development report via:

- Website: <http://www.hoasengroup.vn>
- Telephone: 028 3823 9555
- Email: gopy@hoasengroup.vn

SUSTAINABLE RELATIONSHIP WITH RELATED PARTIES



CUSTOMERS

- Focusing on enhancement of products' quality, and expanding retail distribution network continuously to provide the best products and services to customers.
- Basing on "The customers' satisfaction to measure the Group's success", each employee has to care and hear customers' needs respectfully, and to satisfy them in interactive process.
- Performing thankful activities to customers through customer conferences, promotional programs, and persuasive after-sale activities.
- Complying fully with the regulations in domestic and foreign markets; establishing competitive and reasonable price policy to ensure the benefits between consumers and enterprise, etc.
- Protecting positively consumers by various methods of communication to identify fake products - genuine products, to help consumers avoid of trading fraud, and to be consistent with guideline "Customers' benefit is the key".



SHAREHOLDERS, INVESTORS

- Ensuring to fulfill information disclosure in accordance with regulations of the Ministry of Finance in order to provide timely information to shareholders, investors and transparency in business operations
- Publishing positively important information that might effect to benefits as well as decision making of investors and to help stakeholders to watch the Group's activities.
- Organizing regularly open conferences to help investors to have overview of business operations and development strategy in the following period including annual and extraordinary general meeting, customer conferences, meetings with indigenous and foreign investors.
- Exchanging information has to be fair to assure opportunity investments to all investors.
- Do not disclosure information of investors, shareholders without their permission or public authorities' request.



EMPLOYEES

- Realizing that human resource is the core of development, Hoa Sen Group always apply benefit policies and build friendly, solidarity working environment for all employees.
- Maintaining employees' income is always higher than the average income of labor market and conforms to the Group's business situation.
- Researching and amending some policies of salary, bonus, allowance clearly and fairly to satisfy to employees' attempts and performance.
- Ensuring benefits, rights and job safety to employees in accordance with regulations as well as objecting all kinds of working enforcement.
- Hoa Sen Group's administration is based on employees' respect including their decision, desire, freedom and other legal rights.



COMPETITORS

- Maintaining relationships with competitors respectfully and constantly learning from their successes.
- Avoiding any harmful action to competitors and recognizing their success based on "The best company is the winner".
- Undertaking fairly competition, preventing collusive activities or any action to rule the market, and rejecting to achieve competitors' confident information.
- Responding flexibly to critical competition, basing on the top factors in consistent business principle: integrity, quality, prestige and brand name.
- Complying Monopolies Act, Competition Act to ensure fairly openly competition.



SUPPLIERS

- Suppliers play important role to the Group's success, therefore Hoa Sen Group always believe in relationship with suppliers.
- Do not take advantage of the business scale to propose any unreasonable agreement to suppliers, and especially prohibit all behaviors of self-interest, dishonesty, bribe-taking of Hoa Sen Group's employees. This is presented as must-have article in all contracts between Hoa Sen Group and suppliers.
- Selecting supplier equally based on their profile of quality, technical capacity, experience, etc.
- Do not leak any suppliers' privacy information to their competitors.



REGULATORY AUTHORITY

- Complying rigorous all regulations of tax, environment, labor safety, etc.
- Strengthening positive relationship to Government, Ministries and Departments but do not benefit from these relations to achieve unrighteous interests.
- Associating closely to local government in process of constructing factories, completing all phases of investment timely, contributing to the state budget and creating jobs for local labor.
- Pointing unreasonable article in the process of applying government's regulations and policies, proposing adjustments to help public authorities to govern the country effectively.



PRESS

- Building good relationship with communication department, press, and television based on the principles of equality, transparency and legal.
- All message, information are provided correctly, clearly, fully and objectively in order to help press to understand precisely Hoa Sen Group's business operations and its retail distribution network, promotional programs, etc.
- Handling communication problems with strategic behavior, skillful speaking and criterion in respond of objection and argument.
- Publishing recommendation of fake steel situation to help press to communicate timely to customers.



COMMUNITY

- Hoa Sen Group is one of vanguard group performing CSR (Corporate Social Responsibility). The Group always put social responsibility on top in sustainable development strategy.
- Committing environment factor over the development, minimizing impact to environment during the expansion and operation of production projects.
- Affirming working spirit with all conscience and responsibility for not only protecting environment but also contributing in growth of social and country.
- Performing continuously charity activities and sponsor programs to build a development community.
- By well support to the social, Hoa Sen Group has marked deeply in consumers' minds as enterprise with consciousness, social responsibility, bringing best values to the community.



ACQUISITION OF RELATED PARTIES' FEEDBACK

“IN GENERAL TREND OF NECESSARY REQUIREMENTS FOR SUSTAINABLE DEVELOPMENT PATH, HOA SEN GROUP ALWAYS CONCERNS WHETHER OR NOT THE INFLUENCE OF RELATED PARTIES. CONSEQUENTLY, HOA SEN GROUP DEALS CONSIDERABLY WITH EVERY FEEDBACK FROM RELATED PARTIES.”

With guideline of declaration and transparency in every activity, since it was established, Hoa Sen Group has built sustainable relationship with related parties in accordance with core values “Integrity – Community – Development” directing to bring long-term value chain to each party. Hoa Sen Group also unites to select important representative from related parties to summarize concerned issues, to focus on consultancy of related issues that affect directly to Hoa Sen Group’s sustainable development. In addition, practical solutions and strategic development orientation are raised to boost establishing process of management method as well as perfecting Hoa Sen Group’s operation structure.



RELATED PARTY	APPROACH
Customer	<p>With the aim to bring the best utility for customers, Hoa Sen Group is the pioneer in the building materials industry in Vietnam to implement the online purchase on its official website www.hoasengroup.vn. On the website, local customers and importers can find all information on the products, select the nearest branch/retail store to place retail orders or commercial orders with large volume. In particular, the form of online chat and Call center 18001515 will advise on specific types of products that meet the demands as well as support and answer all customer's questions.</p> <p>Other approach channels:</p> <ul style="list-style-type: none"> • Email gopy@hoasengroup.vn, mail group of related departments; • Update frequently important information to social networks, website; • Hold exhibition, conference, seminar, and meeting.
Employee	<ul style="list-style-type: none"> • Periodically conducting the Labor Union Congress and Hoa Sen Group Employees' Conference; • Meeting to labor union • Survey employee's opinions to labor safety, working environment, policies, welfare, etc. via email, telephone, social network; • Hold internal training programs; • Hold internal activities such as music performance, sports, union activities, etc. • Interactive channel between Hoa Sen Group labor union and employees is via group mail congdoan@hoasengroup.vn
Partner	<ul style="list-style-type: none"> • Privacy meetings • Receiving and resolving issues via email, telephone, fax, etc. • Public and transparency financial statements, business policy documents, regulations on bidding, etc. • Participating exhibitions, economic forums (VietBuild Exhibition, Vnrea Expo, the leading international exhibition on water supply and drainage sector - Viet Water, Vietnam private economic forum...) • Organizing programs to enhance relationships with partners.
Shareholder - Investor	<ul style="list-style-type: none"> • Monthly, quarterly, on-demand meetings • Receiving and resolving issues via email, telephone, fax, etc... • Holding Annual General Meeting, periodic and extraordinary meetings, posting financial statements in public • Implementing information disclosure in accordance with regulations of State Securities Commission of Vietnam and Ho Chi Minh Stock Exchange. • Participating seminar, annual forum of steel industry to share information and take opportunity of investment expanding. • In 2020, the Group has put into operation the email quanhecodong@hoasengroup.vn to receive and answer shareholders' opinions and questions related to the Group's operation. Email is publicly available on the website hoasengroup.vn.
Community	<ul style="list-style-type: none"> • Implementing the program "Loving leaf bags" nationwide and gave hundreds of thousands of gifts and bicycles to poor students who overcame difficulties and studied well; • Responding to blood donation activities, charity activities for poor people; visiting and supporting families in disaster and flood areas. • Coordinating local government to explore local people's opinions nearby project area.
Regulatory Authority	<ul style="list-style-type: none"> • Participating actively in organization, association of steel industry; • Attending conference, seminar of steel industry held by Government, Ministries as a member of Vietnam Steel Association; • Complying with legal regulations in all production and business activities.
Press	<ul style="list-style-type: none"> • Implementing public and transparency information disclosure, and interviewing to press offices on communication channels; • Press releasing of Hoa Sen Group's events and send to communication offices for information disclosure; • Updating frequently important information on the Group's website and social network; • Performing television programs and implementing information disclosure of significant events on official communication channels of the Group.

MATERIAL ISSUES



DETERMINATION OF MATERIAL ISSUES

The Hoa Sen Group’s sustainable development report of fiscal year 2019 - 2020 is prepared within the fluctuations of steel industry in Vietnam and international markets with critical competition. The US-China trade war and the increasing trend of protecting local businesses of many countries around the world make the export market meet a lot of obstacles. Therefore, the report focuses on issues that could overcome losses from market, and offers efficient solutions to ensure the Group’s operations are always sustainable development.

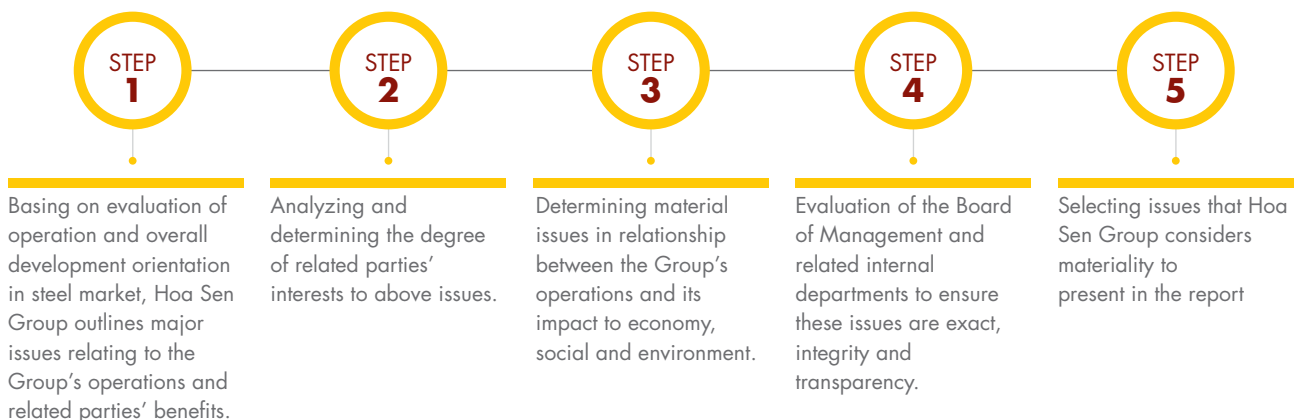
In fiscal year 2019 - 2020, the sustainable development report is prepared by assessing material issues that relating economy, social, environment to the Group’s operations as well as satisfying related parties’ demand. Determining correctly material issues is very important that ensure the best benefits of related parties. This also is foundation for fulfilling sustainable development report’s contents in the following fiscal years.

