

Reaching a *Higher*  
position

ANNUAL REPORT – HOA SEN GROUP – THE FISCAL YEAR 2013 – 2014

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Designed by **NEXT BRAND**



ANNUAL REPORT  
THE FISCAL YEAR 2013 – 2014

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*Golden* lotus  
quality



# Culture of **10** *J* **LETTERS**

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*Integrity*  
*Loyalty*  
*Dedication*  
*Talent*  
*Friendliness*



## Vision \_\_\_\_\_

Becoming a leading economic group in manufacturing and distributing building material products in Vietnam and in the region with a sustainable development strategy that focuses on five core competitive advantages: vertically integrated value chain; distribution-retail network; strong, community-oriented brand; unique governance system and corporate culture as well as pioneering in technological innovation investment in order to maximize added value for shareholders, employees and society.

## Mission \_\_\_\_\_

Providing products with international quality, reasonable prices and diverse designs under the Hoa Sen brand in order to meet customers' needs and contribute to changing the country's architectural landscape and developing the community.

## Core Values \_\_\_\_\_

Integrity - Community - Development

## Business Philosophy \_\_\_\_\_

- ⊗ Products' quality is the focus
- ⊗ Customers' benefit is the key
- ⊗ Employees' income is the responsibility
- ⊗ Sharing with community is the obligation

“With nationwide distribution-retail branches, enhanced production capacity, strong brand name and increasingly perfect management team, we have already obtained key premises to reach a higher position in new period of development.”



Dear esteemed shareholders,

Ending 2014, the economy is still in the process of recovery after the recession. Although the domestic demand has been improved, it has still not reached the expectation with high inventory. The steel industry had to face the unfavorable changes from the decrease of price of hot rolled coils and finished steel. As the result, the profits of domestic steel enterprises have also been influenced. Meanwhile, the competitive pressure from imported steel has still increased continuously and caused more obstacles for the enterprises.

Facing those disadvantages, in the fiscal year 2013 – 2014, the orientation of the Board of Directors is trying to complete the business plan that General Assembly of Shareholders set out at the highest level. Simultaneously, we focused on strengthening and perfecting available core competitive advantages to lay a solid foundation for breakthroughs in the next periods of development.

Ending the fiscal year 2013 – 2014, the sales volume and the net sales of Hoa Sen Group increased significantly in comparison with the fiscal year 2012 – 2013. The sales volume of finished products reached 810,226 tons and increased by 35% in comparison with the previous fiscal year. The net sales reached VND 14,990 billion and increased by 27% in comparison with the fiscal year 2012 – 2013 in which export sales reached USD 282 million. Therefore, Hoa Sen Group has continued to consolidate the leading position in domestic steel sheet market share and been one of the two leading enterprises in steel pipe market share. The after-tax profit reached VND 410 billion, accounted for 68% of the plan and approximated 71% of the profit of the previous fiscal year because of unfavorable changes in the price of hot rolled coils and finished steel.

Another remarkable achievement in the fiscal year 2013 – 2014 was the completion of Phase 2 of Hoa Sen Phu My Steel Sheet Plant Project. Until now, all main production lines of the project were stably put into operation to increase the total designed capacity of Hoa Sen Group's production lines approximately by 1 million

tons of cold rolled coils/year and 1.2 million tons of coated steel sheets/year. This is an important premise for Hoa Sen Group to achieve 1 million tons in sales volume and USD 1 billion in net sales in forthcoming times.

Furthermore, because the Group's distribution-retail branches have continuously been expanded, the total number of branches was 150 until December 31<sup>st</sup>, 2014. With continuously expanded scale, the distribution-retail branches are the key factors for Hoa Sen Group to become the leading distributor of building materials in Vietnam in future.

Entering 2015, the market is forecasted to face many difficulties. In order to maintain the growth rate as the previous years, successfully implement the business plan of the fiscal year 2014 – 2015 and complete the strategic target of 1 million tons in sales volume and USD 1 billion in net sales, Hoa Sen Group's core duties for the next fiscal year include expanding the scale of the distribution-retail branches to bring the products closer to the consumers, building brand name through creative PR programs and other humanistic and community-oriented activities to affirm strong and friendly Hoa Sen brand name, focusing on completing Hoa Sen Nghe An Steel Sheet Plant Project and Hoa Sen Binh Dinh Steel Pipe Plant Project to enhance production capacity of the Group and prepare for the next period of integration and development.

On behalf of the Board of Directors, the Board of Management and all the employees of Hoa Sen Group, I would like to thank for the trust and support of esteemed shareholders and hope that you are always companions of Hoa Sen Group on the way to new success.

Best regards./.

Chairman of the Board of Directors

LE PHUOC VU

Another remarkable achievement in the fiscal year 2013 – 2014 was the completion of Phase 2 of Hoa Sen Phu My Steel Sheet Plant Project. Until now, all main production lines of the project were stably put into operation to increase the total designed capacity of Hoa Sen Group's production lines approximately by 1 million tons of cold rolled coils/year and 1.2 million tons of coated steel sheets/year.





Aspiration  
to reach *High*

## INTRODUCTION

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# OUTSTANDING FINANCIAL FIGURES AND EVENTS

THE FISCAL YEAR 2013 – 2014

In 2014, Hoa Sen Group continued to affirm its position as the leading manufacturer and trader of coated steel sheets in Vietnam with 36.9% of market share.

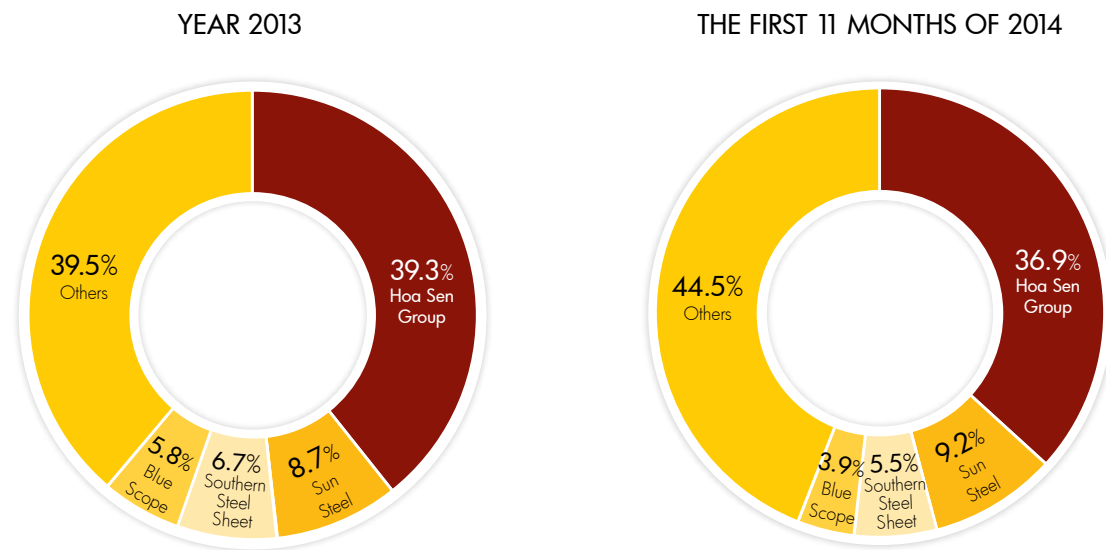
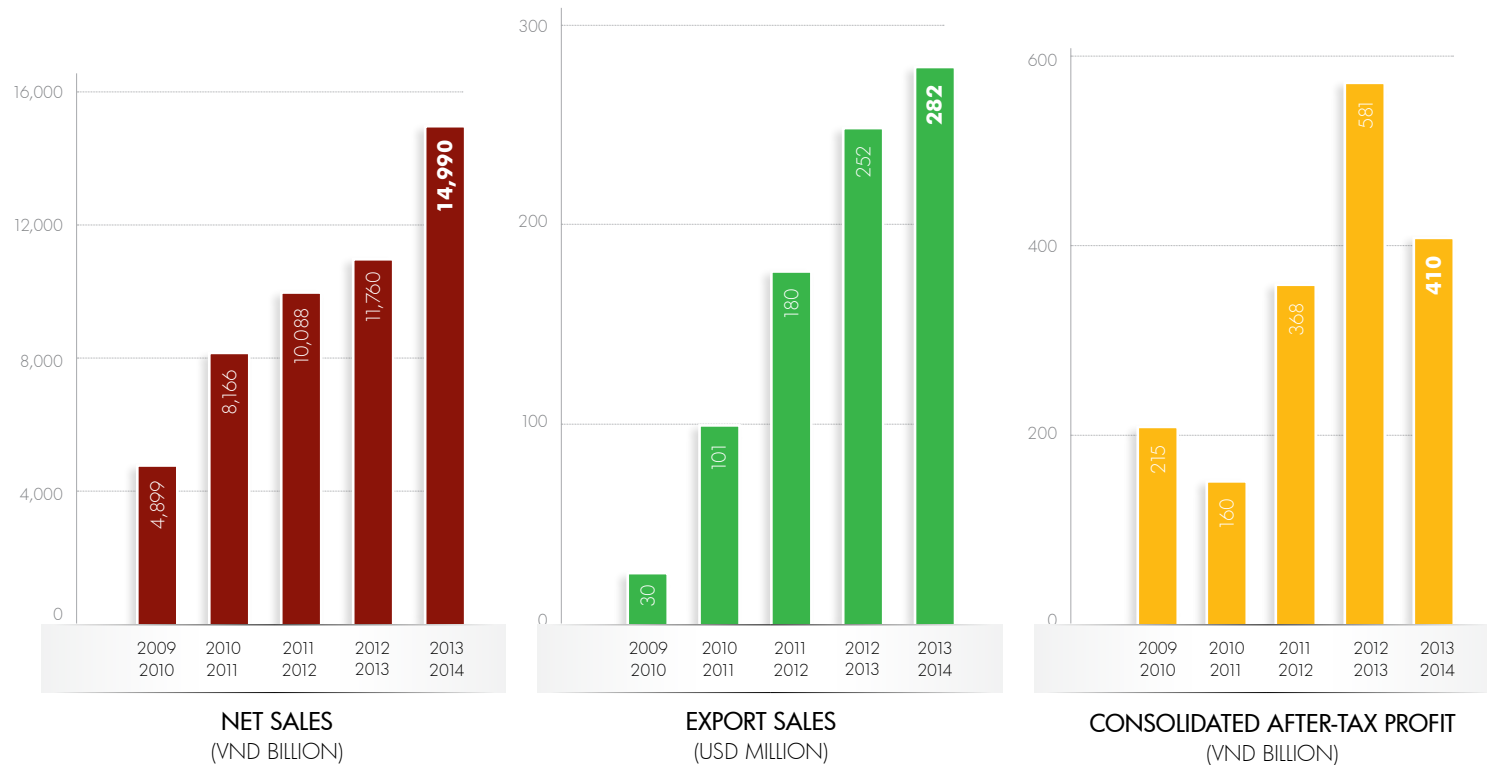


CHART OF STEEL SHEET MARKET SHARE IN 2013 AND IN THE FIRST 11 MONTHS OF 2014  
Source: Internal Bulletin of Vietnam Steel Association in 2013 and in December 2014

**Note:** Above statistics only consist of sales volumes of members of Vietnam Steel Association and exclude sales volume of Persima Vietnam because the tin coated steel sheets are not used for construction industry.



Hoa Sen Group continued to affirm its position as the leading manufacturer and trader of coated steel sheets in Vietnam with 36.9% of market share.

Hoa Sen Group was honorably ranked first for “Best Managed Company in Asia 2014” award in metal and mining sector by Euromoney Magazine (the United Kingdom). Hoa Sen Group was the first Vietnamese enterprise in metal and mining sector to be awarded this prize.

In December 2014, Hoa Sen Group was awarded “Vietnam Value 2014” for Hoa Sen Steel Sheet Product, Hoa Sen Plastic Pipe Product, Hoa Sen Steel Pipe Product by Ministry of Industry and Trade.

Hoa Sen Group was honorably voted “50 Best Vietnamese Listed Companies” by Forbes Vietnam.

Until December 31<sup>st</sup>, 2014, the total number of distribution-retail branches and the total number of base depots are 150 and 5 respectively.

In the fiscal year 2013 – 2014, Hoa Sen Group’s net sales reached VND 14,990 billion. In the context of unfavorable economy, Hoa Sen Group still maintained the high growth rate in net sales.

1  
3  
50  
150  
14,990



**HISTORY  
OF ESTABLISHMENT AND DEVELOPMENT**

On August 8<sup>th</sup> 2001, Hoa Sen Joint Stock Company was established with an initial charter capital of VND 30 billion, 22 employees and 3 distribution-retail branches.

Putting Hoa Sen Cold Rolling Mill with a designed capacity of 180,000 tons/year, Galvanizing line (NOF technology) with a designed capacity of 150,000 tons/year and two Color coating lines with a designed capacity of 45,000 tons/year/line into operation.

Establishing many distribution-retail branches to increase the number of distribution-retail branches by 75 at the end of 2008.

**\*FROM OCTOBER 1<sup>ST</sup>, 2008, HOA SEN GROUP CHANGED ITS FISCAL YEAR. ACCORDINGLY, HOA SEN GROUP'S FISCAL YEAR BEGINS FROM OCTOBER 1<sup>ST</sup> AND ENDS IN SEPTEMBER 30<sup>TH</sup> OF THE FOLLOWING YEAR.\***

Establishing 3 more branches to increase the total number of distribution-retail branches by 82.

On December 5<sup>th</sup>, 2008, 57,038,500 stocks of Hoa Sen Group (code: HSG) were listed on Ho Chi Minh City Stock Exchange.

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.

Establishing 11 more branches to increase the total number of distribution-retail branches by 93.

Performing private placement for major investors and Hoa Sen Group's employees.

Increasing the charter capital from VND 570 billion to VND 700 billion.

Putting hot galvanizing line (NOF technology) with a designed capacity of 450,000 tons/year and Color coating line with a designed

capacity of 180,000 tons/year that belong to Hoa Sen Phu My Steel Sheet Plant Project into operation.

Issuing bonus shares and shares for dividend payment of the fiscal year 2008.

Increasing the charter capital from VND 700 billion to VND 839.960 billion.

Issuing shares for dividend payment of the fiscal year 2008 - 2009.

Increasing the charter capital from VND 839.960 billion to VND 1,007.907 billion.

Establishing 13 more branches to increase the total number of distribution-retail branches by 106.

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

Export sales achieved USD 101 million.

2001 –  
September 30<sup>th</sup>, 2008

2008 – 2009

2009 – 2010

2010 – 2011

2011 – 2012

2012 – 2013

2013 – 2014

The export sales achieved USD 180 million.

Hoa Sen Group became one of the leading exporters of coated steel sheets in Southeast Asia.

Announcing the new brand identity system.

Establishing 2 more branches to increase the total number of distribution-retail branches by 108.

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

Establishing 7 more branches to increase the total number of distribution-retail branches by 115.

Hoa Sen Group achieved Top 100 of Largest Vietnamese Enterprises and Top 30 of Largest Vietnamese Private Enterprises.

Hoa Sen Group honorably achieved Top 10 of Vietnam Gold Star 2013 and Top 10 of Corporate Social Responsibility.

Hoa Sen Group honorably received the Third-grade Labor Medal.

Establishing 35 more branches to increase the total number of distribution-retail branches by 150 until December 31<sup>st</sup>, 2014.

Putting production lines of Phase 2 of Hoa Sen Phu My Steel Sheet Plant Project including 2 Cold rolling lines with a designed capacity of 200,000 tons/year/line, 1 Hot galvanizing line (NOF technology) with a designed capacity of 400,000 tons/year and 1 Color coating line with a designed capacity of 150,000 tons/year into operation to increase the total

designed capacity of current production lines of Hoa Sen Group by nearly 1 million tons of cold rolled coils/year and 1.2 million tons of coated steel sheets/year.

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.

On January 8<sup>th</sup>, 2014, Hoa Sen Group was awarded "Best Managed Company in Asia 2014" in metal and mining sector by Euromoney Magazine (the United Kingdom).

In 2014, Hoa Sen Group was honorably voted "50 Best Vietnamese Listed Companies" by Forbes Vietnam.

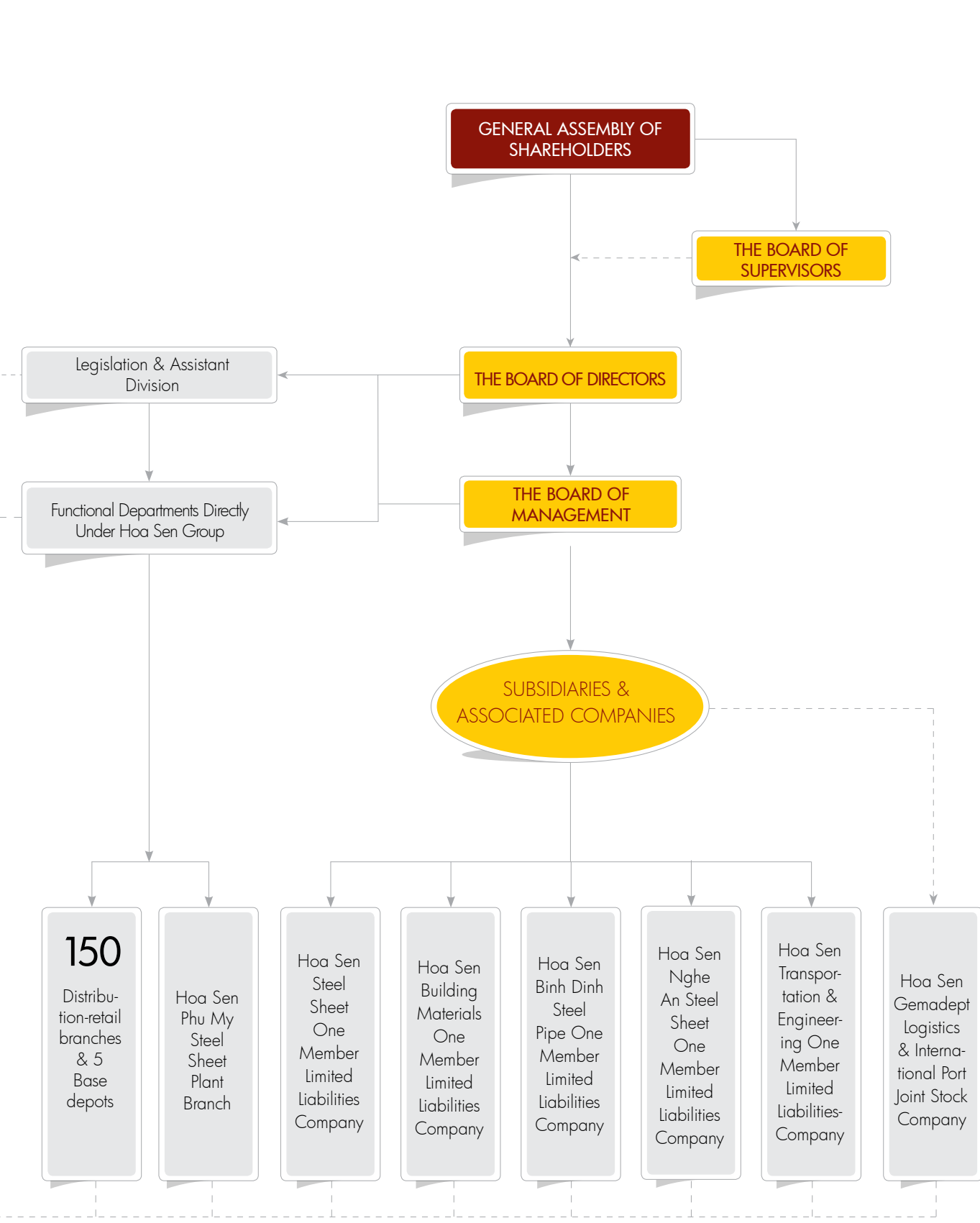
Hoa Sen Group was awarded "Vietnam Value 2014" for Hoa Sen Steel Sheet Product, Hoa Sen Plastic Pipe Product and Hoa Sen Steel Pipe Product by Ministry of Industry and Trade in November 2014.