DETERMINATION OF MATERIAL ISSUES

- Examining the level of concern and expectation of related parties based on demand, performance and feedback during the Group’s production and trading process, supply’s process to markets, interaction with related parties.
- Basing on evaluation, internal control of functional departments, the Board of Management, in periodic and extraordinary meetings, approves reports, budget planning that is suitable to actual development situation in each fiscal year.
- Approving evaluation minutes, supervision reports of State authorities.
- Reviewing customer’s evaluation and feedback, consultant organization during cooperation with Hoa Sen Group.
- Considering forecast reports of macroeconomic, domestic and international steel industry issuing by economic organization, foreign finance institution, etc.

PROCEDURE TO ASSESS MATERIAL ISSUES

Procedure to assess material issues is prepared by Hoa Sen Group as the following steps:





SUSTAINABLE DEVELOPMENT SOLUTIONS



IMPROVEMENTS OF HUMAN RESOURCE, POLICY, GOVERNANCE



RESPONSIBILITIES TO EMPLOYEES

LABOR RELATIONSHIP

Implementing the cultural philosophy of "Honesty - Community - Development", Hoa Sen Group always strictly complies with the provisions of the law on tax, insurance, environment..., is responsible for the community and development of the country.

Not only fulfilling its responsibilities to the society and the country, Hoa Sen also seriously implements its responsibilities to its own employees such as:

- The Board of Directors is responsible for implementing solutions to stabilize production and business development to ensure jobs and contribute to increasing incomes for employees.
- Fully implement employee training and development policies and regimes, salary and bonus policies, creating a safe, comfortable and beneficial working environment for employees.
- Signing a collective labor agreement on the principle of voluntary, equal and publicity in order to ensure the legitimate rights and interests of employees and employers.
- Seriously carry out the annual labor law inspection to strictly comply with the provisions of the law as well as properly demonstrate obligations and responsibilities to employees in matters related to the environment and

working time, labor contract...

- Organize periodic dialogues with employees and report on the results of production and business activities, upcoming orientations so that employees can grasp the situation of the company. At the same time, the Company has the opportunity to listen to the thoughts and aspirations of employees, thereby answering questions and recommendations of employees and taking practical actions to harmonize the interests of both parties.
- All employees are treated equally and are entitled to adequate protection against any discrimination in employment or occupation.
- All employees are signed labor contracts in accordance with the law, paid social insurance, health insurance, unemployment insurance, and purchased accident insurance 24/24.
- Actively and seriously implement many measures as recommended by the Ministry of Health to minimize the risk of Covid-19 pandemic and to protect the Company's own employees as well as contribute to preventing the risk of infection in the community.
- Always commit not to use child labor and forced labor in any form.

HEALTH AND SAFETY

To ensure health for long-time working of all employees, Hoa Sen Group always complies tightly legislation of labor safety, establishes occupational health and safety management system in accordance with OHSAS 18001:2007 standard.

The State's regulations as well as the Group's rules regarding to labor safety and occupational health are informed fully to employees before entering in production lines.

Employees are prepared qualified personal protective equipment, insurance and periodic health examination to minimize risks as well as disease detection and treatment promptly. Compensatory policy in specific to employees who work in hard, noxious environment, affected health is realized to current regulations. Workshop, warehouse, office are prepared automatic fire alarm system, water spray system, CO₂ fire extinguisher, etc.

Each year, the Group holds training courses of labor safety for all employees in general and production direct employees in particular. These courses include first aid, radiation safety, chemical safety, electricity safety, lifting equipment safety, fire protection, etc.

Workplaces ensure airy and light fully. The elements such as dust, poison gas, noise, etc. are measured carefully avoiding harm to environment and labor health.

The Group has set up a Medical team with 24/24 medical staff to provide first aid, handle emergency situations as well as health care for employees. At the same time, each production line is equipped with medical tool cabinets for first aid to ensure the best health for employees.

LABOR SAFETY ACTIVITIES IN FISCAL YEAR 2019 – 2020

Over the years, occupational safety and hygiene has always been focused by the company. The company always strictly adheres to the provisions of the law on occupational safety, health and protection of the working environment for employees, proactively preventing damage to people, property and the environment:

- Fully equipped with fire protection equipment.
- Periodically organize training and drills on fire prevention and fighting.
- Fully equipped with knowledge and skills of occupational safety in production for all employees in general and for employees directly in production in particular by organizing training courses for safety content at work such as first aid,

occupational safety, radiation safety, chemical safety, electrical safety, lifting equipment safety, fire protection...

- Organize periodical health checks for all employees, based on the results of the classification of health checks to have a solution to severe or mild diseases to ensure the health of employees.

The company has actively implemented and always complied with environmental regulations. Every year, the Group promulgates the policy of Quality - Environment, Occupational Health and Safety; perform annual working environment measurement to ensure the working environment meets the prescribed standards as well as to ensure the health of employees.

HUMAN RESOURCES POLICY IMPROVEMENTS

In the fiscal year 2019 - 2020, overcoming difficulties and challenges from the pandemic and trade war, Hoa Sen Group achieved impressive business results, especially export activities. In addition to the flexible management of the Board of Directors, the efforts of all employees, salary, bonus and welfare policies associated with production and business efficiency are also important factors contributing to the success of Hoa Sen in the last year.

SALARY - BONUS AND SUPPORT POLICIES

In order to create motivation for employees to improve productivity, improve production and business efficiency, in the fiscal year 2019-2020, in addition to maintaining and improving the salary policy, the Group has issued bonus policies for completing monthly, quarterly and yearly business plans for the management team, bonus for new

product sales, bonus for exceeding business targets, bonus over production plan, quality for plants,...

Support such as fuel, housing, transportation, telephone support, support for branches in difficult, remote and isolated areas, maternity support, etc. are still maintained as in previous years. These supports are an addition to monthly income, creating motivation, helping employees feel secure to work.

INSURANCE AND OTHER WELFARE POLICIES

- When employees become official employees of the Group, they are all entitled to fully participate in social insurance, health insurance and unemployment insurance regimes in accordance with the law.

- Hoa Sen Group has adjusted the minimum salary for employees in accordance with the Government's regulations in January 2020 and still maintains the 24/24 accident insurance policy for all employees of the Company (including probationary staff) with a maximum insurance coverage of VND 200,000,000/person/case.

- Adjusting the meal allowance policy to improve the meal quality of employees of the Group.

- Organize a flexible working regime for employees to limit the risk of Covid-19 pandemic, including: Divide the office in accordance with the employee's residence, implement the policy of working online from home, providing supplies, equipment, drinks for anti-pandemic work, paying special attention to the health and safety of pregnant women,

providing shuttle bus service for employees.

- Other welfare policies: support for female employees on International Women's Day and Vietnamese Women's Day, maternity support, support for employees when getting married, support for employees during bereavement... Combined with the Trade Union, Hoa Sen Group also cares about the lives of employees with difficult circumstances, giving gifts to employees' children every year on the occasion of International Children's Day.

- In addition to the compensation of the social insurance agency or the 24/24 accident insurance that the company has purchased for the employees, the company also pays the expenses of treatment, compensation/benefits according to regulations. According to the law and depending on the severity of the occupational accidents, the company also has its own support policy to compensate, motivate and foster to regenerate the labor force for employees.

The policy for employees working in a heavy, hazardous environment, affecting health is also implemented in accordance with current regulations

TRAINING POLICY

In recent fiscal year, Hoa Sen Group has always been paying attention to the training and development for human resources of the organization. The total training cost of the Group in the fiscal year 2019 – 2020 reached more than VND 3 billion. The Group has successfully organized 355 training courses with more than 10,000 attendees, including outstanding activities as follows:

Developing Functional Division/Department

- In the fiscal year 2019 – 2020, new employees are regularly trained to integrate, in which compulsory training courses such as occupational safety and health, first aid, fire protection, courses for managers and improve their internal control ability, improve professional skills, knowledge and working skills.

- The training program for the title of Business Director of the Provincial Branch to help the Group find "Pioneer Warriors" to work in all parts of the country. With the combination of external training courses to improve management capacity and internal training topics of the Group to help employees understand how to operate the system. The Group's training has contributed to create a team of management with a strong, passionate and outstanding working ability.

Support for the development of Distribution System

- With the system of subjects (ISM) specially designed for staffs at the branches, the professional internal trainers have trained nearly 500 staffs in the whole system, with 02 phases of organization:

- Phase 1 offers 6 subjects including Foundation Culture; Teamwork Spirit; Hoa Sen Culture; Knowledge on products; Policies; Criterion – Standards.

- Phase 2 provides 5 subjects including Market Exploitation & Business Planning Skills; Communication & Teamwork Skills; Sales skills; Debt Control & recovery; Asset control.

- In addition, Department of Training - Recruitment in conjunction with the Regional Executive Offices has conducted training and assessment on the capacity of management trainees through the subjects: Branch management; Market Exploitation skills; Information analysis and reporting skills; Professional sale skill.

- With the business philosophy of "Helping customers succeed" through the spirit of service, professionalism and homogeneity of Distribution Network, visual standard material "Criterion - Standards " has been created and developed, from that standardizing the image of employees, facilities of distribution network and branches in order to create new competitive advantages for the Group.

- To develop the Branch Managers team, training activities have been implemented to improve the management capacity through the following subjects: Branch management in accordance with criterion and standards; Creating - Implementing business plan; Tutoring – guiding skills.

Developing Subsidiaries/Factories

- Carrying out the training for employees of Subsidiaries/-Factories throughout the fiscal year, including compulsory training courses such as integration training, first aid, labor safety, radiation safety, chemical safety, electric safety, lifting equipment safety, fire prevention and fighting; etc. training courses to improve skills and capabilities such as production management, improving mid-level management capability, 5S - Kaizen, etc. Content of training courses closely follow the business and production activities of the Group, has been implemented towards modernization, highly practical with the combination between the theory and practice which can helps learners have the opportunity to study and apply immediately to the practical work.

- At the same time, after-training assessment has been applied in various forms to all training programs. Particularly for staff at Distribution Network, the Group deploys online testing on criterion - standards, professional knowledge and business policies to help staff aware and comply with the regulations, contributing to the improvement of customer service quality and brand reputation of Hoa Sen Group.



BUILDING FRIENDLY AND DEVELOPMENT WORKING ENVIRONMENT

- In addition to building appropriate salary, bonus and welfare policies, working environment is also an important factor for employees to stick with the business. Therefore, Hoa Sen Group always strives to maintain and build a friendly and united working environment by organizing activities to associate employees with each other as well as between employees and the Group.

- In the fiscal year 2019 - 2020, due to the complicated situation of the Covid-19 pandemic, cultural activities, sports festivals and events to celebrate the 18th anniversary of the Group's establishment were not organized like every year. However, in cooperation with the Trade Union, the Company still gives gifts on occasions such as International Children's Day, Mid-Autumn Festival, International Women's Day, Vietnamese Women's Day. Some activities of the Company are as follows:

WITH ALL SALARY, BONUS AND WELFARE POLICIES AND A COMFORTABLE, FRIENDLY AND DYNAMIC WORKING ENVIRONMENT; FOR FIVE CONSECUTIVE YEARS (FROM 2013 TO 2017), HOA SEN GROUP IS IN THE TOP 5 IN THE BUILDING MATERIALS INDUSTRY AND IN THE TOP 100 COMPANIES WITH THE BEST WORKING ENVIRONMENT IN VIETNAM THROUGH THE SURVEY RESULTS "100 BEST PLACE TO WORK IN VIETNAM" ORGANIZED BY ANPHABE AND NIELSEN COMPANY.



PRODUCT RESPONSIBILITY



The product quality is strictly controlled from input material and on each stage to ensure product process complying with international standard and customer's quality demands by Hoa Sen Group.

Hoa Sen Group established quality control processes with control indicators, quality standards, application forms, norms, etc. depends on each specific product and production line in order to control quality of input materials, semi-finished products, and finished products on each production stage. In addition, employees who are in charge of controlling product quality and chemical testing are guided to fulfill quality control process of outputs. According to the capacity and actual productivity of the lines, Hoa Sen Group annually established the Standards of Quality Norms for the main production lines that applies for the products of both domestic and exported market, which classifies the product as the Class 1, Class 2 and by-products.

All Hoa Sen Group's plants have laboratories which are equipped the most advanced system to ensure the process of measuring product is most accurate. Moreover, every production stage is under surveillance for the management easily to supervise, retrieve source and timely prevent any error detected.

Besides, the finished products are packed in conformity with the regulation to ensure the product quality, and labeled clearly for brand identity in order to meet consumer's aesthetic demands, rust-proof or non-dented during storage, handling, and transportation.

PRODUCT QUALITY ENHANCEMENT, QUALIFY DOMESTIC AND INTERNATIONAL STANDARDS



By investing advanced technology and reforming the lines, Hoa Sen Group did develop and maintain the integrated controlling system which consists of quality management system ISO 9001:2015, environmental management system ISO 14001:2015, occupational health and safety advisory services ISO 45000:2018 as a mean to response to social and environmental responsibility and satisfy customer's demand.

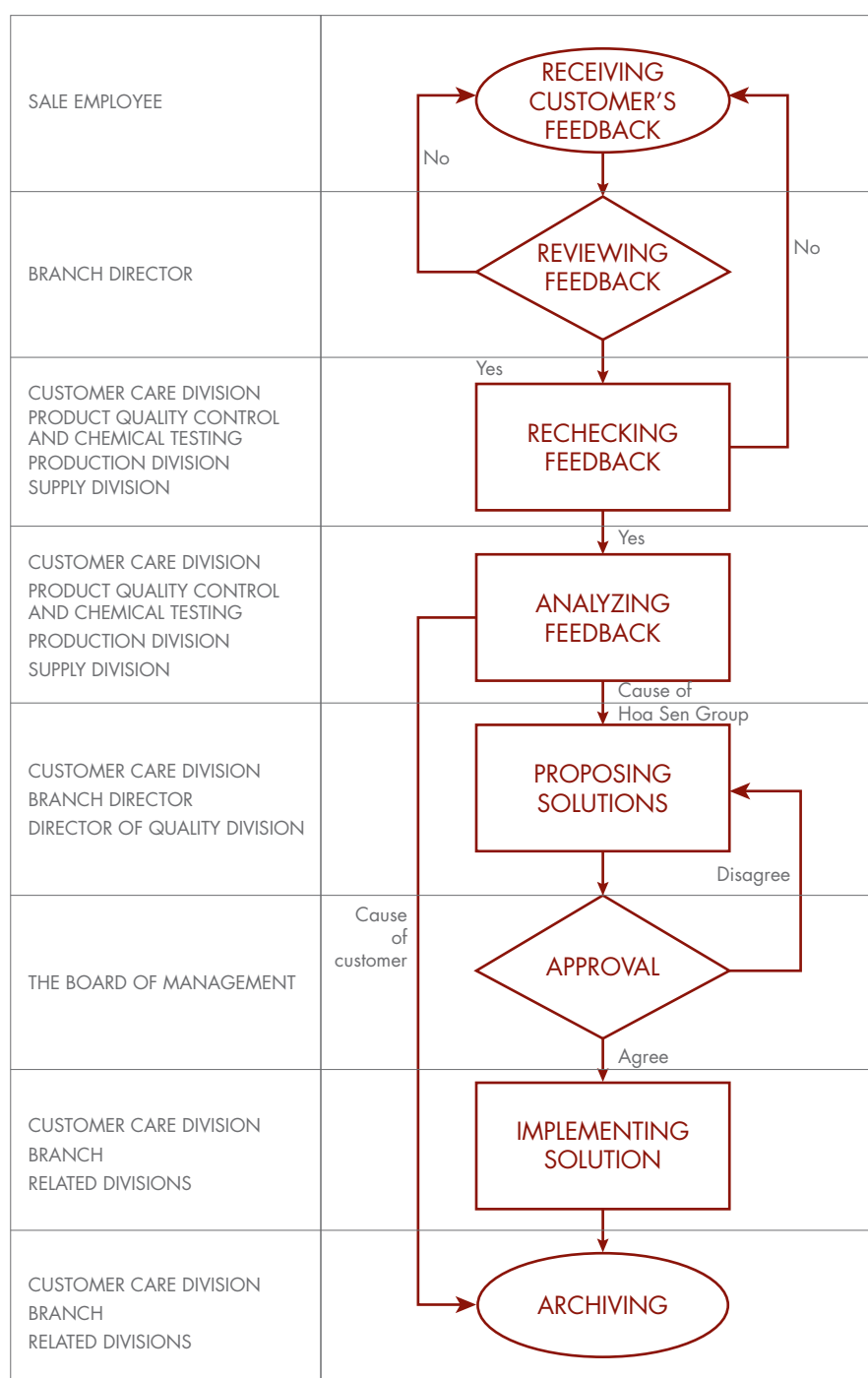
The products of Hoa Sen Group always attain high quality standard that meet the strict requirements in top-notch market as United States, Japan, EU, etc.

Additionally, Hoa Sen Group periodically reviews the production process, product allocation as well as conducts research to improve the technology in order to reduce the energy, fuel consumption and boost the competitiveness of the products.

COMMITMENT TO CONSUMER

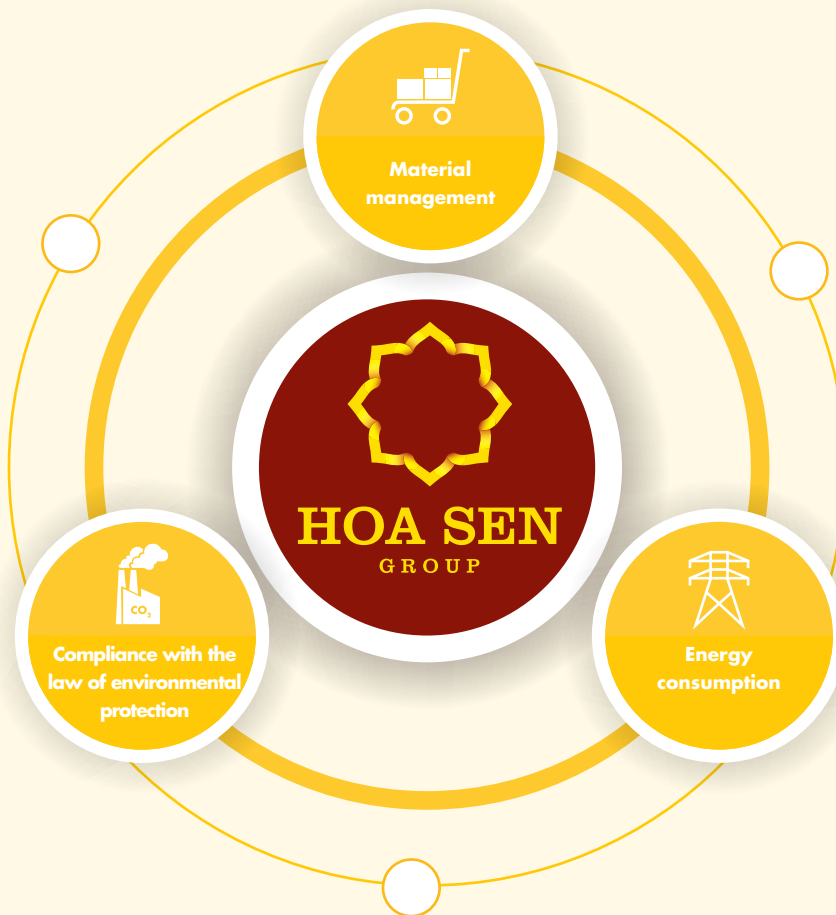


Hoa Sen Group has established warranty policy from 10 to 20 years for the products of Pre-Painted Galvanized Steel Sheet, Aluminum-Zinc Alloy Coated Steel Sheet and Pre-Painted Aluminum-Zinc Alloy Coated Steel Sheet. In addition, Hoa Sen Group is willing to receive all inquiries, complaints of product quality through various channels (telephone, email, online consultation on the website www.hoasengroup.vn) or fill in "Feedback form" to suppose solutions that satisfy customers. The process of resolving customer feedback of Hoa Sen Group is presented as the following flowchart:



ENVIRONMENT AND ENERGY

“ MANUFACTURING AND TRADING IN STEEL INDUSTRY REQUIRE OPERATIONS OF MANY PRODUCTION LINES WITH GREAT COMMAND OF ENERGY CONSUMPTION AND STRICTLY COMPLYING DISCHARGED STANDARDS TO ENVIRONMENT. BEING AWARE OF THIS ISSUE, HOA SEN GROUP IS CONTINUOUSLY LOOKING FOR SOLUTIONS IN USING SAVING AND EFFECTIVE ENERGY, AS WELL AS MINIMIZE IMPACTS TO ENVIRONMENT DURING PRODUCTION PROCESS. ”



MATERIAL MANAGEMENT

Input materials which are used in manufacture are qualified to the Hoa Sen Group's general standards. Most of input material orders are verified and approved by Materials division and Evaluation division of Hoa Sen Group. The utilization of materials are controlled and collated among divisions of production, supply, supervision through daily, weekly, monthly reports including inventory status report, material consumption report, and balance report of materials – finished products to ensure the optimization.