**Events in the fiscal year 2013 – 2014**

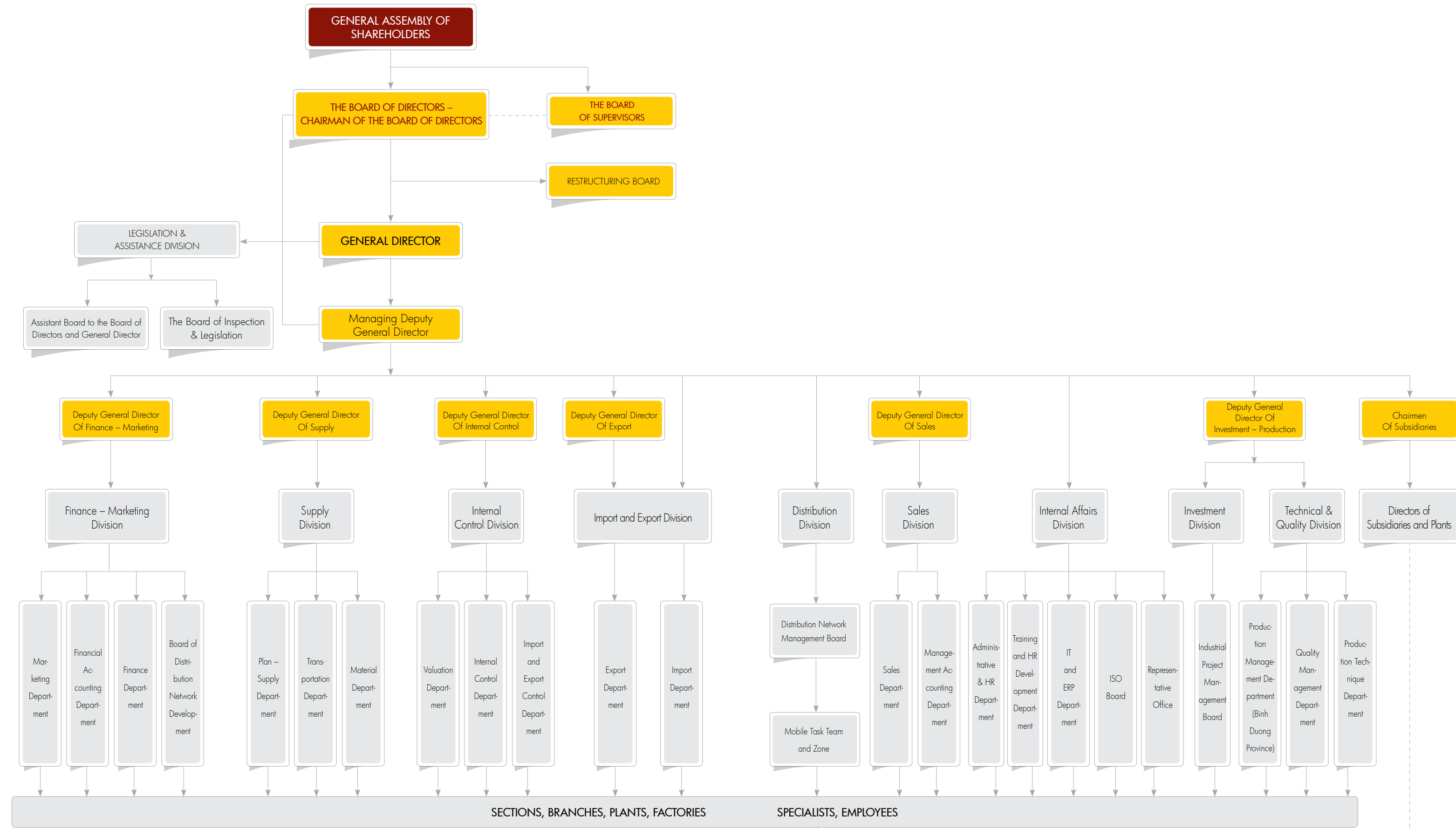


- 01** | Until December 31<sup>st</sup>, 2014, Hoa Sen Group established 35 more distribution-retail branches to increase the total number of distribution-retail branches by 150.
- 02** | Having completed and put the production lines of Phase 2 of Hoa Sen Phu My Steel Sheet Plant into operation.
- 03** | Implementing Hoa Sen Binh Dinh Steel Pipe Plant Project and Hoa Sen Nghe An Steel Sheet Plant Project in order to enhance the production capacity of the Group.
- 04** | On January 8<sup>th</sup>, 2014, Hoa Sen Group was honorably ranked first for "Best Managed Company in Asia 2014" award in metal and mining sector by Euromoney Magazine.
- 05** | In December 2014, Hoa Sen Group was awarded "Vietnam Value 2014" for Hoa Sen Steel Sheet Product, Hoa Sen Plastic Pipe Product and Hoa Sen Steel Pipe Product by Ministry of Industry and Trade.
- 06** | Having inaugurated Representative Office of Hoa Sen Group at No. 183, Nguyen Van Troi Street, Ward 10, Phu Nhuan District, Ho Chi Minh City.





Note: — Direct control      - - - - - Coordination, inspection





## PRODUCTION CAPACITY

Location	Production line	Quantity	Total designed capacity (ton/year)
<b>1. HOA SEN GROUP</b> No. 09, Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province.	Galvanizing line (NOF technology)	5	1,220,000
<b>2. BRANCH OF HOA SEN GROUP – HOA SEN PHU MY STEEL SHEET PLANT</b> Street No. 01B, Phu My 1 Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province.	Color coating line	4	420,000
<b>3. HOA SEN STEEL SHEET ONE MEMBER LIMITED LIABILITIES COMPANY</b> No. 09, Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province.	Annealing furnace	2	142,000
	Cold rolling line	5	980,000
<b>4. BRANCH OF HOA SEN STEEL SHEET ONE MEMBER LIMITED LIABILITIES COMPANY – PHU MY COLD ROLLING MILL</b> Street No. 01B, Phu My 1 Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province.	Pickling line	2	950,000
	Annealing furnace	1	42,000
<b>5. HOA SEN BUILDING MATERIALS ONE MEMBER LIMITED LIABILITIES COMPANY</b> Street No. 2B, Phu My 1 Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province.	Acid recycling line	1	5,000 liters/hour
	Steel pipe line	25	377,400
<b>6. BRANCH OF HOA SEN BUILDING MATERIALS ONE MEMBER LIMITED LIABILITIES COMPANY IN HAI DUONG PROVINCE</b> Phuong Do Hamlet, Hung Thinh Commune, Binh Giang District, Hai Duong Province	Plastic pipe line	12	38,900
	Steel pipe line	9	75,000





## THE MODERN TECHNOLOGY YIELDS DIVERSE PRODUCTS WITH INTERNATIONAL QUALITY

COLD ROLLED COIL



By applying the modern 6 high single-stand reversing cold rolling technology, cold rolled coils of the Group meet the strict requirements of quality in accordance with Japanese standard of JIS G 3141.

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



Being applied the most advanced technology of color coating on aluminum-zinc alloy surface makes the products outstandingly durable and highly aesthetic and ensures the products' quality in accordance with Japanese standard of JIS G 3322, US standard of ASTM A755, Australian standard of AS 2728, Malaysian standard of MS 2383 and European standard of EN 10169.

PRE-PAINTED GALVANIZED STEEL SHEET (PRE-PAINTED GI)



The variety in color and specifications of Hoa Sen pre-painted galvanized steel sheets always satisfies the customers' demands and ensures the products' quality in accordance with Japanese standard of JIS G 3312, US standard of ASTM A755, Australian standard of AS 2728, European standard of EN 10169 and Malaysian standard of MS 2383.

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 Japanese standard of JIS G3321, US standards of ASTM A653 and ASTM A792, Australian standard of AS 1397, European standard of EN 10346, Malaysian standards of MS 2384, MS 2385 and MS 1196.

ALUMINUM-ZINC ALLOY COATED STEEL SHEET (GL)



Being manufactured by the advanced NOF technology, aluminum-zinc alloy coated steel sheets of the Group meet the U.S standard of ASTM A792, Australian standard of AS 1397, Japanese standard of JIS G3321, Malaysian standard of MS 1196 and European standard of EN 10346. The products' surfaces are glossy, silvery, anti-erosive, effectively heat-resistant and flexibly designed with 4 time higher durability than other common kinds of steel sheet.

GALVANIZED STEEL SHEET (GI)



Being manufactured by the advanced NOF technology, the products meet the strictest requirements of galvanized steel sheet in accordance with Japanese standard of JIS G3302. With the effective anti-erosion and smoothly coated surface, Hoa Sen galvanized steel sheet, which meets US standard of ASTM A653, Australian standard of AS 1397, European standard of EN 10346, Malaysian standard of MS 2384 and MS 2385, is the first choice of consumers.

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 consumers. Metallic steel sheet is applied to interior decoration which brings the elegance and sophistication to the houses.

WRINKLE STEEL SHEET IN COILS



Wrinkle steel sheet in coils 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 in coils 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.

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. Being different from traditional steel sheets, the applications of wood pattern steel sheets 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, easy installation, etc. The products can be used without drawbacks of earlier materials such as dinginess, mold, rapid degradation, etc.

STEEL PIPE AND SQUARE STEEL PIPE



Being manufactured through the process of pickling, cold rolling, annealing, galvanizing, slitting, formed rolling, Hoa Sen steel pipe and square steel pipe have clean and smooth surface, steady thickness, high plasticity and good adhesion as well as high quality in accordance with standards: JIS G3344 (Japan), JIS G3466 (Japan), ASTM A500 (US).

PLASTIC PIPE AND ACCESSORIES



Being manufactured by the modern line with the advanced European technology and the centralized blending system, the products are homogeneous and high-quality in accordance with standards of BS 3505:1968/BS EN 1452-2:2009 (Britain); AS/NZS 1477:2006 (Australia), TCVN 6151-2:2002 (Vietnam). By applying the modern technology of adjusting central heat, Hoa Sen Group successfully produced uPVC pipes with 630 mm in diameter, 30 mm in thickness and 12.5 bar in pressure. Hoa Sen Group's plastic pipes are widely used in various fields such as public and civil drainage system, electricity, telecommunication and sand pumping, etc.

**810,226**

TONS

OF TOTAL SALES

VOLUME OF  
FINISHED PRODUCTS  
IN THE FISCAL YEAR

2013 – 2014





# 5

## CORE COMPETITIVE ADVANTAGES

- 1 | Vertically integrated value chain.
- 2 | Owning 150 distribution-retail branches.
- 3 | The strong, friendly and community-oriented brand.
- 4 | Professional corporate governance and unique corporate culture.
- 5 | Pioneering in advanced technology investment.



## IMPLEMENTING THE MANUFACTURING COST-LEADERSHIP STRATEGY

# 1 VERTICALLY INTEGRATED VALUE CHAIN

Hoa Sen Group's steel sheet – steel production process begins from cold rolling lines. Imported hot rolled coils which were put through this line will create cold rolled coils. Cold rolled coils are the input materials for galvanizing lines which produce coated steel sheets.

Each stage of this production process is tightly controlled. As the result, all products of Hoa Sen Group have high quality and meet the diverse demands of the market.

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

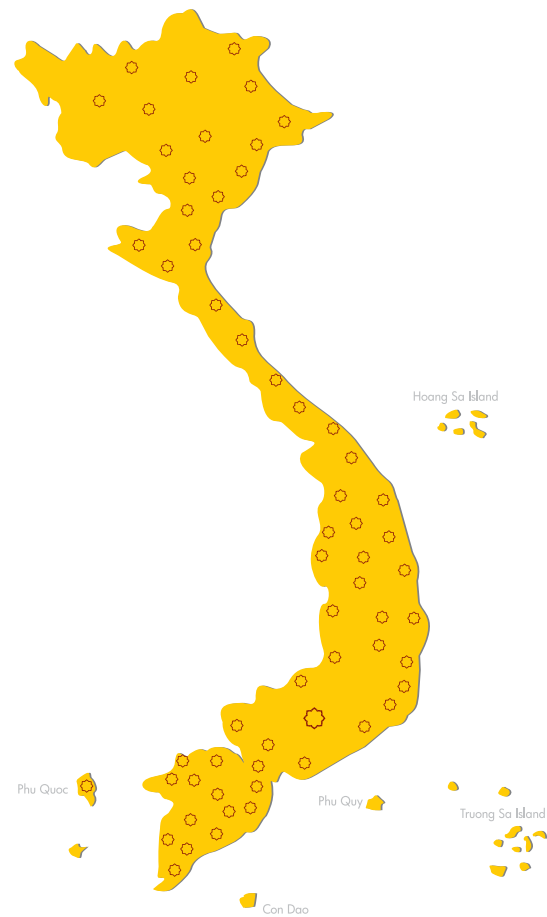
☞ Currently, Hoa Sen Group has become the leading manufacturer of steel sheets in Southeast Asia ☞





## RELENTLESS DEVELOPMENT AND MARKET SHARE GROWTH

**2** UNTIL DECEMBER 31<sup>ST</sup>, 2014, HOA SEN GROUP HAS OWNED 150 DISTRIBUTION-RETAIL BRANCHES.



**150**  
DISTRIBUTION-RETAIL BRANCHES

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 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 a basis 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.

Until December 31<sup>st</sup>, 2014, the total number of nationwide distribution-retail branches of Hoa Sen Group is 150. At the end of 2017, the total number of branches of Hoa Sen Group will be over 300.

☞ The nationwide distribution-retail branches are indispensable link in implementing the strategy of buying directly from producers and selling to end-users. ☞

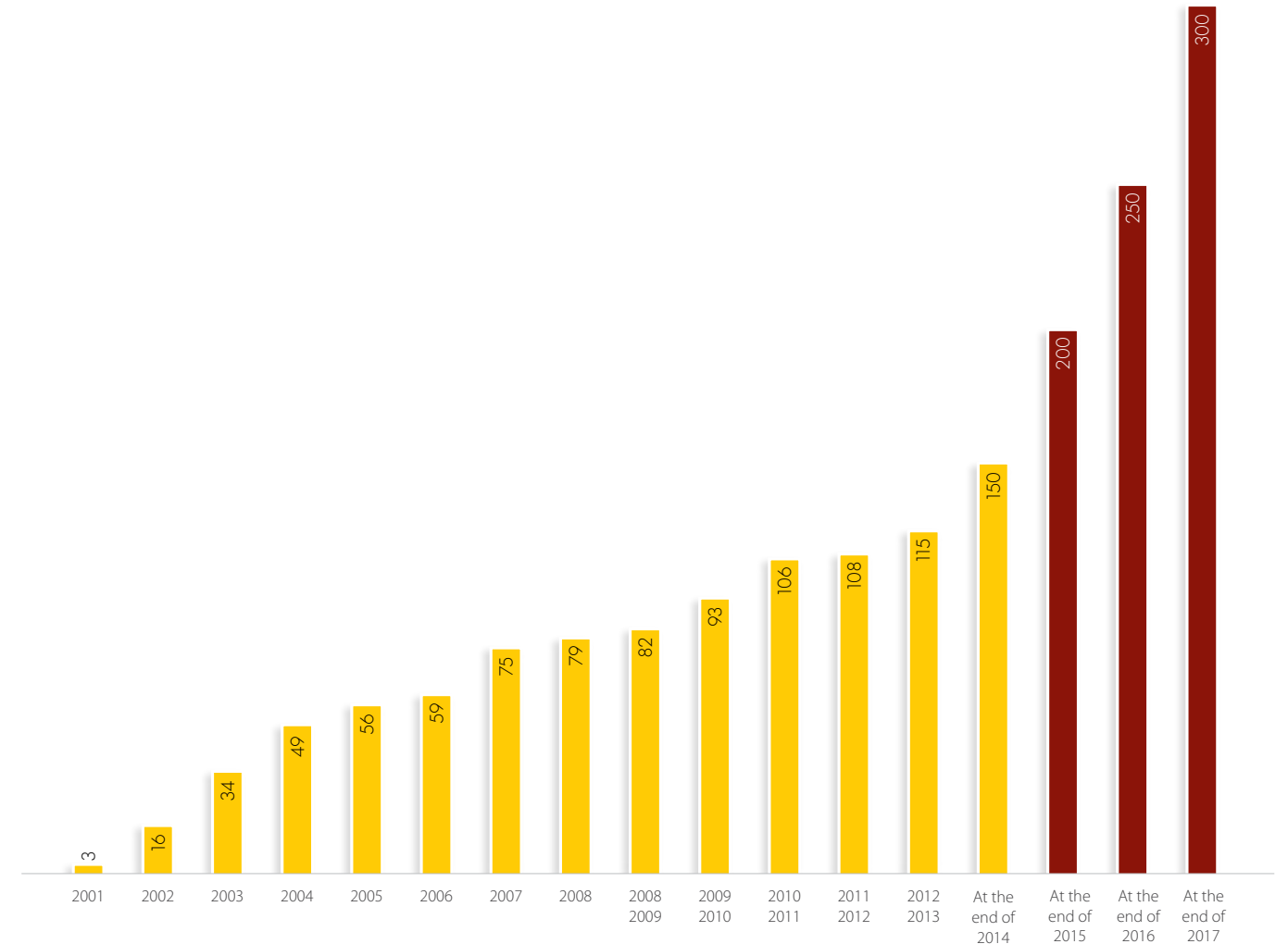
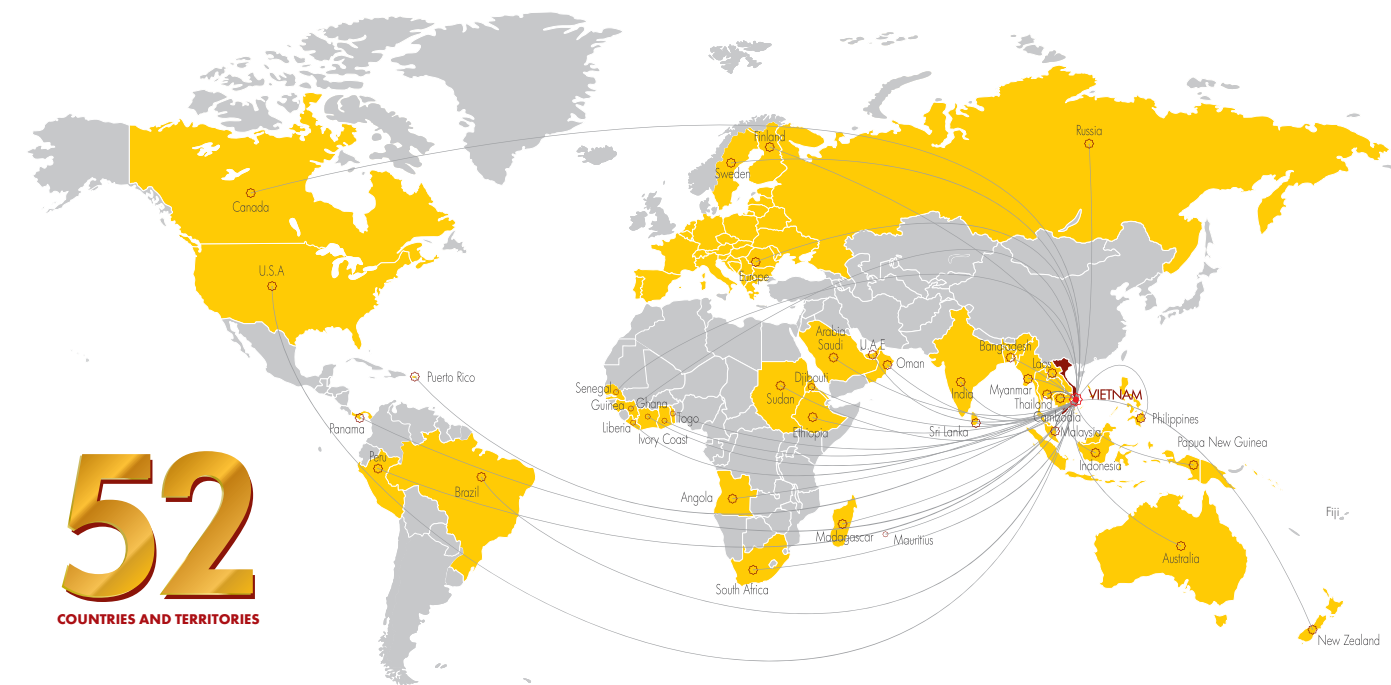


CHART OF THE DEVELOPMENT OF BRANCH NETWORK IN VIETNAM



**52**  
COUNTRIES AND TERRITORIES

### DISTRIBUTION CHANNELS TO COUNTRIES

■ : Countries and territories to which Hoa Sen Group exports its products



## THE UNIQUE BRANDING STRATEGY

# 3 THE STRONG, FRIENDLY AND COMMUNITY-ORIENTED BRAND

Realizing corporate responsibilities to the community, Hoa Sen Group not only focuses on well organizing business and manufacturing activities but also focuses on implementing diverse and practical social activities. In many consecutive years, through diverse and creative marketing programs and by sponsoring the community activities and social charity activities, the Hoa Sen brand name has gone into consumers' minds deeply as the strong, friendly and community-oriented brand name.