ENERGY CONSUMPTION

SOLUTIONS OF ENERGY SAVING

Hoa Sen Group always concerns saving of energy consumption within the limitation that is set by the Group. All Hoa Sen Group's offices, plants perform energy report regularly. Especially, each production line is always tracked and measured energy consumption in order to detect and adjust timely issues of unreasonable consumption.

Measures of energy savings



SOLUTIONS AND IDEAS OF ENERGY SAVINGS

TECHNICAL SOLUTIONS

- Expanding or adding more windows which installed by glass, skylight steel sheets to maximize natural light usage.
- Replacing incandescent bulbs to electrical saving compact lights.
- Installing gutters, covers of lights to increase light reflection and placing lights at appropriate height.
- Replacing overloaded electrical wire to matching electrical wire.
- Replacing old, damaged electrical wire to new ones.
- Repairing joints, cosse head, tangential points, knife

- switch, connector which are overloaded.
- Allocating transmission which is balanced on every production line in accordance with designed capacity of transformers.
- Implementing reactive power compensation for engines which are high capacity operations.
- Operating transformers in each appropriate mode (norm mode, under loaded mode).

ADMINISTRATION, MANAGEMENT SOLUTIONS

Regulation of electrical equipment usage

- All electric devices in offices are turned off when leaving.
- Lightning system for corridor, security:
 - In summer: Turn on at 19pm and turn off at 5am.
 - In winter: Turn on at 18pm and turn off at 6am.
- The air condition is set temperature at 25 – 27°C and shut down when leaving.
- The computers are used for working only and un-plugged when finishing.
- Photocopy machines, printers are used for working only and un-plugged when finishing.

Tracking and monitoring

- Technical and environment safety division coordinates with administrative office are responsible to check the compliance of using equipment in plant and announce on back board weekly violations of using equipment in each division.

Rewarding and encouraging

- Publishing information of good employee, good behavior in electric saving.
- Innovative suggests of electric saving in plant.

COMPLIANCE WITH THE LAW OF ENVIRONMENTAL PROTECTION

IN PARALLEL WITH IMPROVING BUSINESS PERFORMANCE, HOA SEN GROUP USUALLY CONCERNS ENVIRONMENTAL PROTECTION TO LOOK FORWARD TO PRODUCE ENVIRONMENTAL FRIENDLY PRODUCTS.

Hoa Sen Group has functional division in environment which has high qualification employees graduated from prestigious universities around the country. All employees are usually propagated garbage classification, energy saving regulation (electricity, water, etc.) during production and office operations as well as environmental sanitation regulation.

- All Hoa Sen Group's subsidiaries/plants perform environmental impact assessment/ environmental protection project/ environmental protection commitment before operation. During operation, subsidiaries/plants measure and supervise environment quarterly and report to authorities.
- ISO sections of subsidiaries/plants always update environmental legislations to comply and inform to related divisions. ISO sections also assess the compliance of legislation before the Group's ISO division rechecks every six months
- To improve supervision and management in environmental protection, Hoa Sen Group has developed, maintained and enhanced environment management system in accordance with ISO 14001:2015 standard which certificated by BUREAU VERITAS.
- In yearly period or when environment management system has been modified, Hoa Sen Group identifies environmental sector to have good control in significant environmental sector as the following:
 - Waste water is treated in accordance with eligible standard before getting in centralized waste water treatment system of industrial park.
 - Emissions are treated in accordance with column B – QCVN 19:2009/BTNMT before discharging into environment
 - Solid waste is classified, collected and transfer for treatment in accordance with legislation. Scraps are classified at original

source, each kind of scraps is contained in trash can with specific label. When trash can is full, it will be transferred to the company's garbage house at specific area.

- For hazardous waste, Hoa Sen Group has been issued certification of owning hazardous waste. When the hazardous waste volume has changed, the Group also modifies the certification. In addition, Hoa Sen Group has signed agreement with functional authorities which have license to transport and handle waste.
- In factory area, to allocate harmony building structure, the Group has used ground for trees, lawns to create beautiful landscape and contribute much for fresh air.
- In addition, to ensure working environment with high standard for employee's health, the Group applies technical solutions to clear the workshop, reduce noise and equip exhaust fans, industrial fans. Hoa Sen Group also measures environmental parameters periodically in accordance with legislation.



OPTIMIZING ECONOMIC EFFICIENCY

APPLICATION ON MODERN TECHNOLOGY AND IMPROVEMENT ON PRODUCTION SYSTEM

In order to provide to consumers best quality products which compete by quality and affirm its position in the market, Hoa Sen Group always concerns on investment of advanced technology production lines and equipment, and leads in new technology application with environment friendly. The detail is as follows:

- In 2007, Hoa Sen Group was the first private enterprise in Vietnam to invest in Galvanizing line with non-oxidizing furnace (NOF technology).
- In 2009, Hoa Sen Group was the first enterprise in Southeast Asia to invest in hot dip galvanizing line with non-oxidizing furnace (NOF technology).
- In 2010, Hoa Sen Group was the first enterprise to invest synchronously in centralized blending system, plastic pipe line of Battenfeld – Cincinnati applied by European technology and laboratory qualified Japanese standard in order to provide high quality products with competitive price to consumers.
- In 2011, Hoa Sen Group completed Phase 1 of Hoa Sen Phu My Steel Sheet Plant Project. Currently, this is one of the largest steel sheet plants in Southeast Asia with modern and synchronous production lines and machinery system.
- In 2017, the Group has deployed the investment in Hoa Sen Phu My Hot-Dip Galvanized Steel Pipe Plant Project. In the first phase of the project, Hoa Sen Group has invested in a hot-dip galvanized steel pipe line with a capacity of 85,000 tons/year. The lines use modern technology imported from Europe. The output meets the standards of quality, good thickness of coating, good coating adhesion, highly applicable in many constructions.



ENHANCING PRODUCTION CAPACITY, MEETING THE DEMAND OF CONSUMERS

In the past fiscal years, Hoa Sen Group has deployed and put into operation large-scale production projects across the country in the North-Central-South in order to implement the strategy of perfecting the production system, improving supply capacity, meeting consumer demand and contributing to optimize the cost of transportation.

Phase 1 of Hoa Sen Nhon Hoi Binh Dinh Plant Project has officially been put into operation since October 2017 including 03 main production lines: 01 Galvanizing line with capacity of 180,000 tons/year has been operating since September 2017, 01 Color coating line with capacity of 45,000 tons/year has been operating since June 2017, 01 Slitting line with capacity of 100,000 tons/year has been operating since May 2017. At the same time, starting Phase 2 of the plant, expectedly investing in 05 production lines: 01 Pickling line with capacity of 800,000 tons/year, 01 Cold rolling line with capacity of 350,000 tons/year, 01 Galvanizing line with capacity of 250,000 tons/year, 01 Color coating line with capacity of 150,000 tons/year, 01 Acid recycling line with capacity of 5,000 liters/hour.

With the investment of production lines and modern equipment according to European standards of Danieli - Italia Supplier with vertical production process and strict inspection, from input materials to finished products, the plant has produced quality steel products; meet international standards and strict requirements of domestic and foreign markets. It is expected that the plant will complete both phases by the end of 2018, contributing significantly to the local budget, creating jobs for about 700 workers. When the plant goes into operation, it will meet the demand of the Central – Tay Nguyen provinces, at the same time

export to Laos, Cambodia, Thailand, Europe and America.

Besides expanding the plant system in the Central and boosting production in the South, Hoa Sen Group continues to build the plant system in the North - one of the key markets of Hoa Sen Group in the coming time. Therefore, the investment in large plants in the North is very important in improving the ability to supply steel sheet, steel and plastic products for the North market in order to meet the needs of customers in this area.

Hoa Sen Group started the construction of Hoa Sen Nghe An Plant in June 2015 on an area of 45 hectares, the total designed capacity of 1 million tons of steel sheet and steel products/year. At present, Hoa Sen Nghe An Plant completed the 1st phase and has basically completed the 2nd phase with putting a series of production lines into operation, including: 01 Pickling line with the capacity of 800,000 tons /year, 02 Coll Rolling lines with the capacity of 800,000 tons / year, 02 Galvanizing lines with total capacity of 800,000 tons/year, 02 Color coating lines with the capacity of 240,000 tons / year, 02 Slitting line with the total capacity 200,000 tons / year, 01 Strimming line with the capacity of 400,000 tons / year. The products of the plant are available in American and European market. These are difficult markets which require strictly on product quality and delivery time. The export of large consignments to these markets is the most obvious demonstration of Hoa Sen Group's competitiveness on international market. Up to now, the plant has basically completed the investment in stages of vertical production process, from the input material is hot rolled coil to the output products are steel sheet and steel products and take full capacity of the plant.

In addition, Hoa Sen Group has invested in Hoa Sen Ha Nam Plant in Ha Nam province on an area of 20 hectares, producing 02 main products, including plastic pipes with designed capacity of 20,000 tons /year and steel pipes with the capacity of 110,000 ton / year.

To continue the production expansion plan, on March 1, 2017, Hoa Sen Group started the construction of Hoa Sen Yen Bai Steel Pipe Plant in Tran Yen district, Yen Bai province. The project is built on an area of 05 hectares, expected to produce two main products: steel pipes and insulated steel sheet.

Expanding the production system is one of the key strategies of Hoa Sen Group over the past years. Currently, Hoa Sen Group owns 11 large plants located across the country in the North - Central - South. These plants are invested in synchronous machinery system, applying modern technology to production, producing products that are consistent in quality and meet international standards. With the establishment of plants in each region, Hoa Sen Group will reduce the cost of transportation, short delivery time; quickly meet market needs in every area.

In addition to expanding its production system, Hoa Sen Group also focuses on increasing Hoa Sen popularity to every corner of the country by expanding its branch network and stores. Currently, Hoa Sen Group owns more than 350 branches => 536 Branches and Stores (bản tiếng Việt sai rồi) , bringing the best products and shortest delivery time to the end users in the country.

DIVERSIFY PRODUCT

Hoa Sen Group constantly research new products to meet the increasingly diverse demands of consumers:

- In 2012, Hoa Sen Group introduced Metallic steel sheet product with the outstanding feature of metallic surface with high aestheticism.

- In July 2014, Hoa Sen Group launched Hoa Sen wood pattern steel sheet. The outstanding feature of wood pattern steel sheets is their surfaces which are coated with the paint of wood pattern. Therefore, they are highly aesthetic and can be applied to making outdoor products and furniture which bring the subtlety and luxury to the houses. Hoa Sen wood pattern steel sheets are durable, beautiful, luxurious and suitable for construction works and houses. With superior durability, the wood pattern steel sheet product may have more than 20 year's long-lasting usage.