In May 2014, Hoa Sen Group was co-organizer and main sponsor for "Shining Vietnamese Fortitude" program. This program was to honor examples of fortitude that overcame their adversities to obtain outstanding achievements and contributed to the society positively. With "Living honestly, living responsibly and living with determination" message, the program aroused the determination and spirit of overcoming difficulties among Vietnamese young people. The motivational speaker Nick Vujicic joined this program as a special guest.

In 2014, Hoa Sen Group continued to achieve Vietnam Value for Hoa Sen Steel Sheet Product,

Hoa Sen Steel Pipe Product and Hoa Sen Plastic Pipe Product. In 2012, Hoa Sen Group also achieved Vietnam Value. This was the pride of Hoa Sen Group to affirm the commitment of a brand name which always creates the highest values for the consumers and the society.

In order to protect the interest of the consumers against counterfeit and substandard steel sheets at current market, Hoa Sen Group has provided a telephone number of 1800 1515 for free consultation to help all consumers identify fake and genuine steel sheets and give more advice on related information and guidelines of selecting the genuine Hoa Sen Steel Sheet Product.





## COMMUNITY-ORIENTED DEVELOPMENT



# 4 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 13 years.

### INTEGRITY

Being honest and transparent in all activities.

### COMMUNITY

Sharing Hoa Sen Group's achievements with the community is the humanistic beauty which has gone into many Vietnamese people's minds deeply.

### DEVELOPMENT

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





## DEVELOPING SUSTAINABLY WITH ADVANCED TECHNOLOGY


# 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 guarantee products' quality and show social responsibilities, the Group has applied and maintained ISO 9001 : 2008 standards of quality management system, ISO 14001 : 2004 standards of environmental management system and OHSAS 18001 : 2007 standards of occupational health and safety management system.







# *Expanding* scale

## **REPORT ON PRODUCTION AND BUSINESS ACTIVITIES**

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## GỚI THIỆU HỘI ĐỒNG QUẢN TRỊ



Mr. **LE PHUOC VU**  
Chairman

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) with an initial charter capital of VND 30 billion. After over 13 years of building and developing, with intelligence, assertiveness, responsibility and integrity, he developed the small company into Hoa Sen Group - the leading manufacturer and trader of steel sheet and steel in Vietnam and Southeast Asia.

In order to acknowledge his outstanding achievements in leadership, management of production and business activities and community activities, he was awarded the Second-grade Labor Medal by the President of Vietnam. Moreover, he also won the "EY Entrepreneur of the Year 2014" award (This is the only global prize that honors the entrepreneurs who have built and successfully led their enterprises to develop actively and fast). He will represent Vietnamese entrepreneurs to take part in "EY - World Entrepreneur of the Year" award in Monaco in 2015. 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.



Mr. **TRAN NGOC CHU**  
Vice Chairman

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. With much experience in the sectors of finance, accounting, taxation and corporate governance, he was elected as Vice Chairman of the Board of Directors for many consecutive terms by the General Assembly of Shareholders as well as entrusted with many great responsibilities at the Group. Currently, he is General Director and Vice Chairman of Hoa Sen Group cum Chairman of the Board of Members of Hoa Sen Building Materials One Member Limited Liabilities Company. In 2014, he was honorably awarded Third-grade Labor Medal by the President of Vietnam and certificates of merit by Binh Duong Province People's Committee for many times for his contributions to the development of the enterprise and Binh Duong Province. He graduated from Finance and Accounting University Ho Chi Minh City



Mr. **TRAN QUOC TRI**  
Member

Joining Hoa Sen Group from 2004 up to now, Mr. Tran Quoc Tri has proved his management ability in many positions such as Manager of Planning Department of the Distribution Network, Director of the Distribution Network and Deputy General Director of Sales. He has been Managing Deputy General Director of Hoa Sen Group since April 1<sup>st</sup>, 2011. 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. On April 29<sup>th</sup>, 2014, he was elected as a member of the Board of Directors after Mr. Ly Duy Hoang's resignation. Mr. Tran Quoc Tri graduated from University of Economics Ho Chi Minh City with major of Accounting and Auditing.



Mr. **JEAN-ERIC JACQUEMIN**  
Member

Mr. Jean-Eric Jacquemin has over 25 years of experience in managing and restructuring the leading enterprises in US and Europe. He has made many investments in Vietnam within 6 recent years. Currently, Mr. Jean-Eric Jacquemin is Chairman of the Board of Directors of Temasia Capital Limited, CEO of Red River Associates and Director of Red River Holding - Major shareholder of Hoa Sen Group. On March 6<sup>th</sup>, 2013, at Annual General Meeting of the fiscal year 2012 - 2013 of Hoa Sen Group, Mr. Jean-Eric Jacquemin was elected as a member of the Board of Directors and is responsible for Finance and Investor Relation Subcommittee of the Group. Mr. Jean-Eric Jacquemin graduated from Western New England University (US) with major of Business Administration.



Mr. **PHAM GIA TUAN**  
Member

Mr. Pham Gia Tuan is a member of the Board of Directors cum General Director of Viet Capital Asset Management. Simultaneously, he is CEO of Viet Capital Healthcare Fund and directly supervises financial investment activities and private enterprises of the Fund. He has over 10 years of experience in taxation and auditing in leading companies such as VinaCapital, Dutch Lady Vietnam and PricewaterhouseCoopers, etc. At Hoa Sen Group, he is an independent member of the Board of Directors and responsible for Finance and Investor Relation Subcommittee. He graduated from Sydney University of Technology (Australia) with major of Accounting. Moreover, he is a member of Certified Practising Accountants of Australia.



Mr. **LY DUY HOANG**  
Member  
*(Having resigned since April 29<sup>th</sup> 2014)*

Mr. Ly Duy Hoang is an experienced financial expert with over 10 years working in some large multinational financial organizations. He graduated from university with major of Finance in Canada. On March 6<sup>th</sup>, 2013, he was elected as a member of the Board of Directors for the term of 2013 - 2017 and responsible for Restructuring, HR, Salary and Reward Subcommittee. He resigned as a member of the Board of Directors from April 29<sup>th</sup>, 2014.



## BUSINESS PERFORMANCE OF THE FISCAL YEAR 2013 – 2014

### OVERVIEW



In 2014, domestic economy has had signs of positive changes. However, in general, there was no clear recovery. Although the growth of the economy of 2014 was better than that of 2013, it was still lower than expectation and contained many potential risks. In domestic market, the market's demands have been improved but they have not created enough leverage for the economy. That the input costs such as fuel, electricity, especially transportation fares increased considerably in 2014 made the enterprises face more difficulties.

For the steel industry, last year, there have not been many changes. The unfavorable changes in price of hot rolled coils and selling price of domestic finished steel affected many enterprises' profits. Competitive pressure from cheap steel imported from China became more and more violent due to redundant steel production in this country. Meanwhile, in export market, that anti-dumping cases and safeguard for steel from Vietnam in some countries such as Indonesia and Australia occurred continuously made the export face many obstacles.



In such situation, the Board of Directors of Hoa Sen Group actively proposed sound policies and business strategies and made many plans to respond promptly to the complex change of market to ensure the completion of production and business plan approved by General Assembly of Shareholders.

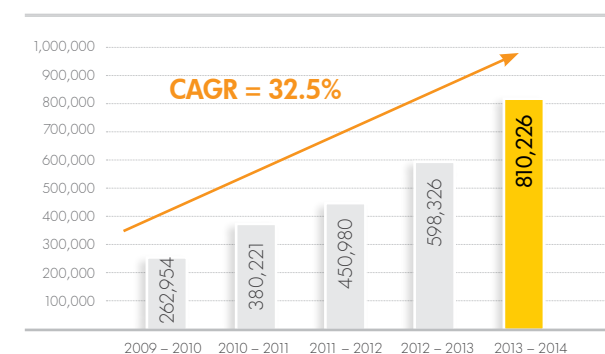
## BUSINESS PERFORMANCE OF THE FISCAL YEAR 2013 – 2014

In the fiscal year 2013 – 2014, the targets of sales volume and net sales of the Group exceeded the plan and continued to increase significantly in comparison with the previous fiscal year. Specifically, in comparison

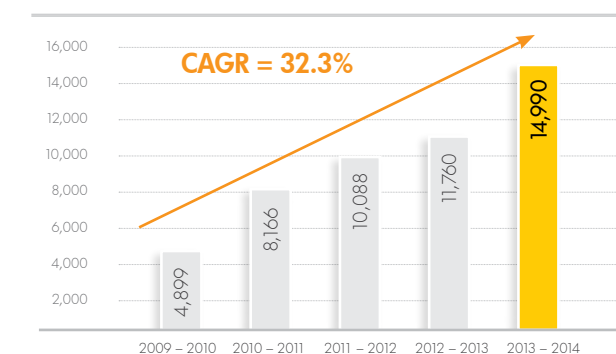
with the fiscal year 2012 – 2013, the growth in sales volume of finished products reached 35% and the growth in net sales reached 27%. These were very encouraging results in the context of unfavorable economy.

Chart of the growth in sales volume of finished products, the growth in net sales and the growth in consolidated after-tax profit of Hoa Sen Group in 5 recent years

The growth in sales volume of finished products  
(UNIT: ton)



The growth in net sales  
(UNIT: VND Billion)



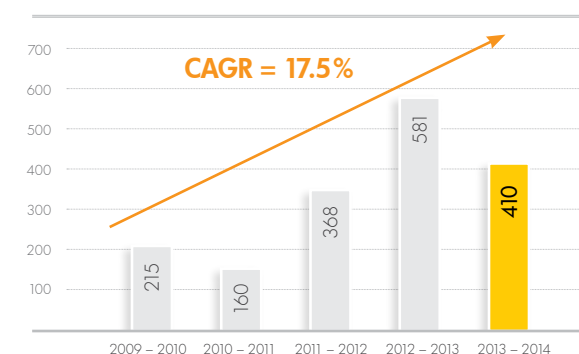
One of important bases for Hoa Sen Group to maintain the stable growth in sales volume and net sales was the completion of main production lines of Phase 2 of Hoa Sen Phu My Steel Sheet Plant. These production lines have been put into operation and contributed to increasing the total designed capacities of current production lines of the Group by 1 million tons of cold rolled coils/year and 1.2 million tons of coated steel sheets/year to improve sales volume, net sales and profits.

Moreover, the sales channels made maximum efforts to complete the assigned targets. The export channel achieved 336,197 tons in sales volume in 52 countries and territories, contributed USD 282 million in net sales and increased by 12% in net sales in comparison with the previous fiscal year. The distribution-retail network which was expanded in the fiscal year 2013 – 2014 achieved 298,805 tons in sales volume corresponding to VND 5,540 billion in net sales and accounting for 37% of the total net sales of the Group. The export channel and the distribution-retail network were two key consumption channels of the Group. In addition, other consumption channels of the Group also increased in net sales in comparison with the previous fiscal year.

The after-tax profit in the fiscal year 2013 – 2014 reached VND 410 billion, decreased by 29% in comparison with the fiscal year 2012 – 2013 and accounted for 68%

of the plan. Because the price of global hot rolled coils (the material of domestic steel enterprises) decreased continuously from the second half of 2013 to now, the selling price of domestic finished steel decreased more than the decrease of the price of the material and the gross profit margin became lower than expectation. Without the positive of the sales channels in searching the outputs for the products and increasing sales volume and net sales, the profit could be lower than the number of VND 410 billion. This was a remarkable result showing high determination of the leaders and the employees of Hoa Sen Group in the context of unfavorable market situation.

Growth in consolidated after-tax profit  
(Unit: VND billion)







## INVESTMENT PROJECTS



In the fiscal year 2013 – 2014, Hoa Sen Group completed and put main production lines of Phase 2 of Hoa Sen Phu My Steel Sheet Plant into operation including 1 galvanizing line (NOF technology) with a designed capacity of 120,000 tons/year, 1 hot galvanizing line (NOF technology) with a designed capacity of 400,000 tons/year, 2 cold rolling lines with a designed capacity of 200,000 tons/year/line and 1 color coating line with a designed capacity of 150,000 tons/year. Currently, these production lines have operated stably to increase the total designed capacities of the production lines by approximately 1,000,000 tons of cold rolled coils/year and 1,200,000 tons of coated steel sheets/year, contribute to improving production capacity and sales volume and create an important premise for the Group to complete the strategy of 1 million tons in sales volume and USD 1 billion in net sales in forthcoming times.

The project to expand Hoa Sen Building Materials One Member Limited Liabilities Company has been being implemented. The project included 9 steel pipe lines, 3 slitting lines and the construction of factory to keep materials with the area of 16,000 m<sup>2</sup> at Phu My Building Materials Plant and 6 steel pipe lines at branch of Hoa Sen Hai Duong Steel Pipe Plant. 3 out of 9 steel pipe lines at Phu My Building Materials Plant and 6 steel pipe lines at the branch of Hoa Sen Hai Duong Steel Pipe Plant were completed and put into operation in 2013. Until September 30<sup>th</sup>, 2014, the majority of items were completed. Some items such as factory and machinery and equipment are being completed in order to be put into operation.

In the fiscal year 2013 – 2014, Hoa Sen Group continued to implement the project to expand distribution-retail branches with 35 more branches to be established. Until December 31<sup>st</sup>, 2014, the total number of distribution-retail branches and the total number of base depots were 150 and 5 respectively.

Currently, Hoa Sen Group has prepared to implement two important projects. Those are Hoa Sen Nghe An Steel Sheet Plant and Hoa Sen Binh Dinh Steel Pipe Plant. When these projects are put into operation, they will act as a main place to supply steel sheets, steel pipes to the provinces of North Central Region and export to Laos, Thailand, etc.

In order to implement the Resolution of Annual General Meeting held on March 6<sup>th</sup>, 2013, Hoa Sen Group carried out procedures to register for investment in Hoa Sen Thailand Steel Sheet Joint Venture Company (implementing joint venture with Thai partner). This project was granted foreign investment certificate by Ministry of Planning and Investment in Vietnam. However, after considering the political instability in Thailand in the past two years, the Board of Directors decided to terminate Hoa Sen Thailand Steel Sheet Project (according to the Resolution of the Board of Directors numbered 60A/NQ/HĐQT/2014).

Based on the Resolution of Annual General Meeting held on January 8<sup>th</sup>, 2014, Hoa Sen Group carried out procedures to establish a trading company in Indonesia and a representative office in Myanmar (having been licensed by investment management agencies in Vietnam, Indonesia and Myanmar). However, because of unfavorable market situation and inappropriate costs of renting office in Myanmar, both trading company and representative office have not operated yet.



## REPORT ON IMPLEMENTATION OF THE RESOLUTION OF ANNUAL GENERAL MEETING OF THE FISCAL YEAR 2013 – 2014

The implementation of Resolution No. 01/NQ/ĐHĐCĐ/HSG/2014 of the General Assembly of Shareholders at Annual General Meeting held on January 8<sup>th</sup> 2014.

No.	Main contents	Results
1	Production and business plan for the fiscal year 2013 – 2014.	Having been reported above and reported in details in the report of the Board of Management.
2	Implementation of investment projects.	Having been reported above and reported in details in the report of the Board of Management.
3	Dividend payment for the fiscal year 2012 – 2013.	- Implementing the first dividend payment and the second dividend payment on February 19 <sup>th</sup> , 2014 and July 3 <sup>rd</sup> , 2014 with the rate 10% of face value for each phase. - The Group totally paid 20% of face value for the two phases.
4	Selection of audit firm for the fiscal year 2013 – 2014.	Choosing PwC Vietnam as audit firm for the fiscal year 2013 – 2014.
5	Admendment of Charter of the Group.	Having implemented the admendment of the Charter of the Group.

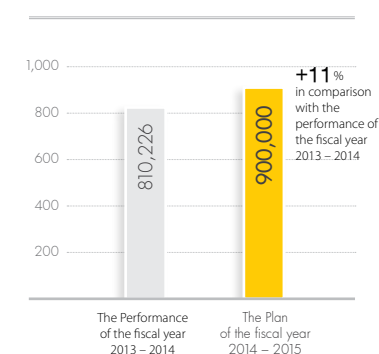
## CONSOLIDATED BUSINESS PLAN FOR THE FISCAL YEAR 2014 – 2015

Based on the forecast for growth rate of domestic and export market, production capacity and sales capacity of the Group, the Board of Directors submitted the consolidated business plan for the fiscal year 2014 – 2015 to General Assembly of Shareholders as follows:

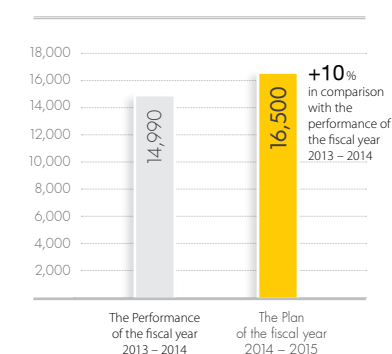
Item	Unit	Performance of the fiscal year 2013 – 2014	Plan of the fiscal year 2014 – 2015 (*)	Comparing with the performance of the fiscal year 2013 – 2014	
				Absolute number	Relative number
(1)	(2)	(3)	(4)	(5 = 4 – 3)	(6 = 4/3 – 1)
Total sales volume in which	Ton	868,256	961,908	93,652	11%
- Finished products	Ton	810,226	900,000	89,774	11%
- By-products	Ton	58,030	61,908	3,878	7%
Net sales	VND billion	14,990	16,500	1,510	10%
Consolidated after-tax profit	VND billion	410	450	40	10%

(\*) Based on assumption that the price of hot rolled coils for the fiscal year 2014 – 2015 is USD 500/ton

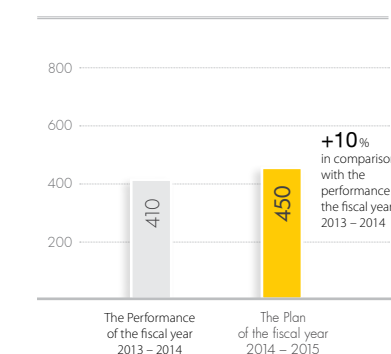
Sales volume of finished products  
(UNIT: Ton)



Net sales  
(UNIT: VND billion)



Consolidated after-tax profit  
(UNIT: VND billion)



## IMPLEMENTATION ORIENTATION OF BUSINESS PLAN FOR THE FISCAL YEAR 2014 – 2015

Based on careful forecast for the possibility of recovery of the economy in forthcoming times, in order to ensure the completion of the production and business plan for the fiscal year 2014 – 2015 and the 2013 - 2017 target of 1 million tons in sales volume and USD 1 billion in net sales, the Board of Directors proposed policies and orientations in production and business activities of the Group for the fiscal year 2014 – 2015 as follows:

**1. IN TERM OF PRODUCTION ACTIVITY:** Ensuring products' quality is still top priority to maintain brand name's prestige. In order to enhance the competitiveness of the products, the Group needs to focus on minimizing manufacturing cost, improving technique, enhancing the effectiveness of the production lines, calculating demand and time to purchase raw materials to minimize manufacturing cost, reduce the products' price and increase the competitiveness on the market.

**2. IN TERM OF SUPPLY ACTIVITY:** The considerable increase in transportation fares caused obstacles for many enterprises in 2014 and set up urgent request to build active and effective logistics and transportation system. Therefore, in the fiscal year 2014 – 2015, the logistics and transportation activity will be one of the core activities of Hoa Sen Group that need to be strengthened firstly. The Group will start to increase the number of current means of transportation to meet the demand of transportation of goods and materials. When the entire system operates effectively, the Group will research the plan of specializing logistics and transportation activity into professional activity of the Group.

**3. IN TERM OF BUSINESS:** Expanding market coverage, increasing domestic market share by establishing distribution-retail branches and perfecting management activity through management models and policies and appropriate income policy to strengthen

management effectiveness and business effectiveness of the branches.

In order to maintain growth rate of export sales like previous fiscal years, the Group needs to continue to expand the market, diversify export products and focus on improving the products' quality to meet international standards and prepare for catching integration trend in forthcoming times.

**4. IN TERM OF INVESTMENT:** Focusing on accelerating the completion of Hoa Sen Binh Dinh Steel Pipe Plant and Hoa Sen Nghe An Steel Sheet Plant to increase production capacity and strengthen the capabilities to supply the products in Northern market and Central market.

Investing in the expansion of distribution-retail branches with the targets to establish 50 more branches in 2015 and 300 nationwide branches at the end of 2017.

Continuing to research and implement ERP Project.

**5. IN TERM OF PR AND MARKETING ACTIVITY:** Strengthening brand promotion through diversified and creative marketing programs and advertising programs.

Continuing to organize community-oriented events, charity and sponsorship activities to build strong and friendly Hoa Sen brand name.



## MEMBERS OF THE BOARD OF MANAGEMENT



Mr. **TRAN NGOC CHU**  
General Director

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. With much experience in the sectors of finance, accounting, taxation and corporate governance, he was elected as Vice Chairman of the Board of Directors for many consecutive terms by the General Assembly of Shareholders as well as entrusted with many great responsibilities at the Group. Currently, he is General Director and Vice Chairman of Hoa Sen Group cum Chairman of the Board of Members of Hoa Sen Building Materials One Member Limited Liabilities Company. In 2014, he was honorably awarded Third-grade Labor Medal by the President of Vietnam and certificates of merit by Binh Duong Province People's Committee for many times for his contributions to the development of the enterprise and Binh Duong Province. He graduated from Finance and Accounting University.



Mr. **TRAN QUOC TRI**  
Managing Deputy  
General Director

Joining Hoa Sen Group from 2004 up to now, Mr. Tran Quoc Tri has proved his management ability in many positions such as Manager of Planning Department of the Distribution Network, Director of the Distribution Network and Deputy General Director of Sales. He has been Managing Deputy General Director of Hoa Sen Group since April 1<sup>st</sup>, 2011. 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. On April 29<sup>th</sup>, 2014, he was elected as a member of the Board of Directors after Mr. Ly Duy Hoang's resignation. Mr. Tran Quoc Tri graduated from University of Economics Ho Chi Minh City with major of Accounting and Auditing.



Mr. **HOANG DUC HUY**  
Deputy General Director

Mr. Hoang Duc Huy is currently Deputy General Director of Internal Control of Hoa Sen Group. In 2001, he was one of the founders of Hoa Sen Joint Stock Company (the precursor of Hoa Sen Group). Mr. Hoang Duc Huy has over 13 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. **NGUYEN VAN QUY**  
Deputy General Director

Mr. Nguyen Van Quy graduated from university with double majors of Business Administration and Electricity. With deep knowledge and experience accumulated from 9 years in Hoa Sen Group and many years in some companies such as Southern Steel Sheet, Nippovina..., it can be said that he is a leading expert in production technique of steel sheet and steel in Vietnam. In Hoa Sen Group, he plays an important role in implementing large projects such as Cold Rolling Mill, Galvanizing line (NOF technology) and Hoa Sen Phu My Steel Sheet Plant, Hoa Sen Binh Dinh Steel Pipe Plant, Hoa Sen Nghe An Steel Sheet Plant, etc. 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. He is currently Deputy General Director of Production and Project Investment.



Mr. **VU VAN THANH**  
Deputy General Director

In 2008, Mr. Vu Van Thanh joined Hoa Sen Group with the position of Chief Financial Officer and made positive contributions to the Group based on his knowledge and experience in operating businesses previously. 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. Currently, he is Deputy General Director of Distribution Network Development, Finance and Marketing cum Chairman of Hoa Sen Transportation and Engineering One Member Limited Liabilities Company. He obtained a Master Degree in Development Economics and is the visiting lecturer of a number of universities in Ho Chi Minh City.



Mr. **NGUYEN MINH KHOA**  
Deputy General Director

Mr. Nguyen Minh Khoa obtained a Construction Engineering Degree from University of Architecture Ho Chi Minh City and a Master Business Administration Degree from Industrial Management Department of University of Technology Ho Chi Minh City. Joining Hoa Sen Group in early 2008, he is currently in charge of these positions: Deputy General Director of Supply, Chairman of the Board of Members of Hoa Sen Steel Sheet One Member Limited Liabilities Company, Member of the Board of Members and Director of Hoa Sen Building Materials One Member Limited Liabilities Company.



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 of Hoa Sen Group. In June 2012, he was appointed as Deputy General Director of Sales. Mr. Ho Thanh Hieu graduated from University of Economics Ho Chi Minh City with major of Accounting and Auditing.



Mr. **PHAN DUY QUANG**  
Acting Deputy General Director

Mr. Phan Duy Quang has been appointed to Acting Deputy General Director of Export since September 2014. Previously, he was Deputy Director of Export of the Group. Mr. Phan Duy Quang graduated from Foreign Trade University with major of Foreign Trade.



“ In the fiscal year 2013 – 2014, in order to implement policies and guidelines of the Board of Directors, the Board of Management applied many flexible management solutions to respond promptly to changes of the economy and complete the business plan approved by General Assembly of Shareholders at the highest level. ”



## PRODUCTION AND BUSINESS PERFORMANCE OF THE FISCAL YEAR 2013 - 2014

### PRODUCTION AND BUSINESS PERFORMANCE OF THE FISCAL YEAR 2013 – 2014 IN COMPARISON WITH THE PLAN

Ending the fiscal year 2013 – 2014, the sales volume of finished products reached 810,226 tons and accounted for 116% of the plan. The net sales reached VND 14,990 billion and accounted for 107% of the plan in which the export sales reached VND 5,948 billion (equivalent to USD 282 million). The after-tax profit reached VND 410 billion and accounted for 68% of the plan.

Comparing the business performance of the fiscal year 2013 – 2014 with the plan.

Item	Unit	Plan of the fiscal year 2013 – 2014	Performance of the fiscal year 2013 – 2014	Comparing the performance with the plan
(1)	(2)	(3)	(4)	(5 = 4/3*100)
Total sales volume in which	Ton	737,763	868,256	118%
- Finished products	Ton	700,000	810,226	116%
- By-products	Ton	37,763	58,030	154%
Net sales	VND billion	14,000	14,990	107%
Consolidated after-tax profit	VND billion	600	410	68%

In addition to the unfavorable price fluctuation as reported in Report of the Board of Directors, the after-tax profit of the fiscal year 2013 – 2014 was not as expectation because the exchange rate at some key Hoa Sen Group's export

markets increased in the fiscal year 2013 – 2014. It made Hoa Sen Group lower the export price in order to stabilize the sales volume and maintain the market share. As the result, the profit margin of export also decreased.

### BUSINESS PERFORMANCE OF THE FISCAL YEAR 2013 - 2014 IN COMPARISON WITH BUSINESS PERFORMANCE OF THE FISCAL YEAR 2012 - 2013

In comparison with the fiscal year 2012 – 2013, the sales volume and the net sales of the Group of the fiscal year 2013 – 2014 increased significantly. The sales volume and the net sales respectively increased by 35% and 27%

in comparison with the performances of the fiscal year 2012 – 2013. The after-tax profit decreased by 29% in comparison with the fiscal year 2012 – 2013.

#### Business performance of the fiscal year 2013 – 2014 in comparison with business performance of the fiscal year 2012 – 2013

Item	Unit	Performance of the fiscal year 2012 – 2013	Performance of the fiscal year 2013 – 2014	Comparing the performance of the fiscal year 2013 – 2014 with the performance of the fiscal year 2012 – 2013
(1)	(2)	(3)	(4)	(5 = 4/3*100)
Total sales volume in which	Ton	634,128	868,256	137%
- Finished products	Ton	598,326	810,226	135%
- By-products	Ton	35,802	58,030	162%
Net sales	VND billion	11,760	14,990	127%
Consolidated after-tax profit	VND billion	581	410	71%



MARKET SHARE OF HOA SEN GROUP IN THE FISCAL YEAR 2013 – 2014

Steel sheet market share

In 2014, Hoa Sen Group continued to maintain the leading position in domestic steel sheet market share by accounting for 36.9% of market share (according to the statistics of the first 11 months of 2014 of Vietnam Steel Association).

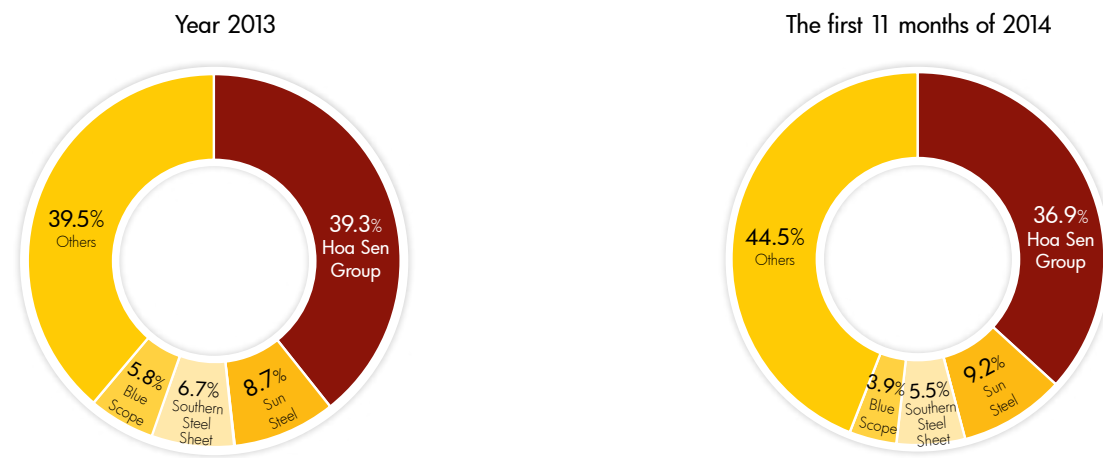


CHART OF STEEL SHEET MARKET SHARE IN 2013 AND IN THE FIRST 11 MONTHS OF 2014  
Source: Internal Bulletin of Vietnam Steel Association in 2013 and in December 2014

Note: Above statistics only consist of sales volumes of members of Vietnam Steel Association and exclude sales volume of Perstima Vietnam because the tin coated steel sheets are not used for construction industry.

In the first 11 months of 2014, Vietnam Steel Association welcomed some of new members. Therefore, in 2014, Hoa Sen Group's steel sheet market share slightly decreased in comparison with 2013, although the sales volume still increased strongly.

Steel pipe market share

In 2014, that Hoa Sen Group's steel pipe market share accounted for 18.2% (increasing by 3.7% in comparison with 2013) helped the Group to be ranked second in domestic steel pipe market share (according to the statistics of the first 11 months of 2014 of Vietnam Steel Association).

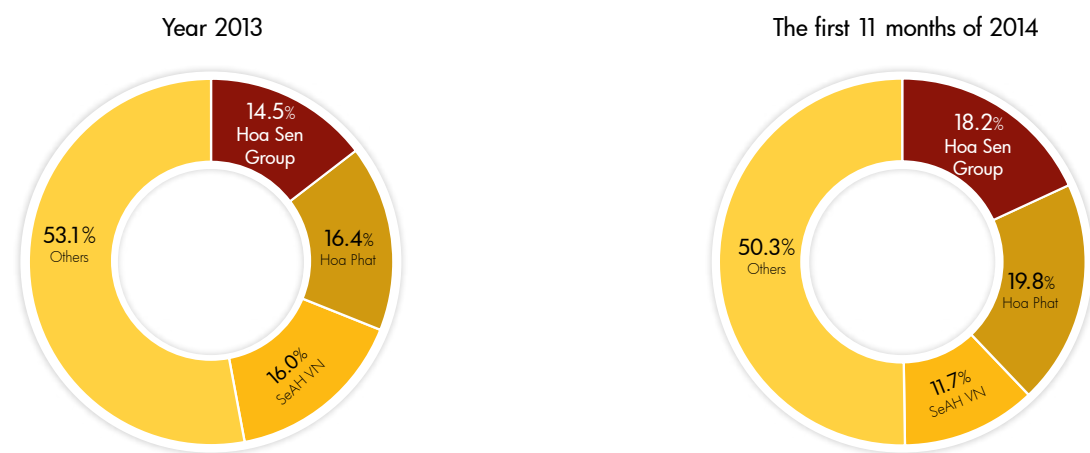


CHART OF STEEL PIPE MARKET SHARE IN 2013 AND IN THE FIRST 11 MONTHS OF 2014  
Source: Internal Bulletin of Vietnam Steel Association in 2013 and in December 2014.  
Note: Above statistics only consist of sales volumes of members of Vietnam Steel Association.

NET SALES STRUCTURE OF HOA SEN GROUP IN THE FISCAL YEAR 2013 – 2014

Net sales structure by sales channels

In the fiscal year 2013 – 2014, the domestic consumption channels continued to be the key consumption channels that accounted for 60.4% of total net sales of the Group. Otherwise, the export channel accounted for 39.6% of total net sales of the Group.

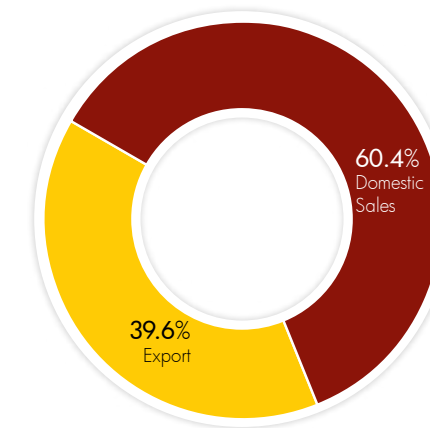


CHART OF NET SALES STRUCTURE BY SALES CHANNELS

Net sales structure by product category

The group of coated steel sheet products including galvanized steel sheet (GI), Aluminum-zinc alloy coated steel sheet (GI), pre-painted galvanized steel sheet (pre-painted GI), pre-painted aluminum-zinc alloy coated steel sheet (pre-painted GI) and pre-painted cold rolled coil (pre-painted CRC) continued to be the main group of products contributing 54.7% to the total net sales of the Group. The next one was the group of steel products including hot dip galvanized steel, galvanized steel pipe, steel pipe, galvanized purlin and purlin contributing 39.2% to the total net sales of the Group. Plastic and other products respectively accounted for 2.5% and 3.6% of total net sales of the Group.

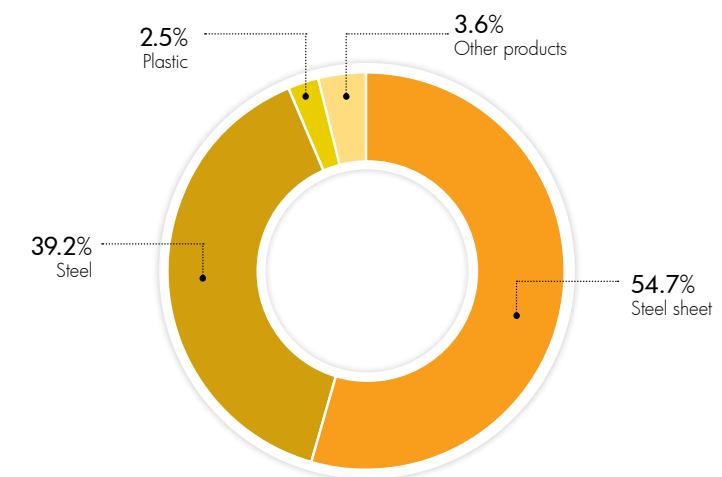


CHART OF NET SALES STRUCTURE BY PRODUCT CATEGORY



THE RATE OF EXPENSES OVER NET  
SALES AS PER THE CONSOLIDATED FINANCIAL STATEMENTS

Item	Unit	The fiscal year 2012 - 2013	The fiscal year 2013 - 2014
Sales volume	Ton	634,128	868,256
- Finished products	Ton	598,326	810,226
- By-products	Ton	35,802	58,030
Net sales	VND billion	11,760	14,990
Gross profit	VND billion	1,708	1,750
Financial expenses	VND billion	247	256
- Interest expenses	VND billion	168	184
Sales expenses	VND billion	491	673
General and Administration Expenses	VND billion	351	393
Consolidated profit after tax	VND billion	581	410
Gross profit/Net sales	%	14.5%	11.7%
Financial expenses/Net sales	%	2.1%	1.7%
Interest expenses/Net sales	%	1.4%	1.2%
Sales expenses/Net sales	%	4.2%	4.5%
General and Administration Expenses/Net sales	%	3.0%	2.6%

SOME MAIN FINANCIAL RATIOS AS PER THE CONSOLIDATED FINANCIAL STATEMENTS

Ratios	Unit	The fiscal year 2012 - 2013	The fiscal year 2013 - 2014
<b>LIQUIDITY RATIOS</b>			
Current ratio	Time	1.0	0.9
Quick ratio		0.3	0.2
<b>ACTIVITY RATIOS</b>			
Inventory turnover ratio	Time	4.4	3.4
<b>FINANCIAL LEVERAGE RATIOS</b>			
Total debt/Total assets	%	69	77
Total debt/Equity		223	329
Total assets/Equity		323	429
<b>PROFITABILITY RATIOS</b>			
Net profit after tax/Total assets	%	9.3	4.7
Net profit after tax/Net sales		4.9	2.7
Net profit after tax/Equity		27.5	17.9
Earnings per share	VND/share	5,941	4,261

MANAGEMENT ACTIVITIES IN THE FISCAL YEAR 2013 – 2014

In order to maintain steady growth, based on guidelines and orientations of the Board of Directors, the Board of Management has implemented solutions in order to improve and promote the core competitive advantages of the Group. These solutions revolved around five key tasks:

**Building nationwide distribution-retail network**

In order to implement the business strategy of “Bringing products directly to consumers”, the Group continued to establish many distribution-retail branches across the country. Until December 31<sup>st</sup>, 2014, the total number of branches of Hoa Sen Group was 150.

While the distribution network of almost other enterprises of the same industry are often independent outlets, Hoa Sen Group’s distribution network is invested in term of purchasing or hiring land and factories and owning all machinery, equipment and goods by the parent company.

The branches’ management was implemented consistently in accordance with general policy that helped Hoa Sen Group actively and flexibly adjust sales policy in accordance with market’s fluctuations in order to stabilize sales volume as well as ensure cash flow. Therefore, although the domestic demand was low, Hoa Sen Group’s domestic sales volume and market share continued to increase significantly in the fiscal year 2013 – 2014. As the result, Hoa Sen Group still maintained its leading position in steel sheet market share and its steel pipe market share increased significantly.

**Expanding export market and responding to trade remedies in some countries actively**

Export has long been one of the major consumption channels which have accounted for high proportion of total net sales of the Group. In two recent years, while domestic market has decreased because of the impact of global economic crisis and the freezing situation of real estate market, the export has increasingly played an important role and helped Hoa Sen Group’s sales volume and net sales increase steadily over the years. The export has also been the source of reciprocal foreign currency for Hoa Sen Group to borrow dollars with low interest rate and adjust capital structure flexibly to obtain the lowest average interest rate at the end of period and minimize interest expenses for the Group.

In the fiscal year 2013 – 2014, Hoa Sen Group exported over 336,000 tons of products and achieved USD 282 million of net sales which increased by 12% in comparison with export sales of the fiscal year 2012 – 2013. The quality of Hoa Sen Group’s products always meets international standards such as ASTM standards (American Society for Testing and

Materials), BS EN standards of Europe (British Standards European Norms), JIS (Japanese Industrial Standards), AS (Australian Standards) of Australia, SNI (Indonesian National Standards) of Indonesia, MS (Malaysian Standards) of Malaysia, etc. New potential export markets are relentlessly exploited to minimize the risk for Hoa Sen Group in case of arising trade protection at traditional export markets. Currently, Hoa Sen Group’s products are present in 52 countries and territories over the world including remote markets such as Europe, Africa and Americas.

**282**

USD MILLION

OF EXPORT SALES



### Completing key investment projects, improving production capacity

In the fiscal year 2013 – 2014, Hoa Sen Group continued to implement investment projects to improve production and supply capacity of the Group. Simultaneously, Hoa Sen Group continued to liquidate unfinished investment projects such as real estate and seaport which are approved by

General Assembly of Shareholders at Annual General Meeting on January 8<sup>th</sup> 2014 and no longer appropriate for development orientation of the Group. The implementation results of investment projects of Hoa Sen Group of the fiscal year 2013 – 2014 until September 30<sup>th</sup>, 2014:

#### Phase 2 of Hoa Sen Phu My Steel Sheet Plant Project

No.	Production line	Completion time	Investment value (VND Billion)
1	Galvanizing line (NOF technology) with a designed capacity of 120,000 tons/year.	March 2013	250
2	Hot galvanizing line (NOF technology) with a designed capacity of 400,000 tons/year.	February 2014	380
3	Color coating line with a designed capacity of 150,000 tons/year.	March 2014	91
4	(*) Cold rolling line with a designed capacity of 200,000 tons/year.	June 2014	292
5	(*) Cold rolling line with a designed capacity of 200,000 tons/year.	August 2014	296
<b>Total</b>			<b>1,309</b>

(\*) All these production lines currently are managed and operated by Branch of Hoa Sen Steel Sheet One Member Limited Liabilities Company - Phu My Cold Rolling Mill.