- In August 2014, Hoa Sen Group continued to launch Hoa Sen wrinkle steel sheet. Wrinkle steel sheets are Galvanized steel sheets and Pre-painted aluminum-zinc alloy coated steel sheets with special wrinkle pattern on the surfaces. The outstanding features of wrinkle steel sheet are their high aestheticism, high durability, good heat resistance, good moisture resistance, easy installation, etc. The products are used flexibly for construction works and houses such as ceilings, walls, roofs, etc.

- Besides famous steel sheet products, Hoa Sen Group also supplies diversified products of galvanized steel pipe and plastic pipe with superior specifications:

- Hoa Sen steel pipe is produced by modern production lines in accordance with strict quality control process to meet high quality standards of JIS G3444 (Japan), JIS G3466 (Japan), ASTM 500M (USA). Hoa Sen steel pipe product has clean, smooth surface, even thickness, high flexibility and good zinc adherence.

- Being manufactured by modern production line with the advanced European technology and the centralized blending system, the uPVC plastic pipe products are homogeneous and high quality in accordance with standards of BS 3505:1968/BS EN 1452-2:2009 (England); AS/NZS 1477:2006 (Australia):



ISO 4422:1996, TCVN 6151-2:2002 (Vietnam), TCVN 8699:2011 (Vietnam). Hoa Sen Plastic Pipes are widely used in various fields such as civil and industrial water supply and drainage, buildings, telecommunication constructions, etc

- In March 2016, Hoa Sen Group launched superior HDPE plastic pipe products. HDPE plastic pipes are manufactured by advanced technology of Cincinnati (Germany) and strict quality control process. Hoa Sen Group’s laboratory is prepared modern equipment originated from USA, Germany, Japan, Canada, etc. Hoa Sen HDPE plastic pipes advantages include non-toxic, safety for users’ health, long life span, high tightness (watertight, airtight), leak-free, non-corrosion by acid solutions, neutral solvent, ability to resist against extreme weather conditions. Hoa Sen HDPE plastic pipes are applicable for water supply, drainage, sewage conveyance, sand pumping, industrial and agricultural water leading system, and other various applications.

- In fiscal year 2015 - 2016, Hoa Sen Group also launched Hoa Sen PP-R plastic pipe product. Hoa Sen PP-R plastic pipes, which are manufactured by non-toxic PP-R (Polypropylen Random Copolymer) materials, are absolute safety for users’ health. Especially, Hoa Sen PP-R plastic pipe has heat resistance up to 95oC is used for hot and cold water conveyance in civil and industrial constructions and solar energy – using pipeline system. The products also have ability to resist against wide array of chemicals, and have non-corrosion from acid solutions, alkaline solution, saline solution, neutral solvent, etc

- In the fiscal year 2016 - 2017, the Group started to invest in

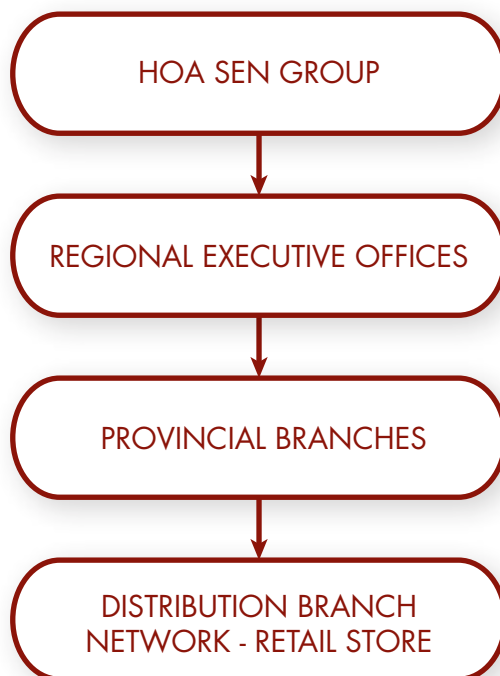
Hoa Sen Phu My Hot-Dip Galvanized Steel Pipe Plant. Expected in March 2018, the project will go into operation and launch the product “Hoa Sen Hot-Dip Galvanized Steel Pipe”. Hot-dip galvanized steel pipes are superior in the thickness of coating in comparison with normal galvanized steel pipe. With modern technology, hot-dip galvanized steel pipe line will produce products having coating mass with equal thickness, ensuring high corrosion resistance, keeping the quality and sustainability of works, machinery and equipment, at the same time maintaining aesthetics. Hot-dip galvanized steel pipe products will have shiny surface, no need to have a protective coating, environmentally friendly, especially resistant to severe environmental conditions

APPLYING ADVANCED MANAGEMENT PROCESS, PERFECTING MANAGEMENT OPERATION AND MODEL

- Hoa Sen Group defines business management is one of the most important factors to enhance stable and efficient economic growth, to keep sustainable development on track in long-term. In parallel with building strong governance system based on complying legislations and applying most advanced governance model in the world, Hoa Sen Group has issued system of internal policies in order to build integrated and decisive governance mechanism.

- In the fiscal year 2016 - 2017, the Group focused on perfecting and putting ERP system into operation, improving synchronization and standardization in professional operations, creating a premise for the application of new technologies in order to meet the demand for future development.

- In the near future, the Group will continue to research and implement restructuring activities to perfect and improve the management system. In particular, the Group will focus on the restructuring of the distribution system under the Provincial branch model. It is expected that the whole distribution system management model will be restructured at the following management levels:





COMMUNITIES
ORIENTED ACTIVITIES

“ BEING CONSISTENT WITH THE BUSINESS PHILOSOPHY OF “**INTERGRITY - COMMUNITY - DEVELOPMENT**” OVER THE PAST 19 YEARS, HOA SEN GROUP HAS ALWAYS BROUGHT HAPPINESS TO SHARE WITH THE COMMUNITIES THROUGH VARIOUS CHARITABLE ACTIVITIES. ”

“LOVING LEAF BAG” PROGRAM

"Loving Leaf Bag" is a voluntary program implemented nationwide by the Vietnam News Center VTV24 - Vietnam Television in collaboration with the Ministry of Labor and Social Policy Bank, starting from October 1, 2015. The program with the mission as a bridge for benefactors to support difficult circumstances across provinces and cities in all over the country, creating couples to support each other to overcome difficulties.

Accompanied by the "Loving Leaf Bag" over the past years, Hoa Sen Group and other sponsors have accompanied all the trips of the live TV program "Loving Leaf Bag" to bring sharing and hope for a brighter future for children without access to school across the country.

As a community-oriented company, the sponsorship of the program "Loving leaf bags" is one of the activities contributing to society, demonstrating the community responsibility of Hoa Sen Group.



VTV INTERNATIONAL CYCLING TOURNAMENT – HOA SEN STEEL SHEET CUP 2019

VTV International Cycling Tournament - Hoa Sen Steel Sheet Cup 2020 is an annual international tournament. With the message of Spreading the love, VTV International Cycling Tournament - Hoa Sen Steel Sheet Cup 2019 departs from Hanoi on October 24, 2020, passing through provinces and cities including Hanoi, Ha Nam, Ninh Binh, Thanh Hoa, Nghe An, Ha Tinh, and Quang Binh, Quang Tri, Hue, Da Nang, Quang Nam, Quang Ngai and ends in Quy Nhon city, Binh Dinh province on November 1, 2020. This year, due to the complicated development of the pandemic situation; the situation of storms and floods caused a lot of loss and pain to people in the central provinces, the Organizing Committee did not organize the competition in the provinces that are suffering heavy damage. Instead, the race team only moved through these provinces and had volunteer activities to accompany the whole country to help the people in the Central region soon overcome difficulties and stabilize their lives.



BRING HAPPINESS TO SHARE WITH THE COMMUNITY

With the message "Spreading the love", VTV Cycling Tournament - Hoa Sen Steel Sheet Cup 2020 has surpassed the meaning of a leading sports event in the cycling village, through the race, the Organizing Committee wishes to cheer and spread the values and spirit of good and positive living to the community. Hoa Sen Group donated 930 million VND to share with the people of Quang Binh, Ha Tinh, Quang Tri and Thua Thien Hue provinces to overcome storms and floods and visit the families of 13 soldiers and officers who died while on duty at Rao Trang.

At the same time, Hoa Sen Group cooperated with the Organizing Committee to continue to give 4,000m of steel sheet to disadvantaged households in Quang Ngai, Quang Nam, Binh Dinh provinces to fix and repair houses after storm No. 9.

“ WITH MEANINGFUL COMMUNITY ACTIVITIES, HOA SEN GROUP HAS BEEN ASSERTING THE MISSION OF A PIONEERING ENTERPRISES IN BOTH BUSINESS AND COMMUNITY ACTIVITIES, CONFIRMING THE STATURE OF A DYNAMIC, CREATIVE, INNOVATING, AND DEVELOPING VIETNAMESE BUSINESS. ”





**LEADING, FRIENDLY AND
COMMUNITY-ORIENTED
BRAND**

HOA SEN GROUP

SEPARATE FINANCIAL STATEMENTS

30 September 2020

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**HOA SEN GROUP CORPORATE INFORMATION**

ENTERPRISE REGISTRATION

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	Chairman
Mr. Tran Ngoc Chu	Vice Chairman
Mr. Tran Quoc Tri	Member
Mr. Ly Van Xuan	Member
Mr. Nguyen Van Luan	Member
Mr. Dinh Viet Duy	Member

BOARD OF MANAGEMENT

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

LEGAL REPRESENTATIVE

Mr. Le Phuoc Vu	Chairman of the Board of Directors
Mr. Tran Ngoc Chu	Vice Chairman of the Board of Directors
Mr. Tran Quoc Tri	General Director

REGISTERED OFFICE

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

AUDITOR

KPMG Limited Vietnam



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



Tran Quoc Tri
General Director

Ho Chi Minh City, 24 December 2020



BÁO CÁO KIỂM TOÁN ĐỘC LẬP

KÍNH GỬI CÁC CỔ ĐÔNG

CÔNG TY CỔ PHẦN TẬP ĐOÀN HOA SEN

Chúng tôi đã kiểm toán báo cáo tài chính riêng đính kèm của Công ty Cổ phần Tập đoàn Hoa Sen ("Công ty"), bao gồm bảng cân đối kế toán riêng tại ngày 30 tháng 9 năm 2020, báo cáo kết quả hoạt động kinh doanh riêng và báo cáo lưu chuyển tiền tệ riêng cho năm kết thúc cùng ngày và các thuyết minh kèm theo được Ban Tổng Giám đốc Công ty phê duyệt phát hành ngày 24 tháng 12 năm 2020, được trình bày từ trang 5 đến trang 58.