#### Project to expand Hoa Sen Building Materials One Member Limited Liabilities Company

No.	Production line	Completion time	Investment value (VND Billion)
1	Six steel pipe lines at Hai Duong Branch	October 2013	44
2	Three steel pipe lines at Phu My Building Materials Plant	November 2013	21
3	Factory (4,800 m <sup>2</sup> )	February 2014	27
4	Slitting line No. 1	March 2014	32
5	Factory (16,000 m <sup>2</sup> )	July 2014	85
6	Six steel pipe lines at Phu My Building Materials Plant	November 2014	33
7	Slitting line No. 2	December 2014	32
8	Slitting line No. 3	Under construction (Expected completion time is February 2015)	20
<b>Total</b>			<b>294</b>

#### Liquidation of real estate projects and Hoa Sen – Gemadept International Port Project

Project	Main rate of progress	Disbursement up to September 30 <sup>th</sup> , 2014 (VND Billion)	Transfer progress
<b>1. Hoa Sen Group's Office Project</b> - Investor: Hoa Sen Group. - Address: 123 Tran Nao Street, Binh An Ward, District 2, Ho Chi Minh City. - Area: 969 m <sup>2</sup>	- Having received the land use right of 969 m <sup>2</sup> from the seller. - In the process of construction design.	52.26	Expediting the transfer
<b>2. Hoa Sen Phuoc Long B Apartment Project</b> - Investor: Hoa Sen Group. - Address: Phuoc Long B Ward, District 9, Ho Chi Minh City. - Area: 8,016 m <sup>2</sup> . - Size: 19-storey building, 44,00 m <sup>2</sup> of floor, 400 apartments. - Land use coefficient: 5.5	- Ho Chi Minh City People's Committee approved the investment policy. - Having transferred the land use right of 7,856 m <sup>2</sup> . - Having received document from Office of Planning and Architecture – Ho Chi Minh City People's Committee on approving planning criteria.	45.85	Looking for partners
<b>3. Hoa Sen Riverview Apartment Project</b> - Investor: Hoa Sen Group. - Address: Bung Ong Thoan Street, Phu Huu Ward, District 9, Ho Chi Minh City. - Area: 15,076.4 m <sup>2</sup> .	- Ho Chi Minh City People's Committee approved the planning task. - Having received land use right of 15,076.4 m <sup>2</sup> from the seller. - Expediting the investment procedure.	45.46	Looking for partners
<b>4. Hoa Sen – Gemadept International Port Project</b> - Investor: Hoa Sen – Gemadept Logistics & International Port JSC. - Hoa Sen Group contributed 45% of capital. - Address: Cai Mep Industrial Park, Tan Thanh District, Ba Ria Vung Tau Province. - Area: 7 hectares.	- Having finished the project's design and detailed drawing of construction items. - Having finished surfacing the road leading to the port with macadam.	44.45	Looking for partners
<b>Total</b>		<b>188.02</b>	

#### Building qualified human resources

In order to implement the policy of the Board of Directors on establishing the staff in accordance with the orientation of "Being better, being more professional, having higher incomes", the Board of Management has directed Internal Affairs Division and related departments to perform the following tasks:

- Continuing to implement KPI (Key Performance Indicator) to assess the operational effectiveness of each employee and each department specifically and comprehensively,

making adjustments and screening HR reasonably.

- Strengthening the recruitment of overseas students for the team of management trainees, making plans of arranging HR as well as having reasonable treatment policies.
- Maintaining the cooperative relationship with prestigious colleges and universities through scholarships and job fairs to attract young and qualified workforce.

#### Building the strong brand name

The effective activities of PR and marketing in the last fiscal years were continuously conducted in the fiscal year 2013 – 2014 in order to strengthen the presence density of Hoa Sen brand name including:

- Implementing new TVCs with more creative contents and ideas and broadcasting in rush times on National and Local Television Channels.
- Installing outdoor advertising pannels at the locations with high traffic density and good view, providing sponsorship of signboards for building materials stores.

Moreover, Hoa Sen Group also paid much attention to the fulfilment of social responsibilities by sponsoring a lot of community-oriented and humanistic events such as "Shining Vietnamese Fortitude" program in May 2014, "Viet families' sweet home" program, the 2014 Football Tournament for underprivileged children, the 2014 U19 National Football Tournament – Hoa Sen Steel Sheet Cup, the 2014 U21 International Football Tournament – Thanh Nien Newspaper Cup and other social charity activities. Therefore, Hoa Sen brand name has gone into the consumers' minds deeply as a strong, friendly and community-oriented brand name.



CONSOLIDATED PRODUCTION AND BUSINESS PLAN  
OF THE FISCAL YEAR 2014 – 2015

Production and business plan of the fiscal year 2014 – 2015

Based on the forecast for growth rate of domestic market and export market, production and business capacity of the Group, the Board of Directors submitted the consolidated business plan of the fiscal year 2014 – 2015 to the General Assembly of Shareholders as follows:

Item	Unit	Performance of the fiscal year 2013 – 2014	Plan of the fiscal year 2014 – 2015 (*)	In comparison with the performance of the fiscal year 2013 – 2014	
				Absolute numbers	Relative numbers
(1)	(2)	(3)	(4)	(5 = 4-3)	(6 = 4/3-1)
Total sales volume in which	Ton	868,256	961,908	93,652	11%
- Finished products	Ton	810,226	900,000	89,774	11%
- By-products	Ton	58,030	61,908	3,878	7%
Net sales	VND billion	14,990	16,500	1,510	10%
Consolidated after-tax profit	VND billion	410	450	40	10%

(\*) Based on the assumption that the price of hot rolled coils in the fiscal year 2014 – 2015 is USD 500/ton

Performance orientation

In order to carry out targets of the fiscal year 2014 – 2015, based on policies that the Board of Directors suggested, the Board of Management oriented towards the following key duties as follows:

For production activities:

- Strengthening production system, improving technique, improving skills of engineers and workers to strengthen operational effectiveness of production lines, enhance products' quality, increase rate of main products, minimize consumption of raw material and operating costs of machinery and equipment, lower products' price and ensure safety and continuity of the production.
- Controlling costs, monitoring the change of price of raw materials closely, calculating demands and times to purchase raw materials with the best price as well as ensuring the needs of production and business of the Group.

For supply and transportation activities

- Implementing synchronous solutions in order to minimize time and costs of transportation and supply including



researching and calculating methods and optimized transportation routes for each order; conducting bid and competitive price offer to choose the transportation company with good quality and appropriate price; building and promulgating rules and guidelines for road transportation and sea transportation in order to restrain risks and ensure the products' quality in transportation.

- Increasing number of means of transportation to better meet transportation demand.
- Building professional management model of logistics - transportation system in order to control and operate effectively.

For business activities

- Expanding distribution-retail network, planning to establish 50 more branches in 2015 to obtain 300 branches at the end of 2017, enhancing management effectiveness of distribution-retail network through building and perfecting mechanism, management model, salary and reward policies to improve the operational effectiveness of this key consumption channel more and more.

- Researching and implementing ERP Project.

- Strengthening the export, looking for and expanding new and potential markets.

For investment activities

- Implementing rapid investment in Hoa Sen Nghe An Steel Sheet Plant and Hoa Sen Binh Dinh Steel Pipe Plant and putting the production lines into operation to enhance production capacity of the Group.

- Researching new investment plan to expand production scale, meet market's demands better and catch new period of growth.

For HR development

- Developing HR, focusing on inherited staff and management trainees, strengthening training activities and improving professional competences and skills for employees.
- Step by step enhancing standards and criteria in recruitment and strengthening initial training in order to build qualified inherited staff.

- Continuously applying the KPIs (Key Performance Indicators) in next fiscal year.

For PR and Marketing activities

- Relentlessly promoting the branding through diverse, creative and effective marketing programs.
- Carrying out PR events, humanistic and community-oriented charity and sponsorship activities to fulfil its social responsibilities and contribute to building a strong and friendly Hoa Sen brand name.
- Building PR campaign to express the strong commitment that Hoa Sen Group always guarantees the consumers' interests by providing them with right price, right standard and right quality.
- Setting up a telephone number of 1800 1515 for free consultation to help all consumers identify fake and genuine steel sheets and give more advice on related information and guidelines of selecting the genuine Hoa Sen Steel Sheet Product.







Mr. **LY VAN XUAN**  
Member of  
the Board of Supervisors

Mr. Ly Van Xuan is Associate Professor and Doctor of Medicine. He is a loyal individual shareholder of Hoa Sen Group from the first days of establishment. With his personal reputation and dedication to the Group, the General Assembly of Shareholders elected him as a member of the Board of Supervisors for the period of 2013 – 2017.



Mr. **LE VU NAM**  
Head of  
the Board of Supervisors

Mr. Le Vu Nam is Associate Professor and Doctor of Law with major of Economics Law. He is currently Dean of the Faculty of Law and Head of Banking Financial Security Law Subject of University of Economics and Law, Ho Chi Minh City National University. His research areas are Securities Law, Banking Law, Enterprise Law and Corporate Governance. He was formerly Head of Market Research and Development Department of Ho Chi Minh City Stock Exchange.



Mr. **LE DINH HANH**  
Member of  
the Board of Supervisors

Mr. Le Dinh Hanh has profound experience in controlling and auditing at Hoa Sen Group through the following positions: Internal Auditing Associate, Vice Director of Internal Control Division and Director of Internal Control Division. The General Assembly of Shareholders elected him as a member of the Board of Supervisors for the period of 2013 – 2017. Mr. Le Dinh Hanh graduated from University of Economics Ho Chi Minh City with major of Finance – Currency – Credit.

## ASSESSMENT OF MANAGEMENT ACTIVITIES OF THE FISCAL YEAR 2013 – 2014

### Assessment of the activities of the Board of Directors

That the Board of Directors includes 05 members with 03 independent/non-executive members (the number of independent/non-executive members has been 02 since April 29<sup>th</sup>, 2014) is appropriate with legal stipulations and the Group's charter.

Monthly, the Board of Directors held periodic meetings to monitor the Group's operating situation closely. The members of the Board of Directors also regularly met each other to discuss and approve important issues which belonged to their authority. All meetings of the Board of Directors were carried out in accordance with correct procedures and with the attendance of the Board of Supervisors. The discussed and voted issues at all meetings were under the decisive authority of the Board of Directors in accordance with legal

stipulations or authorization of the Board of Directors. The discussion and vote were implemented publicly and suitably in accordance with functions, duties and rights of the Board of Directors, Enterprise Law and Hoa Sen Group's charter.

With the functions and the duties which were assigned at subcommittees of the Board of Directors, members of the Board of Directors well performed their roles in counseling the Board of Directors and helping the Board of Directors to make appropriate decisions and policies.

For information disclosure, periodic management reports were made in accordance with legal stipulations to ensure that all information was public and transparent to protect benefits of shareholders and investors.

### Assessment of management activities of the Board of Management

In order to execute the guidelines of the Board of Directors, the Board of Management fully implemented the policies and decisions approved by the Board of Directors in accordance with functions, duties and authority of the Board of Management which were stipulated in the charter of Hoa Sen Group. Results of implementation of policies and resolutions of the Board of Directors were fully reported to the Board of Directors at monthly meetings of the Board of Directors and weekly

briefings with the attendance of Chairman of the Board of Directors.

In order to fulfill the business plan at the highest level, the Board of Management carried out flexible solutions which were suitable for the administration to help Hoa Sen Group maintain high growth rate in sales volume and net sales and increasingly expand production scale in an unfavorable general situation.

## ASSESSMENT OF FINANCIAL AND ACCOUNTING ACTIVITIES OF THE FISCAL YEAR 2013 – 2014

Having carried out periodic and extraordinary inspections of financial and accounting activities in last fiscal year, the Board of Supervisors noted the following issues:

- Hoa Sen Group fully complied with the requirements of Vietnamese Accounting Standards and Vietnamese Accounting System to organize financial and accounting activities.
- Hoa Sen Group's accounting documents are managed and archived systematically to ensure quick and full accessibility when having requirements of check and audit.

- The opening of ledger and cash book was done in accordance with current stipulations. The Group also timely and accurately recorded and updated receipt vouchers, payment vouchers, debit and credit notices daily.

Based on the reports presented by the Board of Management at periodic meetings of the Board of Directors and figures audited by PricewaterhouseCoopers Vietnam, the Board of Supervisors supposed that the financial status of Hoa Sen Group was in good condition. The basic figures of debt, loan, liquidity, asset utilization efficiency, provision and owners' equity met high standards.





Confidence  
to go *Further*

## CORPORATE GOVERNANCE

Corporate governance	60	Branch of Hoa Sen Group	
Risk management	70	– Hoa Sen Phu My Steel Sheet Plant	82
Human resources policy	73	Subsidiaries	84
Share information	78	Branch network	90



“The “Best Managed Company in Asia 2014” award in metal and mining sector by Euromoney Magazine is the clearest evidence to prove that the quality of governance of Hoa Sen Group is recognized at international level.”



On January 08<sup>th</sup>, 2014, Hoa Sen Group was honorably ranked first for “Best Managed Company in Asia 2014” award in metal and mining sector by Euromoney Magazine (United Kingdom).

Euromoney is a prestigious magazine which provides outstanding information on finance, bond market, derivative products and global foreign exchange. Being created in 1969 and located in London, United Kingdom, Euromoney is currently a global magazine and present in more than 100 countries and regions of North America, Latin America, Europe and Asia.

Through the vote of 130 equity analysts from leading banks and research institutes in Asia Pacific region for total 207 enterprises in the region, this award is voted and analyzed by Euromoney Magazine based on strict criteria of governance. The analysts are asked to vote leading listed companies for 7 categories such as *most convincing and coherent strategy, best system of corporate governance, most accessible senior management, most transparent financial accounts, best for shareholder value, most useful and informative website, most improved performance.*

The analysts appreciated Hoa Sen Group for its leading

role in promoting transparent communication to investors citing that “Hoa Sen Group has a clear strategy and good visibility”. Besides, the analysts also clearly noted in the survey that “*Hoa Sen Group senior management continues to demonstrate prudent gearing, transparency, good governance and clear articulation of strategy*”.

Here are some main contents of management and governance activities at Hoa Sen Group in the fiscal year 2013 – 2014 in order to help the shareholders and investors to get more objective and more comprehensive views about effectiveness of governance activity of the Group.



#### BUSINESS ETHICS AND RULES

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

- **Law:** Complying with the Law and fulfilling the Group’s obligations with state agencies.
- **Customers:** Striving to satisfy the customers with high-quality products, competitive prices and excellent after-sales services.

- **Shareholders:** Maximizing the shareholders’ benefits in accordance with the law and ensuring fairness of interests among the shareholders.
- **Employees:** Creating a friendly, equal and developing work environment for employees to ensure the employees’ benefits in accordance with the law.
- **Community:** Fulfilling social responsibilities and contributing to building an increasingly developing community.



## THE BOARD OF DIRECTORS

### Members of the Board of Directors

The Board of Directors for the term of 2013 – 2017 included five members who were voted at Annual General Meeting held on March 6<sup>th</sup>, 2013 as follows:

- Mr. Le Phuoc Vu : Chairman of the Board of Directors.
- Mr. Tran Ngoc Chu : Vice Chairman of the Board of Directors.
- Mr. Pham Gia Tuan : Member.
- Mr. Ly Duy Hoang : Member.
- Mr. Jean-Eric Jacquemin : Member.

The independent/non-executive members of the Board of Directors are:

- Mr. Pham Gia Tuan : Independent member.
- Mr. Jean-Eric Jacquemin : Non-executive member.
- Mr. Ly Duy Hoang : Independent member.

In the fiscal year 2013 – 2014, the Board of Directors approved the resignation of Mr. Ly Duy Hoang as a member of the Board of Directors and appointed Mr. Tran Quoc Tri as a member of the Board of Directors in accordance with Resolution No. 24/NQ/HĐQT/2014 dated April 29<sup>th</sup>, 2014. This appointment will be submitted to the General Assembly of Shareholders for approval at the latest meeting.

### Subcommittees of the Board of Directors

In order to specialize in functions and duties of each member of the Board of Directors, the Board of Directors has assigned members of the Board of Directors to take responsibility for subcommittees under the Board of Directors.

- Mr. Pham Gia Tuan – Independent member of the Board of Directors cum Head of Finance and Investor Relation Subcommittee and Mr. Jean-Eric Jacquemin – Non-executive member of the Board of Directors take responsibility for Finance and Investor Relation Subcommittee.
- Mr. Le Phuoc Vu – Chairman of the Board of Directors cum Head of Project Investment Subcommittee takes responsibility for this subcommittee.
- Mr. Ly Duy Hoang – Independent member of the Board of Directors and Mr. Le Phuoc Vu – Chairman of the Board of Directors take responsibility for Restructuring, HR, Salary and Reward Subcommittee (Because Mr. Ly Duy Hoang resigned as member of the Board of Directors on April 29<sup>th</sup>, 2014, Mr. Le Phuoc Vu temporarily takes responsibility for this subcommittee).

Related departments and divisions take responsibility for supporting these subcommittees of the Board of Directors. These departments and divisions will directly handle jobs of the subcommittees and reported on the results to the subcommittees.

## ACTIVITIES OF THE BOARD OF DIRECTORS

### Meetings of the Board of Directors

In the fiscal year 2013 – 2014, the Board of Directors conducted 93 meetings including 12 monthly meetings and 81 extraordinary meetings to make policies and decisions in production and business activities of the Group promptly.

The number and percentage of attendance of members of the Board of Directors

No.	Members of the Board of Directors	Position	Number of meetings	Rate	Note
1	Mr. Le Phuoc Vu	Chairman	93	100%	
2	Mr. Tran Ngoc Chu	Vice Chairman	93	100%	
3	Mr. Pham Gia Tuan	Member	93	100%	
4	Mr. Jean-Eric Jacquemin	Member	93	100%	
5	Mr. Ly Duy Hoang	Member	52	100%	Having resigned since April 29 <sup>th</sup> , 2014
6	Mr. Tran Quoc Tri	Member	40	100%	Having been appointed since April 29 <sup>th</sup> , 2014

Below are the contents of some important meetings of the Board of Directors during the fiscal year 2013 – 2014:

No.	Resolution	Date of the meetings	Approved contents
1	No. 53A/NQ/HĐQT/2013	October 15 <sup>th</sup> , 2013	Approving the policy of hiring the building at No. 183 Nguyen Van Troi Street, Ward 10, Phu Nhuan District, Ho Chi Minh City, Vietnam.
2	No. 55/NQ/HĐQT/2013	October 24 <sup>th</sup> , 2013	Approving the convening of the 2014 Annual General Meeting.
3	No. 65/NQ/HĐQT/2013	November 21 <sup>st</sup> , 2013	Approving the change in address of representative office of Hoa Sen Group.
4	No. 66A/NQ/HĐQT/2013	December 6 <sup>th</sup> , 2013	Approving the policy of promoting the investment in establishing Trading Company in Indonesia.
5	No. 02/NQ/HĐQT/2014	January 8 <sup>th</sup> , 2014	Approving the policy of the first dividend payment of the fiscal year 2012 – 2013.
6	No. 11/NQ/HĐQT/2014	February 20 <sup>th</sup> , 2014	Approving the selection of PricewaterhouseCoopers Vietnam to audit financial statements of Hoa Sen Group and its subsidiaries in the fiscal year 2013 – 2014.
7	No. 14/NQ/HĐQT/2014	March 10 <sup>th</sup> , 2014	Approving the establishment of representative office of Hoa Sen Group in Myanmar and the appointment of a person to manage business activities of representative office of Hoa Sen Group in Myanmar.
8	No. 17A/NQ/HĐQT/2014	March 31 <sup>st</sup> , 2014	Approving the finalization of shareholder list and the collection of shareholders' opinions in writing to approve the decision of General Assembly of Shareholders about increasing the percentage of ownership of foreign investors by the maximum 60% of charter capital of Hoa Sen Group (in case of stipulations of the law).
9	No. 24/NQ/HĐQT/2014	April 29 <sup>th</sup> , 2014	Approving the resignation of Mr. Ly Duy Hoang as a member of the Board of Directors and the appointment of Mr. Tran Quoc Tri as a new member of the Board of Directors.
10	No. 27/NQ/HĐQT/2014	May 8 <sup>th</sup> , 2014	Approving the establishment of Hoa Sen Binh Dinh Steel Pipe One Member Limited Liabilities Company.
11	No. 28A/NQ/HĐQT/2014	May 16 <sup>th</sup> , 2014	Postponement of implementation of Hoa Sen Thailand Steel Sheet Joint Venture Company Project.
12	No. 31/NQ/HĐQT/2014	May 21 <sup>st</sup> , 2014	Approving the establishment of Hoa Sen Nghe An Steel Sheet One Member Limited Liabilities Company.
13	No. 45/NQ/HĐQT/2014	September 12 <sup>th</sup> , 2014	Approving the appointment of Mr. Phan Duy Quang as Acting Deputy General Director of Export.



### Activities of subcommittees under the Board of Directors

At periodic meetings of the Board of Directors, the subcommittees reported monthly operating situation to the Board of Directors and proposed that the Board of Directors should approve policies and orientations for issues belonging to functions and duties of the subcommittees.

In order to perform functions and duties assigned by the Board of Directors, in the fiscal year 2013 – 2014, the subcommittees under the Board of Directors carried out the following activities:

### Activities of Restructuring, HR, Salary and Reward Subcommittee

#### Restructuring and HR activity

- Building and perfecting organizational structure to be appropriate to practical activities.
- Researching and compiling operational regulations of departments of the Group such as operational regulation of the Board of Directors and Subcommittees under the Board of Directors, operational regulation of the Board of Management, stipulation about decentralization of management level and administration level of the Group and operational regulation of functional divisions under the Group.
- Building and perfecting organizational structure of HR such as criteria of assessing managerial officers and management trainees; stipulations about appointment and dismissal of managerial officers of the Group; policies of planning, displacing, training and developing HR.

#### Salary, reward and welfare policies

- Researching, building and making suggestions to perfect policies on salary, reward, welfare and discipline of the Group.

- Handling other issues relating to restructuring, HR, salary and reward issues of the Group.

### Activities of Project Investment Subcommittee

Implementing key domestic and abroad projects of Hoa Sen Group approved by the General Assembly of Shareholders/the Board of Directors including:

- **Domestic projects:** Phase 2 of Hoa Sen Phu My Steel Sheet Plant, expansion project of Hoa Sen Building Materials One Member Limited Liabilities Company, Hoa Sen Nghe An Steel Sheet Plant, Hoa Sen Binh Dinh Steel Pipe Plant.
- **Abroad projects:** Researching and building foreign investment plans in accordance with development orientation of the Group.

Researching, counseling and recommending some promising investment plans for the Board of Directors to make decision or for the General Assembly of Shareholders to approve.

Implementing and supervising other investment activities of the Group.

### Finance and Investor Relation Subcommittee

#### Financial supervision activity

- Periodically reviewing the financial statements of the Group to ensure accuracy and transparency of financial data when reporting to governmental management agencies, shareholders and investors.
- Verifying monthly financial cost reports which the Board of Management made, thereby recommending orientations relating to financial management activities to the Board of Directors.
- Conducting unusual check for the financial data of the Group to ensure that the financial situation of the Group was in a good state.

#### Information disclosure activity

- Implementing periodic and extraordinary information disclosure in accordance with Circular 52/2012/TT-BTC of Ministry of Finance.
- Implementing important information disclosure which directly or indirectly affected to benefits as well as investment decisions of the investors.

#### Dividend payment activity

- Advising the Board of Directors about percentage, form and time for dividend payment to ensure that it did not affect to the Group's operation.
- Instructing and answering shareholders' questions and solving shareholders' requirements for shares and share transfer and other requirements.

#### Other activities

- Participating in annual and extraordinary meetings of the General Assembly of Shareholders; chairing the meetings; preparing meeting documents; posting meeting documents on website for shareholders to discuss and vote at the meeting in accordance with legal stipulations; answering shareholders' questions at the meeting fully and carefully in reasonable period of times.
- Organizing customers' conferences to build and strengthen cooperative relationship with partners and investors.
- Meeting and discussing with domestic and abroad investors, giving presentation to the investors, answering the investors' questions and creating trust for the investors.

## SUPERVISION OF MANAGEMENT ACTIVITIES OF THE BOARD OF MANAGEMENT

In the fiscal year 2013 – 2014, the Board of Directors approved the appointment of Mr. Phan Duy Quang as Acting Deputy General Director of Export. The current structure of the Board of Management is as follows:

- Mr. Tran Ngoc Chu : General Director.
- Mr. Tran Quoc Tri : Managing Deputy General Director.
- Mr. Hoang Duc Huy : Deputy General Director of Internal Control.
- Mr. Nguyen Minh Khoa : Deputy General Director of Supply.
- Mr. Nguyen Van Quy : Deputy General Director of Investment and Manufacture.
- Mr. Vu Van Thanh : Deputy General Director of Finance and Marketing.
- Mr. Ho Thanh Hieu : Deputy General Director of Sales.
- Mr. Phan Duy Quang : Acting Deputy General Director of Export.

In order to deeply understand the operations of the Group, at the monthly meetings, the Board of Directors required the participation of the Board of Management and a number of managerial officers to report on production and business activities of the month to the Board of Directors and the implementation of policies and guidelines of the Board of Directors, give presentation about business plans of the next months and the orientations to complete the proposed plans.

In addition, Mr. Le Phuoc Vu – Chairman of the Board of Directors also regularly attended weekly briefings with the Board of Management, Directors of functional divisions

and Directors of subsidiaries to supervise and monitor management activities and make timely adjustments in accordance with guidelines and orientations of the Board of Directors.

In the fiscal year 2013 – 2014, the Board of Management fulfilled their roles well through timely and flexible production and business management solutions which were appropriate to guidelines and orientations of the Board of Directors. Guidelines and policies which were made by the Board of Directors were also fully and timely implemented by the Board of Management and reported specifically with sense of responsibility.



## ASSESSMENT OF CONTROL AND AUDIT ENVIRONMENT AT THE GROUP

### Close internal control environment

Internal control is one of important activities at Hoa Sen Group and the effective monitoring tool of the Board of Directors and the Board of Management to protect the Group's assets and shareholders' benefits at the maximum level.

Accordingly, Hoa Sen Group maintained professional internal control system and participated in monitoring and controlling all activities of the Group closely to ensure

the compliance with issued processes and minimize the negative issues.

In addition to the internal control system, the Group also established departments to undertake the bidding, price offer, control of price of raw materials, spare parts and outside purchasing services to reduce input costs for the Group.

### Transparent audit environment

Hoa Sen Group always tried to create the most transparent and convenient audit environment for audit organizations as well as state management agencies to approach easily. The figures in the financial statements of the Group truly and

fully reflected financial situation, business performance and cash flow of the Group in accordance with Vietnamese accounting standards, Vietnamese accounting system and legal stipulations.

## REMUNERATIONS AND OTHER INCOMES OF THE BOARD OF DIRECTORS

(according to Appendix II about Annual Report and Circular 52/2012/TT-BTC of Ministry of Finance).

### Remunerations of the Board of Directors in the fiscal year 2013 – 2014

No.	Position	Remuneration (VND/month)
1	Chairman of the Board of Directors	20,000,000
2	Vice Chairman of the Board of Directors	13,000,000
3	Members of the Board of Directors	11,000,000

### Other incomes of members of the Board of Directors

No.	Full name	Title	Salary/Remuneration(VND/month)
1	Mr. Le Phuoc Vu	Head of Project Management Board	100,000,000
		Head of Restructuring Board	7,000,000
		General Director	100,000,000
2	Mr. Tran Ngoc Chu	Chairman of the Board of Members – Hoa Sen Building Materials One Member Limited Liabilities Company	8,000,000
		Deputy Head of Restructuring Board	5,000,000
3	Mr. Tran Quoc Tri	Managing Deputy General Director	80,000,000
		Deputy Head of Restructuring Board	5,000,000



## ACTIVITIES OF THE BOARD OF SUPERVISORS

In the fiscal year 2013 – 2014, the Board of Supervisors continued to fulfill the mission of supervising and controlling the activities of the Group to ensure benefits of shareholders. Specifically, in the last fiscal year, the Board of Supervisors carried out the following tasks:

- Participating in periodic meetings and extraordinary meetings of the Board of Directors fully and positively through raising questions, requesting members of the Board of Directors and members of the Board of Management to give explanations and raising opinions and timely appropriate proposals in order to make production and business activities stable and effective, thereby ensuring the benefits of shareholders and investors.
- Reviewing and verifying the financial statements of the

Group including the semi-annual consolidated financial statements, yearly consolidated financial statements, separate financial statements of the parent company and its subsidiaries, debts, inventories, receipt vouchers, payment vouchers, import and export, etc.

- Supervising and checking activities relating to investor relation such as updating on shareholders' information, issues relating to shares – stocks and information disclosure, etc.
- Coordinating with Internal Control Department to conduct inspections of branches and subsidiaries of the Group; verifying and confirming completion vouchers and payment vouchers of the projects and supervising the implementation as well as effectiveness of the projects in order to propose appropriate and timely adjustments.



### THE REMUNERATIONS OF THE BOARD OF SUPERVISORS

#### The remunerations and bonus for surpassing the plan

No.	Title	Remuneration (VND/month)
1	Head of the Board of Supervisors	9,000,000
2	Member of the Board of Supervisors	7,000,000

#### Other incomes of members of the Board of Supervisors

No.	Full name	Title	Salary/Remuneration (VND/month)
		Director of Internal Control Division	30,000,000
1	Mr. Le Dinh Hanh	Head of the Board of Supervisors of Hoa Sen Building Materials One Member Limited Liabilities Company	2,000,000



### SHAREHOLDER AND INVESTOR RELATION

- Organizing Annual General Meeting of the fiscal year 2013 – 2014 successfully.
- Implementing information disclosure in accordance with Circular 52/2012/TT-BTC dated April 5<sup>th</sup>, 2012.
- Compiling Hoa Sen Group's investor bulletins quarterly to provide information to shareholders and investors.
- Implementing dividend payment of the fiscal year 2012 – 2013 in accordance with Resolution of Annual General Meeting held on January 8<sup>th</sup>, 2014.
- Holding meetings with investors to tighten cooperative relationship with them.

### COMMUNITY RELATIONS

- Sponsoring and co-organizing "Nick Vujicic comes to Vietnam" event which was taken place from May 22<sup>nd</sup> 2013 to May 26<sup>th</sup> 2013.
- Organizing "Viet families' sweet home –Spring of the Horse 2014" program for the fifth consecutive year for over 1,500 children from orphanages, the Blind's Associations, reformatories in Dong Nai Province and Long An Province and for students who are away from home to celebrate a warm and cheerful New Year's Eve.
- In the series of activities of "Viet families' sweet home" program, this was the second consecutive year that Mid-Autumn Festival Night has been held in order to create a healthy playground, which not only helped nearly 1,500 underprivileged children from orphanages and reformatories in Ho Chi Minh City and neighboring provinces to have a meaningful Mid-Autumn Season. The program was jointly held by Hoa Sen Group, Ho Chi Minh City Police Newspaper and Ho Chi Minh City Television at Lan Anh Musical Center.
- In May 2014, Hoa Sen Group was the co-organizer and the sponsor of "Shining Vietnamese Fortitude" program to honor examples of fortitude which overcame their adversities and positively contributed to the society. With the message of "Living honestly, living responsibly and living with determination", the program blew up the flame of determination and the spirit of overcoming difficulties of Vietnamese youth. The limbless motivational speaker Nick Vujicic joined the program as a special guest.
- Moreover, the Group also sponsored other annual programs such as "Overcome ourselves", Futsal Football Tournament for underprivileged children held by Ho Chi Minh City Police Newspaper, "Compassionate heart" program (broadcast on Vinh Long Television), "Famous sayings and Life" program, "Golden small bell" program (broadcast on Vietnam Television) and other programs.





“In order to minimize possible risks, the Group has developed a strategy of risk management, which not only guarantees business objectives but also creates a competitive advantage in order to ensure the best operational efficiency. The establishment of the functional departments like Internal Control Department, Legal Department, Valuation Department and Material Department aims to control the possible risks and bring the positive outcomes in the business activities and supervision of the whole Group.”



### MANAGING RISKS IN BUSINESS ACTIVITIES

The economic growth rate is a factor that directly affects the aggregate demand. As the economy grows, the demand of steel sheet and building materials including the products of Hoa Sen Group will increase. Otherwise, when the economy goes down, the demand of using steel sheet and building material products will decline. Therefore, the Group has always prepared operational scenarios in order to actively respond to any situations to ensure the best operational efficiency.

The Group imports the majority of hot rolled coils (the main raw materials) from foreign countries, therefore update and

analysis of price of the hot rolled coils inside and outside the country, selection of right time to buy with the best price and limitation of raw material risks have always got particular attention of 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 according to the market situation at specific time.

### MANAGING RISKS IN PRODUCTION ACTIVITIES

In production activities, Hoa Sen Group always focuses on reviewing, improving and standardizing the consumption norms of raw materials in order to reduce the products’ price. The Valuation Department and Material Department co-ordinate and consider in choosing suppliers of the raw materials which have suitable quality and reasonable price in order to minimize the raw material risks. Simultaneously,

the Internal Control Department will check all the expenses of buying raw materials to guarantee the integrity, accuracy and transparency.

The Group always has regular and periodic maintenance and repair plans so that machinery and equipment are always in the best condition in order to ensure safe and efficient operation.

### MANAGING FINANCIAL RISKS

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.

Based on the export sales, the Board of Management balances structure of borrowings denominated in VND and USD to ensure the lowest average interest rate but still has enough USD to pay the foreign currency loans, minimize impact of the risk of interest rate and the risk of exchange rate and submit to the Board of Directors to consider and give the direction of borrowing structure monthly.

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 Department inspects, supervises, and reports to the Board of Management the debts which need to be collected daily. If bad debts occur, the Legal Department will implement some measures to collect the debts including bringing the case to the law.

The Financial Department makes and reports on plan of cash flow weekly so that the Board of Management has flexible business operating measures in order not to have overdue payables.

### MANAGING RISKS OF CHANGING POLICY

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. The Assistant Board has played an important role in updating and consulting new legal documents to minimize risk of changing policy which can affect to production and business activities of the Group directly.

### MANAGING OTHER RISKS

In order to minimize unavoidable risks such as natural disasters, fires, accidents, etc., the Group always spends

an amount of expenses to buy 24 hour accident insurance for all employees and the asset insurance of the Group.





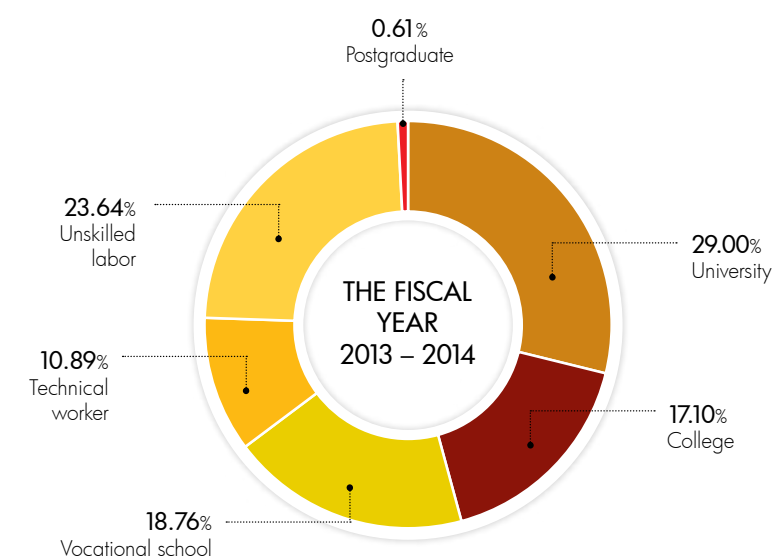
THE NUMBER OF EMPLOYEES

THE TOTAL NUMBER OF EMPLOYEES  
OF HOA SEN GROUP WAS

**4,269**

— AT THE END OF SEPTEMBER 2014 —

STRUCTURE OF EDUCATIONAL LEVEL OF EMPLOYEES IN THE FISCAL YEAR 2013 – 2014

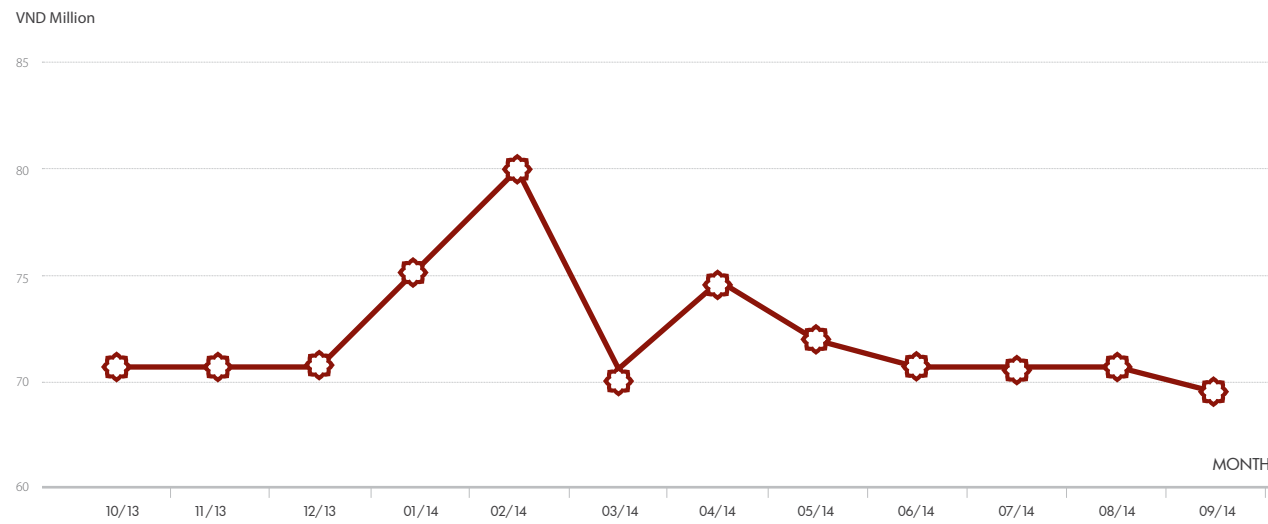


Structure of educational level of employees in the fiscal year 2013 – 2014



THE AVERAGE INCOMES OF THE BOARD OF MANAGEMENT

THE AVERAGE INCOMES OF THE BOARD OF MANAGEMENT IN THE FISCAL YEAR 2013 – 2014



Note: The incomes of January, February, April and May 2014 increased in comparison with other months due to overtime allowance for working on Tet holiday and festivals.

THE AVERAGE INCOMES OF EMPLOYEES IN THE FISCAL YEARS

THE AVERAGE INCOMES OF EMPLOYEES IN THE FISCAL YEARS



HUMAN RESOURCES TRAINING AND DEVELOPING POLICY

In the fiscal year 2013 – 2014, Hoa Sen Group continued to strengthen HR training and development through the following activities:

- Hoa Sen Group continued to implement ‘Management Trainees’ program and recruit good and excellent students from prestigious universities such as Ho Chi Minh City University of Technology, Ho Chi Minh City University of Economics and law – Ho Chi Minh City National University, Ho Chi Minh City University of Economics, Foreign Trade University. In the fiscal year 2013 – 2014, Hoa Sen Group recruited 34 overseas students from many countries such as Britain, Australia, United States of America, Russia, Singapore and New Zealand in order to train, monitor, orient and develop them as core managerial officers in future.
- The Group continued to be strategic partner of Ho Chi Minh City National University in general as well as members of Ho Chi Minh City National University in particular, provided scholarships for poor, strong-willed and good students, tightened relationship between the Group and schools in HR training and development.