Trách nhiệm của Ban Tổng Giám đốc

Ban Tổng Giám đốc Công ty chịu trách nhiệm lập và trình bày trung thực và hợp lý báo cáo tài chính riêng này theo các Chuẩn mực Kế toán Việt Nam, Chế độ Kế toán Doanh nghiệp Việt Nam và các quy định pháp lý có liên quan đến việc lập và trình bày báo cáo tài chính, và chịu trách nhiệm về kiểm soát nội bộ mà Ban Tổng Giám đốc xác định là cần thiết để đảm bảo việc lập báo cáo tài chính riêng không có sai sót trọng yếu do gian lận hay nhầm lẫn.

Trách nhiệm của kiểm toán viên

Trách nhiệm của chúng tôi là đưa ra ý kiến về báo cáo tài chính riêng này dựa trên kết quả kiểm toán của chúng tôi. Chúng tôi đã thực hiện công việc kiểm toán theo các Chuẩn mực Kiểm toán Việt Nam. Các chuẩn mực này yêu cầu chúng tôi tuân thủ chuẩn mực và các quy định về đạo đức nghề nghiệp và lập kế hoạch và thực hiện cuộc kiểm toán để đạt được sự đảm bảo hợp lý về việc liệu báo cáo tài chính riêng có còn sai sót trọng yếu hay không.

Công việc kiểm toán bao gồm việc thực hiện các thủ tục nhằm thu thập các bằng chứng kiểm toán về các số liệu và các thuyết minh trong báo cáo tài chính. Các thủ tục được lựa chọn dựa trên xét đoán của kiểm toán viên, bao gồm đánh giá rủi ro có sai sót trọng yếu trong báo cáo tài chính do gian lận hoặc nhầm lẫn. Khi thực hiện các đánh giá rủi ro này, kiểm toán viên xem xét kiểm soát nội bộ của Công ty liên quan tới việc lập và trình bày báo cáo tài chính trung thực và hợp lý nhằm thiết kế các thủ tục kiểm toán phù hợp với tình hình thực tế, tuy nhiên không nhằm mục đích đưa ra ý kiến về hiệu quả của kiểm soát nội bộ của Công ty. Công việc kiểm toán cũng bao gồm việc đánh giá tính thích hợp của các chính sách kế toán được áp dụng và tính hợp lý của các ước tính kế toán của Ban Tổng Giám đốc Công ty, cũng như đánh giá việc trình bày tổng thể báo cáo tài chính.

Chúng tôi tin rằng các bằng chứng kiểm toán mà chúng tôi thu được là đầy đủ và thích hợp làm cơ sở cho ý kiến kiểm toán của chúng tôi.



BÁO CÁO KIỂM TOÁN ĐỘC LẬP (Tiếp theo)

Ý kiến của kiểm toán viên

Theo ý kiến của chúng tôi, báo cáo tài chính riêng đã phản ánh trung thực và hợp lý, trên các khía cạnh trọng yếu, tình hình tài chính trước hợp nhất của Công ty Cổ phần Tập đoàn Hoa Sen tại ngày 30 tháng 9 năm 2020, kết quả hoạt động kinh doanh trước hợp nhất và lưu chuyển tiền tệ trước hợp nhất của Công ty cho năm kết thúc cùng ngày, phù hợp với các Chuẩn mực Kế toán Việt Nam, Chế độ Kế toán doanh nghiệp Việt Nam và các quy định pháp lý có liên quan đến việc lập và trình bày báo cáo tài chính.

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

Thành phố Hồ Chí Minh, ngày 24 tháng 12 năm 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)

ASSETS	Code	Note	30/9/2020 VND	1/10/2019 VND
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)

ASSETS	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



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



Iran Quoc Iri
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
Interest paid	14		1,344,191,564,133	3,833,567,374,724
Income tax paid	15		(277,754,143,955)	(405,309,711,905)
Other payments for operating activities	17		(110,417,388,642)	(65,569,893,516)
			(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
TCash 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 AccountantTran Quoc Tri
General Director*The accompanying notes are an integral part of these separate financial statements*

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.



(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.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.



(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.



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.

**(m) Taxation (continued)**

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.



(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.

**(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.



4. SEGMENT REPORTING (CONTINUED)

(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%).



6. ACCOUNTS RECEIVABLE FROM CUSTOMERS

(a) Accounts receivable from customers detailed by significant customers

	30/9/2020 VND	1/10/2019 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
	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 VND	1/10/2019 VND
Subsidiaries		
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
Company owned by the Company's Chairman		
Hoa Sen Holdings Group	34,749,020	-

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.



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dated 22 December 2014 of the Ministry of Finance)

(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)	-	In due	1,096,410,095	-	1,096,410,095
Hoang Thai Private Enterprise	Over 1 year	1,023,359,294	(1,023,359,294)	-	Over 1 year	1,023,359,294	(1,023,359,294)	-
Yen Mai Trading and Construction Services Company 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



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
Subsidiaries		
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	-
Third parties		
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



8. OTHER RECEIVABLES (CONTINUED)

(a) Other short-term receivables from related parties

	30/9/2020 VND	1/10/2019 VND
Subsidiaries		
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
Company owned by the Company's Chairman		
Hoa Sen Holdings Group	2,059,900,000	1,870,000,000
Key management personnel		
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 VND	1/10/2019 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



9. INVENTORIES

	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)
	3,021,587,347,164	(24,537,865,276)	2,102,406,071,644	(30,286,414,827)

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	24,537,865,276	30,286,414,827

**10. LOANS RECEIVABLE – LONG-TERM**

	30/9/2020 VND	1/10/2019 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
	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%).

**11. TANGIBLE FIXED ASSETS**

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Cost						
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



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

**13. INTANGIBLE FIXED ASSETS**

	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



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%.



Held-to-maturity investments - long-term

	30/9/2020 VND	1/10/2019 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	-
	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.



(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%	1,100,000,000,000	-
• Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	100%	770,000,000,000	-	100%	770,000,000,000	-
• Hoa Sen Steel One Member Company Limited	100%	280,000,000,000	-	100%	280,000,000,000	-
• Hoa Sen Phu My One Member Limited Liabilities Company	100%	250,000,000,000	-	100%	250,000,000,000	-
• Hoa Sen Ha Nam One Member Limited Liability Company	100%	200,000,000,000	-	100%	200,000,000,000	-
• Hoa Sen Building Materials Company Limited	100%	150,000,000,000	-	100%	150,000,000,000	-
• Hoa Sen Binh Dinh Sole Member Limited Company	100%	105,000,000,000	-	100%	105,000,000,000	-
• Hoa Sen Yen Bai Joint Stock Company	95%	114,000,000,000	-	95%	114,000,000,000	-
• Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company	100%	50,000,000,000	-	100%	50,000,000,000	-
• Hoa Sen Ca Na - Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liabilities Company (i)	-	-	-	100%	15,000,000,000	-
• Hoa Sen Ca Na - Ninh Thuan Industrial Park Infrastructure Investment Joint Stock Company (ii)	-	-	-	100%	4,000,000,000	-
• Hoa Sen Ca Na - Ninh Thuan International General Seaport One Member Limited Liabilities Company (ii)	-	-	-	100%	6,000,000,000	-
• 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%	-	-



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(b) Equity investments in other entities (continued)

	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
• 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	-
		3,051,965,000,000	-		3,138,345,000,000	-
Investments in joint ventures						
• Hoa Sen International Port Joint Stock Company (iii)	49%	-	-	49%	-	-
		3,051,965,000,000	-		3,138,345,000,000	-

(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.

**16. PREPAID EXPENSES****(a) Short-term prepaid expenses**

	30/9/2020 VND	1/10/2019 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 VND	1/10/2019 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 VND	30/9/2019 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)
Closing balance	48,265,344,770	128,815,049,868

**17. DEFERRED TAX ASSETS**

	Tax rate	30/9/2020 VND	1/10/2019 VND
Deferred tax assets are recognised on:			
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



(b) Accounts payable to suppliers who are related parties

	Cost/Amount within payment capacity	
	30/9/2020 VND	1/10/2019 VND
Subsidiaries		
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
Companies owned by the Company's Chairman		
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 Overollings De Mexico S.A. De C.V.	18,179,700,000	-
Other customers	170,818,983,777	84,802,615,349
	188,998,683,777	84,802,615,349

**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

**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.



Other payables – short-term to related parties

	30/9/2020 VND	1/10/2019 VND
Subsidiaries		
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
Companies owned by the Company's Chairman		
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.



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23. BORROWINGS AND FINANCE LEASE LIABILITIES
(a) Short-term borrowings and finance lease liabilities

	Biến động trong năm			30/9/2020
	1/10/2019	Additions VND	Decreases 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)	5,058,379,476,181
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)	5,083,484,041,845



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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	-
• HSBC Bank (Vietnam) Ltd.	(iv)	VND	608,438,856,420	589,496,289,578
• Ho Chi Minh City Development Joint Stock Commercial Bank	(v)	USD	213,385,900,000	299,706,629,722
• Sinopac Bank - Ho Chi Minh City Branch	(vi)	VND	32,300,000,000	132,961,671,917
• United Overseas Bank (Vietnam) Limited	(vii)	VND	101,516,310,719	114,584,761,996
• United Overseas Bank (Vietnam) Limited	(vii)	USD	57,085,000,000	-
• Malayan Banking Berhad Ho Chi Minh City Branch	(viii)	VND	42,323,443,406	-
• Malayan Banking Berhad Ho Chi Minh City Branch	(viii)	USD	46,084,500,000	85,446,513,628
• The Maritime Commercial Joint Stock Bank - Ho Chi Minh City Branch	(ix)	VND	97,147,784,400	-
• Saigon Thuong Tin Commercial Joint Stock Bank – Head Office	(x)	VND	50,000,000,000	-
• ChinaTrust Commercial Bank - Ho Chi Minh City Branch	(xi)	VND	19,942,608,592	-
• ChinaTrust Commercial Bank - Ho Chi Minh City Branch	(xi)	USD	155,234,011,226	-
Related parties				
• Hoa Sen Guy 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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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% 3.60%	Land use rights, buildings, structures, machinery and equipment and accounts receivable from customers của khách hàng
ii.	Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	VND USD VND VND	VND1,679 billion	4.50% - 5.00% 1.80% - 2.10% - 4.20% - 4.50%	6.20% 3.60% 6.00% 6.00%	Land use rights, machinery and equipment and inventories Inventories, machinery and equipment, constructions on land and bonds of the company and constructions on land of Hoa Sen
iii.	Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	USD	VND1,500 billion	3.00%	-	Nghe An One Member Limited Liabilities Company, subsidiary Hoa Sen Nghe An, công ty con
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 VND USD	USD3 million USD12 million	5.00% 4.00% - 4.20% 1.64%	5.90% 5.90% - 6.19% -	Unsecured Inventories
vii.	United Overseas Bank (Vietnam) Limited	USD	USD4 million	4.10% - 4.70% 1.80%	- 4.20%	Inventories
viii.	Malayan Banking Berhad Ho Chi Minh City Branch	VND USD				



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

	Lenders	Currency	Credit limit	Interest rate		Pledged assets
				30/9/2020	1/10/2019	
	Third parties					
ix.	The Maritime Commercial Joint Stock Bank - Ho Chi Minh City Branch	VND	VND 195 billion	4.50%	-	Unsecured
x.	Saigon Thuong Tin Commercial Joint Stock Bank – Head Office	VND		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
	Related parties					
xii.	Hoa Sen Guy Nhon Joint Stock Company – a subsidiary	VND	-	-	-	Unsecured

**(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
	42,122,130,089	84,764,446,201
Repayable within twelve months	(25,104,565,664)	(37,568,566,112)
Repayable after twelve months	17,017,564,425	47,195,880,089

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
				32,094,315,280	53,875,915,280

- (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.