- The HR development of Hoa Sen Group is closely connected with internal training programs and training programs cooperated with external agencies. In this fiscal year, Hoa Sen Group organized 24 internal training courses and external training courses. The training courses at Hoa Sen Group included mandatory training courses such as integration training, first aid, occupational safety, radiation safety, chemical safety, electricity safety, fire protection and training courses to improve skills and abilities such as time management and planning skill, professional sales skill, negotiation skill, etc. The contents of the training courses which met the employees’ needs were implemented towards modernization, combined theories with practice and contained high practical application. As the result, the trainees had chances to penetrate reality through sharing of lecturers as well as trainees’ ideas.
- Particularly, the Group organized training course to improve English for managerial officers of Hoa Sen Group. This was one of key training programs to improve skills and knowledge of managerial officers.



Mr. Vu Van Thanh (on the left) – Deputy General Director represented Hoa Sen Group to hand the symbol of VND 200 million over to “Your companion to overcome difficulties” program of University of Economics and Law.



Mr. Tran Ngoc Chu handed certificates over to the employees who joined “Skills for time management and effective planning” training program.





**LABOR POLICIES**

**Salary and allowance policy**

With the viewpoint that salaries and incomes must be proportional to the employees' abilities and competitive with the market, Hoa Sen Group relentlessly reviewed, assessed personnel and compared the employees' abilities with their incomes, market wage with inflation to adjust employees' salaries.

Policies of piece wage and business salaries have been applied flexibly with the orientation of improving production and business of the Group, encouraging and motivating the employees. The Group had policies to support and reward the employees of sales units when

they developed new customers and new markets. This was also one of policies to develop customers, markets, sales volumes, brand name of Hoa Sen Group more and more.

Allowance policy was maintained as the previous year including: Allowance for attraction, allowance for mobility, allowance for holding concurrently, allowance for responsibility, allowance for toxicity, allowance for reserve and allowance for telephone, allowance for work, allowance for seniority... These types of allowances were additions to monthly incomes which help employees feel secure to work.

**Insurance policy**

The official employees of the Group are eligible to join social insurance, health insurance and unemployment insurance in accordance with governmental stipulations.

In many consecutive years, the Group has carried out

insurance policies well and received certificates of merit of Binh Duong Social Insurance. In the fiscal year 2013 – 2014, the Group continued to adjust insurance premium for employees in accordance with the Government's minimum salary regulation in January 2014.

**Bonus policy**

The bonus policies of Hoa Sen Group was to honor and encourage the employees which obtained outstanding achievements and had dedication to the Group, thereby encouraging all employees to promote intelligence, talent and labor to contribute to the Group.

Hoa Sen Group has applied bonus policies to the employees

who obtained outstanding achievements in work and contributed to the development of the Group. In the fiscal year 2013 – 2014, Hoa Sen Group had the bonus policies for the employees such as 13<sup>th</sup> month salary, bonus for monthly effectiveness at work, bonus for innovation, bonus for reducing costs and bonus for completing projects. Bonus policies are always performed equitably and deservedly.

**Other policies**

In addition to the implementation of salary policy, bonus policy, social insurance, health insurance and unemployment insurance in accordance with the Law, the Group applied the welfare policy such as periodic health examination, annual holiday, etc. maintained and ensured other policies such as allowance for lunch, mid-shift meal, uniforms, 24/24 accident insurance, support for marriage, allowance for childbearing, support for employees' bereavement. Furthermore, female employees

were supported on International Women's Day, Vietnamese Women's Day and during period of maternity.

On February 14<sup>th</sup> 2014, Anphabe and Nielsen announced a survey of "100 Vietnam best places to work" at a ceremony in Ho Chi Minh City. Accordingly, Hoa Sen Group was ranked third in construction material and 47/100 across industries. In the announced list, there were 89 foreign enterprises and only 11 Vietnamese enterprises.

**Activities for employees**

In the fiscal year 2013 – 2014, the Trade Union coordinated with the Group to hold exciting musical contests and sport festivals to take care of physical and spiritual lives for employees such as:

- "Elegant Employees of Hoa Sen Group" contest to celebrate International Women's Day.
- Cooking contest to celebrate Vietnamese Women's Day.
- "Golden Lotus" Singing Contest to search and honor talents of the Group to celebrate the 13<sup>th</sup> anniversary of

the Group on August 8<sup>th</sup> 2014.

- Gifts for children of employees on International Children's Day.
- Gifts for children of employees of the Group who obtained outstanding academic achievements.
- The 2014 "Viet families' sweet home – Mid-Autumn Festival Night" program for underprivileged children and children of employees of Hoa Sen Group.





## SHARE INFORMATION

### STOCK INFORMATION



Source: VNDIRECT

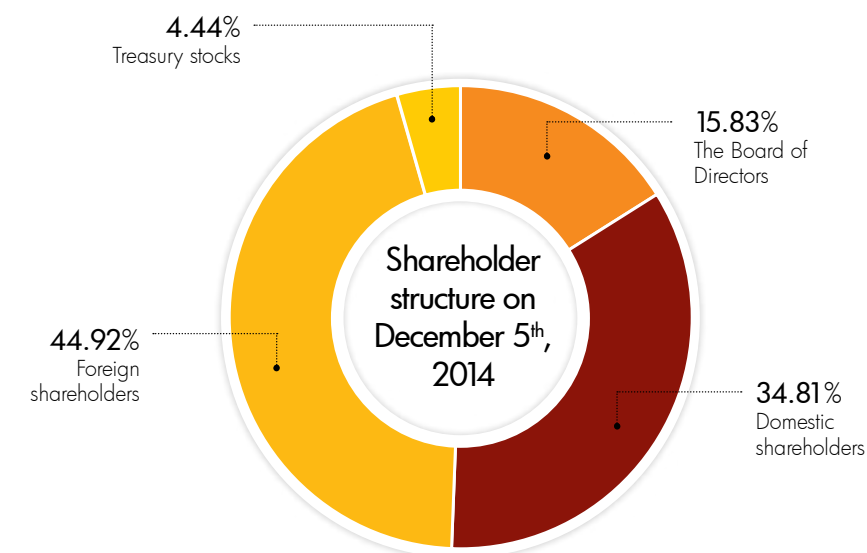
CHART OF HSG STOCK PRICE IN THE FISCAL YEAR 2013 – 2014

### DIVIDEND INFORMATION

No.	Dividend	Dividend payout ratio	Payment method	Payment date
1	The first dividend payment of the fiscal year 2012 – 2013	10% par value (VND 1000/share)	In cash	February 19 <sup>th</sup> , 2014
2	The second dividend payment of the fiscal year 2012 – 2013	10% par value (VND 1000/share)	In cash	July 3 <sup>rd</sup> , 2014

### SHAREHOLDER STRUCTURE ON DECEMBER 5<sup>TH</sup>, 2014

No.	Shareholder	Owning volume	Owning rate
1	The Board of Directors	15,953,560	15.83%
2	Domestic shareholders	35,086,124	34.81%
	- Domestic individuals	8,244,849	8.18%
	- Domestic organizations	26,841,275	26.63%
3	Foreign shareholders	45,273,414	44.92%
4	Treasury stocks	4,477,692	4.44%
	<b>Total</b>	<b>100,790,790</b>	<b>100%</b>



### SHAREHOLDERS OWNING OVER 5% OF SHARE CAPITAL ON DECEMBER 5<sup>TH</sup>, 2014

No.	Full name	ID Card Number/ Passport Number/ Business Registration Certificate Number	Address	Owning volume	Owning rate
1	Tam Hy One Member Limited Liabilities Company	3702257523	No. 9, Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam.	22,000,000	21.83%
2	Le Phuoc Vu	023327821	No. 19 Giang Van Minh Street, An Phu Ward, District 2, Ho Chi Minh City, Vietnam.	15,867,152	15.74%
3	Red River Holdings	CA1288	No. 9A Tu Xuong Street, Ward 7, District 3, Ho Chi Minh City, Vietnam.	14,415,679	14.30%

### FOUNDING SHAREHOLDERS

No.	Full name	Owning volume	Owning rate
1	Le Phuoc Vu	15,867,152	15.74%
2	Ho Van Hoang	630,439	0.63%
3	Hoang Duc Huy	6,400	0.006%

### NUMBER AND PERCENTAGE OF SHARES OWNED BY THE BOARD OF DIRECTORS ON DECEMBER 5<sup>TH</sup>, 2014

No.	Full name	Title	Owning volume	Owning rate
1	Le Phuoc Vu	Chairman of the Board of Directors	15,867,152	15.74%
2	Tran Ngoc Chu	Vice Chairman of the Board of Directors	86,400	0.09%
3	Pham Gia Tuan	Member of the Board of Directors	-	-
4	Jean-Eric Jacquemin	Member of the Board of Directors	-	-
5	Tran Quoc Tri	Member of the Board Of Directors	8	-



NUMBER AND PERCENTAGE OF SHARES OWNED BY THE BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT ON DECEMBER 5<sup>TH</sup>, 2014

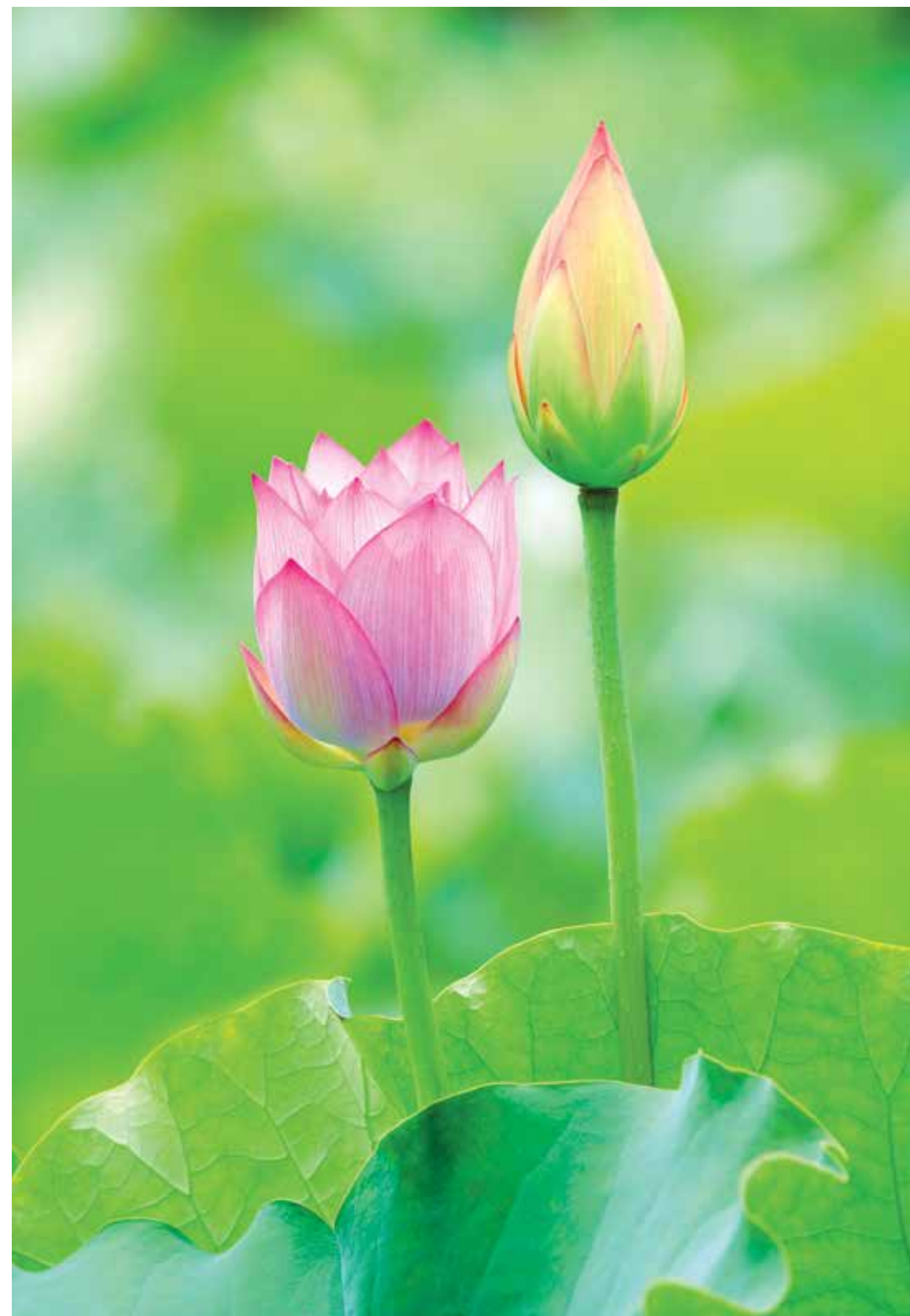
No.	Full name	Title	Owning volume	Owning rate
1	Tran Ngoc Chu	General Director	86,400	0.09%
2	Hoang Duc Huy	Deputy General Director	6,400	0.006%
3	Tran Quoc Tri	Deputy General Director	8	-
4	Vu Van Thanh	Deputy General Director	15,552	0.02%
5	Nguyen Minh Khoa	Deputy General Director	6,100	0.006%
6	Nguyen Van Quy	Deputy General Director	2,000	0.002%
7	Ho Thanh Hieu	Deputy General Director	-	-
8	Phan Duy Quang	Acting Deputy General Director	-	-
9	Nguyen Thi Ngoc Lan	Chief Accountant	3,184	0.003%

NUMBER AND PERCENTAGE OF SHARES OWNED BY THE BOARD OF SUPERVISORS ON DECEMBER 5<sup>TH</sup>, 2014

No.	Full name	Title	Owning volume	Owning rate
1	Le Vu Nam	Head of the Board of Supervisors	9,000	0.01%
2	Ly Van Xuan	Member of the Board of Supervisors	86,400	0.09%
3	Le Dinh Hanh	Member of the Board of Supervisors	2,138	0.002%

NUMBER AND PERCENTAGE OF SHARES OWNED BY SHAREHOLDERS WHO RELATE TO INTERNAL SHAREHOLDERS ON DECEMBER 5<sup>TH</sup>, 2014

No.	Full name	Name of shareholders who relate to internal shareholders	Relationship with internal shareholders	Owning volume	Owning rate
1	Le Phuoc Vu	Tam Hy One Member Limited Liabilities Company	Mr. Le Phuoc Vu is the owner of this company	22,000,000	21.83%
2	Jean-Eric Jacquemin	Red River Holdings	Mr. Jean-Eric Jacquemin is the representative of this fund	14,415,679	14.30%
3	ly Van Xuan	Vo Thi Son Ca	Spouse	18,000	0.02%
		ly Khanh Van	Daughter	9,000	0.01%
4	Hoang Duc Huy	Hoang Duc Hoang	Younger brother	2	-
		Hoang Duc Canh	Younger brother	4	-
5	Nguyen Minh Khoa	Nguyen Thi Minh Thu	Younger sister	9	-





## HOA SEN PHU MY STEEL SHEET PLANT



In the fiscal year 2013 – 2014,  
Hoa Sen Phu My Steel Sheet Plant supplied

# 749,226

TONS

OF FINISHED PRODUCTS  
(INCREASING 44.92% IN COMPARISON  
WITH THE FISCAL YEAR 2012 – 2013).

<b>Address:</b>	Street No. 1B, Phu My 1 Industrial Park, Tan Thanh District, Ba Ria – Vung Tau Province.
<b>Telephone:</b>	+84 64 3 924 790 – Fax: +84 64 3 924 796
<b>Business Registration Certificate:</b>	No. 3700381324-095 issued by the Department of Planning and Investment of Ba Ria – Vung Tau Province on July 19 <sup>th</sup> , 2010.
<b>Director:</b>	Mr. NGUYEN TAN HOA
<b>Business activities:</b>	Producing galvanized steel sheet, aluminum-zinc alloy coated steel sheet, pre-painted galvanized steel sheet, pre-painted aluminum-zinc alloy coated steel sheet, hot rolled coil, cold rolled coil.
<b>Hoa Sen Group owns:</b>	100%.

### CONSTRUCTION PROCESS

The Group successfully built the steel sheet plant with the largest size in Southeast Asia up to now. It covers an area of 16.7 hectares including 87,542 square meters for

workshops, 690 square meters for office, 110 KV transformer station, waste water treatment and water recycling system and vertically integrated value chain. Moreover, it

applies the most modern technology in the industry in Vietnam as well as is invested with the lowest cost and constructed in the shortest time but ensuring the quality of works.

Date	Content
December 2007	Obtain Investment License No. 49221000080 of Hoa Sen Phu My Steel Sheet Plant Project issued by Management Board of Industrial Parks of Ba Ria – Vung Tau Province.
May 2009	Officially start the construction of Phase 1 of Hoa Sen Phu My Steel Sheet Plant Project.
From December 2009 to February 2010	Put Annealing Furnace No. 01 with a designed capacity of 42,000 tons/year; shearing line with a designed capacity of 50,000 tons/year, slitting line with a designed capacity of 150,000 tons/year and 110Kv power station with a designed capacity of 40M/hour into operation.
From March 2010 to April 2010	Put Hot galvanizing line (NOF technology) with a designed capacity of 450,000 tons/year and Color coating line with a designed capacity of 180,000 tons/year and waste water treatment plant with a designed capacity of 90m <sup>3</sup> /hour into operation.
From January 2011 to February 2011	Put Galvanizing line (NOF technology) with a designed capacity of 100,000 tons/year into operation.
June 2012	Put Annealing Furnace No. 2 with a designed capacity of 100,000 tons/year into operation.
March 2013	Put Galvanizing line (NOF technology) with a designed capacity of 120,000 tons/year into operation.
February 2014	Put Hot galvanizing line (NOF technology) with a designed capacity of 400,000 tons/year into operation.
March 2014	Put Color coating line with a designed capacity of 150,000 tons/year into operation.



## HOA SEN STEEL SHEET ONE MEMBER LIMITED LIABILITIES COMPANY



In the fiscal year 2014 – 2015, Hoa Sen Steel Sheet One Member Limited Liabilities Company plans to supply

**950,400**  
TONS

<b>Address:</b>	No. 9 Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam.
<b>Telephone:</b>	+84 650 3 737 200 – Fax: +84 650 3 737 904
<b>Charter Capital:</b>	VND 280,000,000,000 (Two hundred and eighty billion VND).
<b>Business Registration Certificate:</b>	No. 3700763651 issued by Department of Planning and Investment of Binh Duong Province on December 24 <sup>th</sup> , 2007. The 7 <sup>th</sup> admendment was on December 27 <sup>th</sup> , 2012.
<b>Legal representative:</b>	Mr. NGUYEN MINH KHOA – Chairman of the Board of Members.
<b>Director:</b>	Mr. HOANG DUC HOANG
<b>Business activities:</b>	Production of roof plate from galvanized steel, aluminum zinc alloy coated steel, pre-painted galvanized steel and other alloy coated steel. Production of products from iron such as oxide iron, carbon iron, alloy iron and other products from iron.
<b>Hoa Sen Group owns:</b>	100%.

Hoa Sen Steel Sheet One Member Limited Liabilities Company was established on November 9<sup>th</sup>, 2006 with its initial name of Hoa Sen Steel Sheet Joint Stock Company. This is the first subsidiary of Hoa Sen Group to manufacture and trade cold rolled coils. Putting cold rolling lines into operation created an important link in chain of competitive advantages of the Group and supplied the majority of input materials for color coating lines and steel pipe lines of the Group.

Hoa Sen Steel Sheet One Member Limited Liabilities Company is one of subsidiaries of Hoa Sen Group that was controlled by Hoa Sen Group in accordance with management mechanism stipulated in Hoa Sen Group's charter (the parent company – the subsidiary model) and regulations of governance and coordination management of Hoa Sen Group.

On December 24<sup>th</sup>, 2007, the Company was renamed Hoa

Sen Steel Sheet One Member Limited Liabilities Company.

On September 27<sup>th</sup>, 2012, Hoa Sen Steel Sheet One Member Limited Liabilities Company established the first branch with the name of Branch of Hoa Sen Steel Sheet One Member Limited Liabilities Company – Phu My Cold Rolling Mill.

- **Business Registration Certificate:** No. 3700763651-001 issued by Department of Planning and Investment of Ba Ria – Vung Tau Province on September 27<sup>th</sup>, 2012.
- **Address:** 1B Street, Phu My 1 Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province, Vietnam.
- **Business activities:** Production of roof plate from galvanized steel, aluminum zinc alloy coated steel, pre-painted galvanized steel and other alloy coated steel. Production of products from iron such as oxide iron, carbon iron, alloy iron and other products from iron.