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

**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

**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%).

**27. SHARE CAPITAL**

The Company's authorised and issued share capital are:

	30/9/2020		1/10/2019	
	Number of share	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



28. OFF BALANCE SHEET ITEMS

(a) Lease

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

	30/9/2020 VND	1/10/2019 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
	1,346,855,475,322	1,505,951,791,208

(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	-	-
		169,954,227,004		23,480,155,726

(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 VND	1/10/2019 VND
Approved and contracted	-	2,076,133,500



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
Tổng doanh thu		
• 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

**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
	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
	372,603,906,385	439,093,531,704

**33. SELLING EXPENSES**

	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
	1,838,841,569,984	1,452,918,463,175

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
	268,160,558,053	311,821,718,805

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
	19,875,796,975	245,868,531,680

**36. OTHER EXPENSE**

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

37. PRODUCTION AND BUSINESS COSTS BY ELEMENTS

	Year ended	
	30/9/2020 VND	30/9/2019 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

38. INCOME TAX**(a) Recognised in the separate statement of income**

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Current tax expense		
Current year	158,373,188,664	86,459,077,071
Under provision in prior years	13,853,323,303	-
	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
	153,572,648,493	87,409,419,291



(b) Reconciliation of effective tax rate

	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	-
	153,572,648,493	87,409,419,291

(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

**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	-



	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		251.036.621
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



	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	-
Company owned by the Company's Chairman 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
Other related parties		
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



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

**CORPORATE INFORMATION****BUSINESS REGISTRATION**

3700381324

8 August 2001

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

BOARD OF DIRECTORS

Mr. Le Phuoc Vu	Chairman
Mr. Tran Ngoc Chu	Vice Chairman
Mr. Tran Quoc Tri	Member
Mr. Ly Van Xuan	Member
Mr. Nguyen Van Luan	Member
Mr. Dinh Viet Duy	Member

BOARD OF MANAGEMENT

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

LEGAL REPRESENTATIVE

Mr. Le Phuoc Vu	Chairman of the Board of Directors
Mr. Tran Ngoc Chu	Vice Chairman of the Board of Directors
Mr. Tran Quoc Tri	General Director

REGISTERED OFFICE

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

AUDITOR

KPMG Limited
Vietnam



STATEMENT OF BOARD OF MANAGEMENT

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

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

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

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

On behalf of the Board of Management



Tran Quoc Tri
General Director

Ho Chi Minh City, 24 December 2020



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS

HOA SEN GROUP

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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



INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Opinion

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

KPMG Limited's Branch in Ho Chi Minh City

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



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

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

Ho Chi Minh City, 24 December 2020



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

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

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

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



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

(continued)

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

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

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



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

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

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

24 December 2020

Prepared by

Nguyen Thi Thanh Tuyen
Accountant

Approved by

Nguyen Thi Ngoc Lan
Chief Accountant

Tran Quoc Tri
General Director

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

**Ho Sen Group and its subsidiaries****Consolidated statement of income for the year ended 30 September 2020**

Form B 02 – DN/HN
 (Issued under Circular No. 202/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance)

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

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

**Hoa Sen Group and its subsidiaries****Consolidated statement of income for the year ended 30 September 2020**

(continued)

Form B 02 – DN/HN

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

	Code	Note	Year ended	
			30/9/2019 VND	30/9/2018 VND
NET PROFIT AFTER TAX (60 = 50 - 51 - 52) (brought forward)	60		1,153,014,017,309	361,371,503,746
In which:				
Equity holders of the Company	61		1,153,328,313,935	361,352,133,015
Non-controlling interest	62		(314,296,626)	19,370,731
Earnings per share				
Basic earnings per share	70	37	2,492	781

24 December 2020

Prepared by

 Nguyen Thi Thanh Tuyen
 Accountant

Approved by

 Nguyen Thi Ngoc Lan
 Chief Accountant



 Tran Quoc Tri
 General Director

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

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

(Indirect method)

Form B 03 – DN/HN

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

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

24 December 2020

Prepared by

Nguyen Thi Thanh Tuyen
Accountant

Approved by

Nguyen Thi Ngoc Lan
Chief AccountantTran Quoc Tri
General Director*The accompanying notes are an integral part of these consolidated financial statements.*

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

(Indirect method)

Form B 03 – DN/HN

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

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

24 December 2020

Prepared by

Nguyen Thi Thanh Tuyen
Accountant

Approved by

Nguyen Thi Ngoc Lan
Chief AccountantTran Quoc Tri
General Director*The accompanying notes are an integral part of these consolidated financial statements.*



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

1. REPORTING ENTITY

(a) Ownership structure

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

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

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

(b) Principal activities

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

(c) Normal operating cycle

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

(d) Group structure

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



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

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

(Continued)

Form B 09 – DN/HN

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

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

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

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

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

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

2. BASIS OF PREPARATION**(a) Statement of compliance**

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

(b) Basis of measurement

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



(c) Annual accounting period

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

(d) Accounting and presentation currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

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

(ii) Non-controlling interests

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

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

(iii) Associates

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



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (Continued)

(iv) Transactions eliminated on consolidation

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

(b) Foreign currency transactions

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

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

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

(c) Cash and cash equivalents

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

(d) Held-to-maturity investments

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

(e) Accounts receivable

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



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (COUNTINUED)

(f) Inventories

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

The Group applies the perpetual method of accounting for inventories.

(g) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

- Buildings and structures 5 – 50 years
- Machinery and equipment 3 – 10 years
- Motor vehicles 2 – 10 years
- Office equipment 3 – 10 years
- Others 3 – 8 years



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

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

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

(ii) Software

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

(i) Construction in progress

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

(j) Long-term prepaid expenses

(i) Tools and instruments

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

(ii) Land clearance cost

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



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Long-term prepaid expenses (Continued)

(iii) Rental expenses

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

(iv) Advertising panels

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

(v) Maintenance expenses

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

(k) Goodwill

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

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

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

(l) Trade and other payables

Trade and other payables are stated at their costs.

(m) Provisions

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



Severance allowance

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

(n) Share capital

(i) Ordinary shares

Ordinary shares are recognised at par value.

(ii) Share premium

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

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

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

(o) Taxation

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

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



(o) Taxation (Continued)

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

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

(p) Revenue and other income

(i) Goods sold

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

(ii) Services rendered

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

(iii) Interest income

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

(q) Leases

(i) Leased assets

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



(q) Leases (Continued)

(i) Leased assets (Continued)

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

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

(ii) Lease payments

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

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

(r) Borrowing costs

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

(s) Earnings per share

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

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

(t) Segment reporting

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



(u) Related parties

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

4. SEGMENT REPORTING

(a) Business segments

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

(b) Geographical segments

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

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



5. CASH AND CASH EQUIVALENTS

	30/9/2020 VND	1/10/2019 VND
Cash on hand	38,446,527,451	43,581,002,435
Cash in banks	508,279,639,554	243,158,329,276
Cash in transit	7,978,560	1,824,859,586
Cash and cash equivalents (*)	28,032,921,139	143,521,875
	574,767,066,704	288,707,713,172

(*) Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transaction dates and earned annual interest rate from 3.0% to 4.8% (1/10/2019: 5%).

6. INVESTMENTS

(a) Held-to-maturity investments

(i) Held-to-maturity investments – short-term

Held-to-maturity investments – short-term represented term deposits at banks with original terms to maturity of more than three months from transaction dates and less than 12 months from the period ended. These term deposits were denominated in VND and earned annual interest rate from 3.0% to 4.8% (1/10/2019: from 5.3% to 6.4%).

(ii) Held-to-maturity investments – long-term

	30/9/2020 VND	1/10/2019 VND
Bonds issued by Vietnam Bank for Industry and Trade Securities Joint Stock Company (*)	16,000,000,000	16,000,000,000
Bonds issued by Vietnam Bank for Agriculture Joint Stock Company (**)	1,000,000,000	1,000,000,000
Bonds issued by Vietnam Bank for Investment and Development Securities Joint Stock Company (***) 5,000,000,000 -	1,000,000,000	1,000,000,000
Time deposit at Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch (****)	4,472,160,000	-
	26,472,160,000	17,000,000,000



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



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(b) Long-term investments

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

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

**7. ACCOUNTS RECEIVABLE FROM CUSTOMERS****(a) Accounts receivable from customers detailed by significant customers**

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

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

(b) Accounts receivable from customers who are related parties

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

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



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(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
Overdue debts								
Me Kong 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	More than 1 year	1,545,000,625	(1,545,000,625)	-	More than 6 months	1,545,000,625	(1,545,000,625)	-
Hiep Loan Steel Construction Limited Liability Company	More than 1 year	1,243,508,106	(1,243,508,106)	-	More than 6 months	1,243,508,106	(1,243,508,106)	-
Phuc Duc Production And Trading One Member Limited Liability Company	More than 6 months	1,096,410,095	(1,096,410,095)	-	In due	1,096,410,095	-	1,096,410,095
Hoang Thai Private Enterprise	More than 1 year	1,023,359,294	(1,023,359,294)	-	More than 1 year	1,023,359,294	(1,023,359,294)	-
Yen Mai Trading Service and Construction Company Limited	More than 6 months	839,518,227	(839,518,227)	-	-	5,862,857,951	-	5,862,857,951
Toan Phat HN Trading & Production Limited Liability Company	6 months – 1 year	1,426,131,048	(1,426,131,048)	-	In due	592,356,915	-	592,356,915
Others		16,875,016,697	(16,875,016,697)	-		4,831,355,233	(4,831,355,233)	-
		25,697,687,528	(25,697,687,528)	-		17,843,591,655	(10,291,966,694)	7,551,624,961

**8. PREPAYMENTS TO SUPPLIERS**

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

9. OTHER RECEIVABLES**(a) Other short-term receivables**

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

Other short-term receivables from related parties

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

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

**9. OTHER RECEIVABLES (CONTINUED)****(b) Other long-term receivables**

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

10. INVENTORIES

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

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

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

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

	Năm kết thúc ngày	
	30/9/2020 VND	30/9/2019 VND
Opening balance	51,851,107,911	40,691,706,865
Allowance (reversed)/made during the year	(6,817,138,842)	11,159,401,046
Closing balance	45,033,969,069	51,851,107,911



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11. TANGIBLE FIXED ASSETS

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



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

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

12. FINANCE LEASE TANGIBLE FIXED ASSETS

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

**13. INTANGIBLE FIXED ASSETS**

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

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

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



14. CONSTRUCTION IN PROGRESS

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

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

Major constructions in progress were as follows:

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

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



15. PREPAID EXPENSES

(a) Short-term prepaid expenses

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

(b) Long-term prepaid expenses

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

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

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

**16. DEFERRED TAX ASSETS**

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

17. ACCOUNTS PAYABLE TO SUPPLIERS**(a) Accounts payable to suppliers detailed by significant suppliers**

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

(b) Accounts payable to suppliers who are related parties

	30/9/2020 Giá gốc/ Số có khả năng trả nợ VND	1/10/2019 Giá gốc/ Số có khả năng trả nợ VND
Companies owned by the Group's Chairman		
Hoa Sen Holdings Group	7,018,375,408	5,931,497,565
Hoa Sen Nghe An Investment Company Limited	2,449,892,438	2,957,890,162

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



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18. 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	76,622,874,045	8,050,264,190,614	(1,193,090,655,891)	(6,757,331,581,138)	(1,323,542,817)	175,141,284,813
Import-export tax	78,347,372	10,156,495,285	(9,778,653,525)	-	-	456,189,132
Corporate income tax	4,094,140,040	259,835,557,336	(163,547,497,267)	-	(7,108,371,598)	93,273,828,511
Personal income tax	2,785,578,830	23,130,152,288	(22,963,546,309)	(12,196,329)	(76,622,840)	2,863,365,640
Other taxes	78,050,590	3,654,453,458	(3,639,824,348)	-	-	92,679,700
	83,658,990,877	8,347,040,848,981	(1,393,020,177,340)	(6,757,343,777,467)	(8,508,537,255)	271,827,347,796

(b) Taxes receivable from State Treasury

	1/10/2019 VND	Incurred VND	Reclassified VND	30/9/2020 VND
Corporate income tax	7,108,371,598	(7,108,371,598)	-	-
Other taxes	78,281,186	1,341,654	(76,622,840)	3,000,000
	7,186,652,784	1,341,654	(7,184,994,438)	3,000,000

**19. ACCRUED EXPENSES**

	30/9/2020 VND	1/10/2019 VND
Salary and bonus	442,569,291,620	22,458,770,000
Construction in progress	10,787,448,808	21,579,861,989
Interest expenses	7,418,835,510	11,327,310,447
Tax provision expenses	3,912,745,955	68,689,580,004
Electricity expenses	380,529,874	242,293,646
Transportation expenses	219,189,613	-
Others	15,359,098,512	671,073,401
	480,647,139,892	124,968,889,487

20. OTHER PAYABLES – SHORT-TERM

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

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

Other payables – short-term to related parties

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

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

21. BORROWINGS AND FINANCE LEASE LIABILITIES
(a) Short-term borrowings and finance lease liabilities

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

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

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



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

Lenders	Note	Currency	30/9/2020 VND	1/10/2019 VND
Bên thứ ba				
• 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	-	132,961,671,917
• Sinopac Bank - Ho Chi Minh City Branch	(vi)	VND	32,300,000,000	-
• 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	61,832,823,335	53,513,456,332
• United Overseas Bank (Vietnam) Limited	(ix)	VND	42,323,443,406	-
• Malayan Banking Berhad Ho Chi Minh City Branch	(ix)	USD	46,084,500,000	85,446,513,628
• Malayan Banking Berhad Ho Chi Minh City Branch	(x)	VND	145,844,804,159	266,182,861,076
• Vietnam Joint Stock Commercial Bank for Industry and Trade - Nghe An Branch	(xi)	VND	-	49,229,798,800
• Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Ria Vung Tau Branch	(xii)	VND	97,147,784,400	-
• Vietnam Maritime Joint Stock Commercial Bank - Ho Chi Minh City Branch	(xiii)	VND	50,000,000,000	-
• Saigon Thuong Tinh Joint Stock Commercial Bank - Center Branch	(xiv)	VND	19,942,608,592	-
• CTBC Bank Limited Liability Company - Ho Chi Minh City Branch	(xiv)	VND	155,234,011,226	-
• CTBC Bank Limited Liability Company - Ho Chi Minh City Branch	(xiv)	USD	-	-
			5,266,057,103,675	5,984,633,062,602



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

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

	Lenders	Currency	Credit limit	Interest rate		Pledged assets
				30/9/2020	1/10/2019	
	Bên thứ ba					
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% 3,60%	Land use rights, buildings, structures, machinery and equipment and accounts receivable from customers.
ii.	Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	VND USD	VND1,697 billion	4,50% - 5,00% 1,80% - 2,10%	6,20% 3,60%	Land use rights, machinery and equipment and inventories.
iii.	Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	VND USD	VND1,500 billion	- 4,20% - 4,50%	6,00% 6,00%	Inventories and bonds of the Company; machinery and equipment and a part of the construction on land of Hoa Sen Nghe An One Member Limited Liabilities Company, subsidiary.
iv.	HSBC Bank (Vietnam) Ltd.	VND	USD40 million	4,10% - 4,90%	5,80% - 6,15%	Inventories, machinery and equipment, land use rights and a part of the construction on land and fixed assets of Hoa Sen Binh Dinh Sole Member Limited Company, subsidiary.
v.	Ho Chi Minh City Development Joint Stock Commercial Bank	USD	VND800 billion	1,80%	4,20%	Unsecured
vi.	Sinopac Bank - Ho Chi Minh City Branch	VND	USD3 million	5,00%	5,90%	Unsecured
vii.	United Overseas Bank (Vietnam) Limited	VND USD	USD12 million	4,00% - 4,20% 1,64%	5,90% - 6,19%	Inventories
viii.	United Overseas Bank (Vietnam) Limited	VND	USD3 million	4,00% - 4,50%	4,20% - 4,50%	Inventories
ix.	Malayan Banking Berhad Ho Chi Minh City Branch	VND USD	USD4 million	4,10% - 4,70% 1,80%	- 4,20%	Inventories



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

	Lenders	Currency	Credit limit	Interest rate		Pledged assets
				30/9/2020	1/10/2019	
x.	Vietnam Joint Stock Commercial Bank for Industry and Trade - Nghe An Branch	VND	VND800 billion	3,20% - 4,50%	6,40% - 6,50%	Inventories
xi.	Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Ria Vung Tau Branch	VND	VND300 billion	-	5,50%	Inventories
xii.	Vietnam Maritime Joint Stock Commercial Bank - Ho Chi Minh City Branch	VND	VND195 billion	4,50%	-	Unsecured
xiii.	Saigon Thuong Tinh Joint Stock Commercial Bank - Center Branch	VND	VND1,000 billion	5,00%	-	Land use rights and accounts receivable from customers
xiv.	CTBC Bank Limited Liability Company - Ho Chi Minh City Branch	VND USD	USD8 million	3,80% - 4,00% 1,80% - 1,85%	- -	Unsecured



(b) Long-term borrowings and finance lease liabilities

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



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

	Note	Currency	Year of maturity	30/9/2020 VND	1/10/2019 VND
<ul style="list-style-type: none"> • Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch 	(i)	VND	2021 – 2024	2,102,282,791,370	2,628,554,307,862
<ul style="list-style-type: none"> • Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch 	(ii)	VND	2022 – 2023	303,150,862,940	406,350,862,940
<ul style="list-style-type: none"> • Joint Stock Commercial Bank for Foreign Trade of Vietnam - Vung Tau Branch 	(iii)	VND	2024	291,633,669,442	330,863,669,442
<ul style="list-style-type: none"> • Vietnam Joint Stock Commercial Bank for Industry and Trade - Yen Bai Branch 	(iv)	VND	2025 – 2026	132,670,311,741	142,550,691,493
<ul style="list-style-type: none"> • Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Ria Vung Tau Branch 	(v)	VND	2021	30,184,140,742	73,358,614,085
<ul style="list-style-type: none"> • Asia Commercial Joint Stock Bank - Tan Thuan Branch 	(vi)	VND	2020	-	1,781,600,000
				2,859,921,776,235	3,583,459,745,822



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



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



22. BONUS AND WELFARE FUND

Movements of bonus and welfare fund during the year were as follows:

	Year ended	
	30/9/2020 VND	1/10/2019 VND
Opening balance	44,902,799,431	41,477,023,767
Appropriation from retained profit (Note 24)	3,613,521,330	4,092,340,379
Reversal of unused fund in accrued expenses of prior year	-	1,702,655,525
Utilisation of fund during the year	(5,453,625,100)	(2,369,220,240)
Closing balance	43,062,695,661	44,902,799,431

23. PROVISIONS – LONG-TERM

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

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

**24. CHANGES IN OWNERS' EQUITY**

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



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

25. SHARE CAPITAL

The Company's authorised and issued share capital are:

	30/9/2020		1/10/2019	
	Number of shares	VND	Number of shares	VND
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 with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Movements in share capital during the year were as follows:

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

**26. OFF BALANCE SHEET ITEMS****(a) Lease**

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

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

(b) Foreign currencies

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

(c) Capital expenditure commitments

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

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

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

28. COST OF SALES

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

**29. FINANCIAL INCOME**

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Interest income from deposits and bonds	4,594,414,990	5,777,871,781
Realised foreign exchange gains	70,199,983,098	57,382,872,754
Other financial income	3,190,096,021	3,486,094
	77,984,494,109	63,164,230,629

30. FINANCIAL EXPENSES

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

31. SELLING EXPENSES

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

**32. GENERAL AND ADMINISTRATION EXPENSES**

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

33. OTHER INCOME

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

34. OTHER EXPENSES

	Year ended	
	30/9/2020 VND	30/9/2019 VND
Loss on disposals of fixed assets	16,563,513,405	9,037,742,228
Others	15,338,974,123	21,625,269,582
	31,902,487,528	30,663,011,810

**35. PRODUCTION AND BUSINESS COSTS BY ELEMENTS**

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

36. INCOME TAX**(a) Recognised in the consolidated statement of income**

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

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

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

(c) Applicable tax rates

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

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



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

37. BASIC EARNINGS PER SHARE

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

(i) Net profit attributable to ordinary shareholdersg

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

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

(ii) Weighted average number of ordinary shares

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



(iii) Basic earnings per share

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

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

38. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

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

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



39. NON-CASH INVESTING ACTIVITIES

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

40. COMPARATIVE INFORMATION

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

24 December 2020

Prepared by

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Accountant

Approved by

Nguyen Thi Ngoc Lan
Chief Accountant



Tran Quoc Tri
General Director