### BUSINESS PERFORMANCE OF THE FISCAL YEAR 2013 – 2014 AND BUSINESS PLAN OF THE FISCAL YEAR 2014 – 2015

No.	Item	Unit	Performance of the fiscal year 2013 – 2014	Comparing plan of the fiscal year 2014 – 2015 and performance of the fiscal year 2013 – 2014		
				Plan of the fiscal year 2014 – 2015	Absolute number	Relative number
(1)	(2)	(3)	(4)	(5)	(6 = 5 – 4)	(7 = 5/4*100)
1	Sales volume of cold rolled coils	Ton	879,977	950,400	70,423	108%
2	Net sales	VND Billion	11,900	13,306	1,406	112%
3	Before-tax profit	VND Billion	140	145	5	104%



SUBSIDIARIES (continued)

HOA SEN BUILDING MATERIALS ONE MEMBER LIMITED LIABILITIES COMPANY



**Address:** 2B Street, Phu My 1 Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province, Vietnam.

**Telephone:** +84 64 3 923 231 – Fax: +84 64 3 923 230

**Charter capital:** VND 150,000,000,000 (One hundred and fifty billion VND).

**Business Registration Certificate:** No. 3500786179 issued by Department of Planning and Investment of Ba Ria – Vung Tau Province on December 18<sup>th</sup>, 2007.

**Legal representative:** Mr. TRAN NGOC CHU – Chairman of the Board of Members .

**Director:** Mr. NGUYEN MINH KHOA

**Business activities:** Manufacturing and trading building materials products including steel pipes, galvanized steel pipes, plastic pipes and fittings of plastic pipes.

**Hoa Sen Group owns:** 100%.

In 2010, Hoa Sen Di An Steel Pipe Plant with a capacity of 73,440 tons/year was put into operation at Song Than 2 Industrial Park, Di An Town, Binh Duong Province and Hoa Sen Plastic Pipe Plant with a capacity of 38,900 tons/year was put into operation at Phu My 1 Industrial Park, Ba Ria – Vung Tau Province.

In July 2013, Hoa Sen Hai Duong Steel Pipe Plant with a capacity of 82,800 tons/year and with modern machinery and equipment was put into operation at Binh Giang District Industrial Cluster in Hai Duong Province.

In October 2013, Hoa Sen Phu My Steel Pipe Plant put 3 more steel pipe lines with a capacity of 41,000 tons/year into operation.

In October 2014, the Company continued to put 6 more steel pipe lines with a capacity of 99,360 tons/year into operation at Hoa Sen Phu My Steel Pipe Plant and replaced some ineffective production lines gradually.

At the end of December 2014, Hoa Sen Building Materials One Member Limited Liabilities Company completed the investment in modern machinery and equipment to increase the total designed capacity by 377,400 tons/year and meet domestic and aboard customers' demands timely and flexibly.

With synchronized production capacity and scientific supply plan, the Company timely manufactured and supplied main products such as Hoa Sen black steel pipes, Hoa Sen galvanized steel pipes, Hoa Sen plastic pipes, Hoa Sen fittings of plastic pipes and Hoa Sen solvent cement to domestic markets and overseas markets.

With modern machinery and equipment as well as strict quality and technology management processes, Hoa Sen Plastic Pipe was granted certificates for meeting international standards such as ISO 4422 : 1996, TCVN 6151-2 : 2002, BS 3505 : 1968 and AS/NZS 1477 : 2006 by Directorate for Standards, Metrology and Quality (STAMEQ) and

Vietnam Certification Center (QUACERT). At the same time, the Company received certificate of "Automatic technology – vertically integrated value chain for plastic pipes and accessories of Hoa Sen uPVC Plastic Pipe" from Institute of Applied Materials Science.

On the other hand, the product lines of the Company were awarded typical titles and prizes such as Vietnam Excellent Brand 2007 and 2013, Golden Medals at the 2008, 2009, 2011, 2012, 2013 and 2014 Vietbuild Exhibition, the 2012 and 2013 National Quality Award, Top 10 Vietnam Gold Star in 2009 and 2013, the 2014 Vietnamese high quality goods for building materials industry and Vietnam Value 2012 and Vietnam Value 2014.

Hoa Sen Building Materials One Member Limited Liabilities Company, which is one of subsidiaries of Hoa Sen Group, was established on December 18<sup>th</sup>, 2007 with its initial charter capital of VND 150 billion. The head office and main factory are located in the area of 11 hectares at 2B Street, Phu My 1 Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province.

With flexible business policy, the product lines are widely used in industry, telecommunication, civil construction, water supply and drainage, etc. The Company's products are introduced to consumers through nationwide distribution-retail branches, network of distributors, building contractors and agencies to meet domestic and aboard customers' demands timely and promptly.

In addition to production and business activities, the Company has also positively joined meaningful charity and social activities such as sponsoring National Football Cup – Hoa Sen Plastic (2010 – 2012), Futsal Football Tournament for underprivileged children (2007 – 2012), "Overcome ourselves"

program; "Nick Vujicic comes to Vietnam" program in 2013, "Shining Vietnamese Fortitude" program in 2014 and supported economic conferences and cultural, social and sport activities held by local and central organizations.

With these achievements, the Company is committed to constantly endeavoring to satisfy customers with high quality, reasonable price and good after-sales service to meet the customers' requirements promptly and timely as well as strive to be one of leading manufacturers and suppliers of building materials in domestic and Southeast Asian market.

BUSINESS PERFORMANCE OF THE FISCAL YEAR 2013 – 2014 AND BUSINESS PLAN OF THE FISCAL YEAR 2014 – 2015

No.	Item	Unit	Performance of the fiscal year 2013 – 2014	Plan of the fiscal year 2014 – 2015	Comparing the plan of the fiscal year 2014 – 2015 with the performance of the fiscal year 2013 – 2014	
					Absolute number	Relative number
(1)	(2)	(3)	(4)	(5)	(6) = (5) – (4)	(7) = 5/4*100
1	Sales volume	Ton	201,300	242,264	40,964	120%
2	Net sales	VND billion	3,358	4,646	1,288	138%
3	Before-tax profit	VND billion	52.8	62	9.2	117%



## HOA SEN TRANSPORTATION AND ENGINEERING ONE MEMBER LIMITED LIABILITIES COMPANY



<b>Address:</b>	No. 9, Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam.
<b>Telephone:</b>	+84 650 3 737 999 – Fax: +84 650 3 737 999
<b>Charter capital:</b>	VND 16,276,000,000 (Sixteen billion and two hundred and seventy six million VND).
<b>Business Registration Certificate:</b>	No. 3700785528 issued by the Department of Planning and Investment of Binh Duong Province on December 24 <sup>th</sup> , 2007.
<b>Legal representative:</b>	Mr. VU VAN THANH – Chairman.
<b>Director:</b>	Mr. BUI THANH TAM
<b>Business activities:</b>	Goods and passenger transport by road and by waterway; direct support services for water transport; warehouses; storage of goods, means of transportation for leasing; trading of materials and spare parts of cars.
<b>Hoa Sen Group owns :</b>	100%.

In the fiscal year 2013 – 2014, Hoa Sen Transportation and Engineering One Member Limited Liabilities Company transported 210,000 tons and achieved VND 12.2 billion in net sales which exceeded 15% in comparison with the plan.

In the fiscal year 2014 – 2015, the Company will invest in 30 more 29 ton tractors, 10 more 18 ton trucks for transportation of goods in the Group. It is estimated that the Company will transport 1,700,000 tons.

## HOA SEN BINH DINH STEEL PIPE ONE MEMBER LIMITED LIABILITIES COMPANY

<b>Address:</b>	Lot A1.1 and TT6.2 & 7, Nhon Hoa Industrial Park, Nhon Hoa Ward, An Nhon Town, Binh Dinh Province, Vietnam.
<b>Charter capital:</b>	VND 25,000,000,000 (Twenty five billion VND).
<b>Business Registration Certificate:</b>	No. 4101425750 issued by the Department of Planning and Investment of Binh Dinh Province on May 14 <sup>th</sup> , 2014.
<b>Legal representative:</b>	Mr. TRAN NGOC CHU – Chairman.
<b>Director:</b>	Mr. TRAN DINH CUONG
<b>Business activities:</b>	Manufacturing black steel pipes, galvanized steel pipes and other alloy coated steel pipes.
<b>Hoa Sen Group owns :</b>	100%.

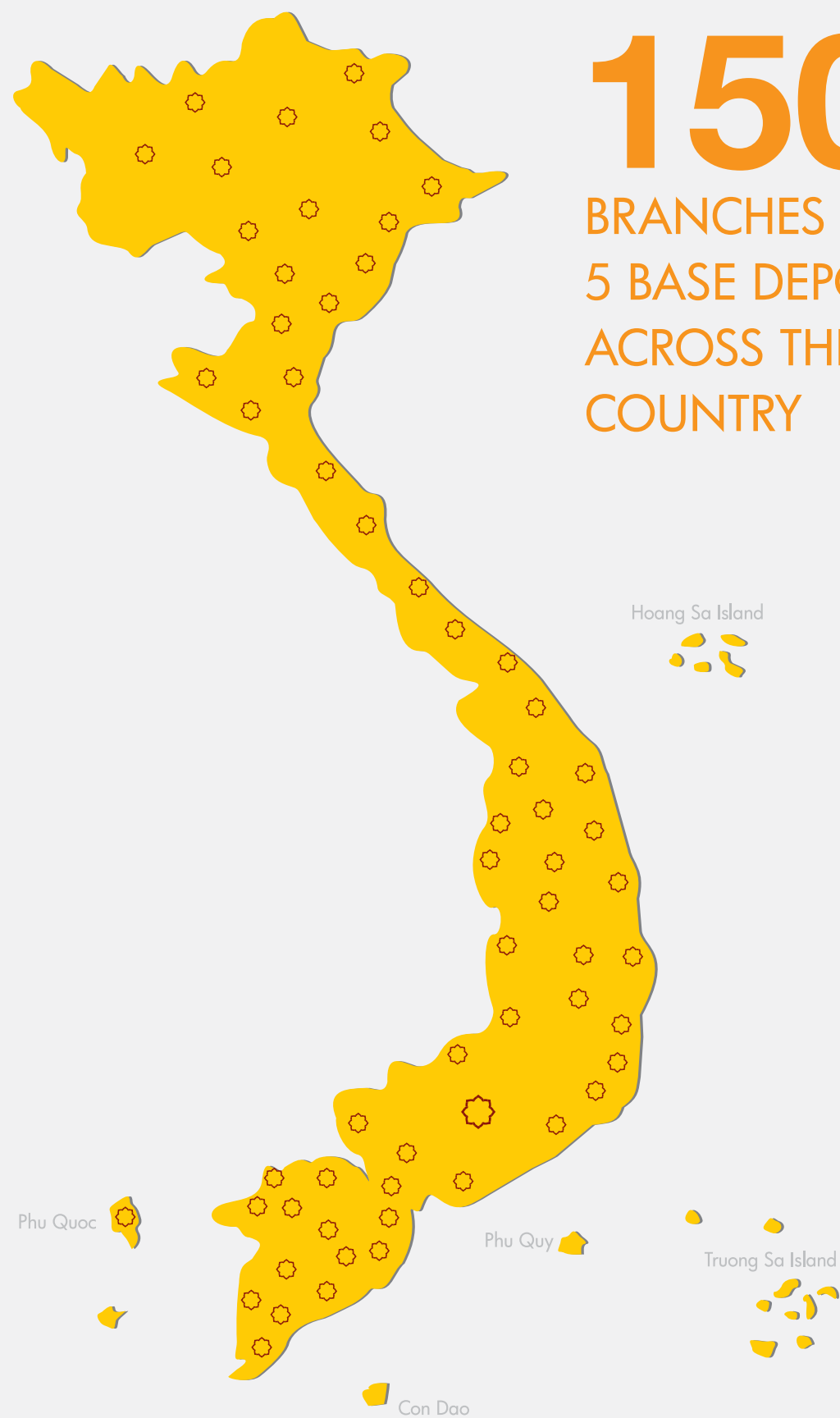
According to the plan, until December 2014, Hoa Sen Binh Dinh Steel Pipe One Member Limited Liabilities Company will complete Phase 1 with 9 steel pipe lines and total capacity of 75,000 tons/year and officially operate at Nhon Hoa Industrial Park, Nhon Hoa Ward, An Nhon Town, Binh Dinh Province to contribute to increasing production and supply capacity for Central market and market of South Central Coast.

## HOA SEN NGHE AN STEEL SHEET ONE MEMBER LIMITED LIABILITIES COMPANY

<b>Address:</b>	Block C, Nam Cam Industrial Park, Nghi Xa Commune, Nghi Loc District, Nghe An Province, Vietnam.
<b>Charter capital:</b>	VND 30,000,000,000 (Thirty billion VND).
<b>Business Registration Certificate:</b>	No. 2901722597 issued by the Department of Planning and Investment of Nghe An Province on May 28 <sup>th</sup> , 2014.
<b>Legal representative:</b>	Mr. TRAN QUOC TRI – Chairman.
<b>Business activities:</b>	Manufacturing cold rolled coils, hot rolled coils, steel purlins, galvanized purlins, black steel pipes, galvanized steel pipes and other alloy coated steel pipes.
<b>Hoa Sen Group owns :</b>	100%.

The Company is in the process of building factory and installing machinery and equipment.





**150**  
BRANCHES AND  
5 BASE DEPOTS  
ACROSS THE  
COUNTRY

No.	Name	Address	Tel
<b>AN GIANG PROVINCE</b>			
1	Tri Ton	Cluster 1, Tri Ton Town, Tri Ton District, An Giang Province	(+84 76) 3772 949
2	Chau Doc	No. 177, Nguyen Tri Phuong Street, Hoa Binh Cluster, Vinh My Ward, Chau Doc City, An Giang Province	(+84 76) 3560 510
3	Phu Tan	Long Hung 2 Cluster, Long Son Ward, Tan Chau Town, An Giang Province	(+84 76) 3533 435
4	Long Xuyen	Group 12, Binh Duc 5 Cluster, Binh Duc Ward, Long Xuyen City, An Giang Province	(+84 76) 3650 738
5	Cho Moi	My Hoa Hamlet, My Luong Town, Cho Moi District, An Giang Province	(+84 76) 362 6376
6	My Hoa	Tay Hue 1 Cluster, My Hoa Ward, Long Xuyen City, An Giang Province	(+84 76) 3949 952
<b>BA RIA – VUNG TAU PROVINCE</b>			
7	Ngai Giao	Highway 56, Tan Phu Hamlet, Bau Chinh Commune, Chau Duc District, Ba Ria – Vung Tau Province	(+84 64) 3962 358
8	Tan Thanh	Ben Dinh Hamlet, My Xuan Commune, Tan Thanh District, Ba Ria – Vung Tau Province	(+84 64) 3931 828
9	Xuyen Moc	Highway 55, Thanh Son Hamlet, Phuoc Thuan Commune, Xuyen Moc District, Ba Ria - Vung Tau Province	(+84 64) 3782 888 (+84 64) 3782 999
10	Ba Ria	Hai Dinh Quarter, Kim Dinh Ward, Ba Ria City, Ba Ria – Vung Tau Province	(+84 64) 3717 001
<b>BAC GIANG PROVINCE</b>			
11	Bac Giang	Highway 1A, Tan My Industrial Cluster, Tan My Commune, Bac Giang City, Bac Giang Province	(+84 240) 3992 567
12	Luc Ngan	Highway 31, Mao Ga Hamlet, Phuong Son Commune, Luc Ngan District, Bac Giang Province	
<b>BAC KAN PROVINCE</b>			
13	Bac Kan	Group 5, Phung Chi Kien Ward, Bac Kan Town, Bac Kan Province	(+84 281) 3812 556 (+84 281) 3812 558
<b>BAC LIEU PROVINCE</b>			
14	Bac Lieu	23/8 Street, Cluster 3, Ward 8, Bac Lieu City, Bac Lieu Province	(+84 781) 3829 843
15	Vinh Loi	Highway 1, Tan Tao Hamlet, Chau Hung Town, Vinh Loi District, Bac Lieu Province	(+84 781) 3922 335
16	Hong Dan	Kinh Xang Hamlet, Loc Ninh Commune, Hong Dan District, Bac Lieu Province	(+84 781) 3560 110
<b>BAC NINH PROVINCE</b>			
17	Bac Ninh	Highway 38, Moi City, Ho Town, Thuan Thanh District, Bac Ninh Province	(+84 241) 3775 381-2
<b>BEN TRE PROVINCE</b>			
18	Chau Thanh – Ben Tre	Hamlet 5, An Khanh Commune, Chau Thanh District, Ben Tre Province.	(+84 75) 3612 698
19	Ben Tre	109D Nguyen Dinh Chieu Street, Quarter 3, Ward 8, Ben Tre City, Ben Tre Province	(+84 75) 3811 794
20	Binh Dai	Hamlet 2, Binh Thoi Commune, Binh Dai District, Ben Tre Province	(+84 75) 3750 705
<b>BINH DINH PROVINCE</b>			
21	Tuy Phuoc	My Dien Hamlet, Tuy Phuoc Town, Tuy Phuoc District, Binh Dinh Province	(+84 56) 3833 008 (+84 56) 3833 009
22	Tay Son	Hamlet 1, Binh Nghi Commune, Tay Son District, Binh Dinh Province	(+84 56) 388 2725 (+84 56) 388 2726
23	Phu Cat	Hoa Dong Hamlet, Cat Tan Commune, Phu Cat District, Binh Dinh Province	(+84 56) 3538 178
24	Phu My	Diem Tieu Hamlet, Phu My Town, Phu My District, Binh Dinh Province	(+84 56) 3755 089
25	Bong Son	Thiet Dinh Bac Block, Bong Son Town, Hoai Nhon District, Binh Dinh Province	(+84 56) 3761 841
<b>BINH DUONG PROVINCE</b>			
26	Phu Giao	DT741 Street, Group 5, Vinh An Hamlet, Vinh Hoa Commune, Phu Giao District, Binh Duong Province	(+84 650) 3695 113
27	Binh Duong	No. 612 Binh Duong Boulevard, Hiep Thanh Commune, Thu Dau Mot City, Binh Duong Province	(+84 650) 3824 495 (+84 650) 3872 259

No.	Name	Address	Tel
28	Ben Cat	Binh Duong Boulevard, 38 Hamlet, Thoi Hoa Commune, Ben Cat Town, Binh Duong Province	(+84 650) 3577 112 (+84 650) 3577 113
29	Thuan An	No. 84A Binh Duong Boulevard, Dong Ba Quarter, Binh Hoa Ward, Thuan An Town, Binh Duong Province	(+84 650) 3765 943 (+84 650) 3765 944
30	Dau Tieng	Quarter 7, Dau Tieng Town, Dau Tieng District, Binh Duong Province	
<b>BINH PHUOC PROVINCE</b>			
31	Phuoc Long	Group 1, Quarter 9, Long Phuoc Ward, Phuoc Long Town, Binh Phuoc Province	(+84 651) 3713 006 (+84 651) 3713 007
32	Chon Thanh	No. 31, Group 1, Hamlet 1, Thanh Tam Commune, Chon Thanh District, Binh Phuoc Province	(+84 651) 3668 494
33	Binh Long	Highway 13, Group 4, Phu Long Hamlet, Thanh Phu Commune, Binh Long Town, Binh Phuoc Province	(+84 651) 3650 555
34	Loc Ninh	Hamlet 3, Loc Thai Commune, Loc Ninh District, Binh Phuoc Province	(+84 651) 3540 888
<b>BINH THUAN PROVINCE</b>			
35	Duc Linh	Hamlet 4, Duc Chinh Commune, Duc Linh District, Binh Thuan Province	(+84 62) 3887 898
36	Ham Tan	Da Mai Hamlet, Tan Xuan Commune, Ham Tan District, Binh Thuan Province	(+84 62) 3872 888
37	Phan Thiet	4/1 Lot, Phan Thiet Industrial Park, Phan Thiet City, Binh Thuan Province	(+84 62) 3829 124 (+84 62) 3776 515
38	Phan Ri	Binh Liem Hamlet, Phan Ri Thanh Commune, Bac Binh District, Binh Thuan Province	(+84 62) 3862 151 (+84 62) 3862 959
39	Ham Thuan Nam	Highway 1A, Ham My Commune, Ham Thuan Nam District, Binh Thuan Province	(+84 62) 3899 559
<b>CA MAU PROVINCE</b>			
40	Nam Can	Cai Nai Cluster, Nam Can Town, Nam Can District, Ca Mau Province	(+84 780) 3876 703
41	Ca Mau	No. 39 ly Thuong Kiet Street, Cluster 7, Ward 6, Ca Mau City, Ca Mau Province	(+84 780) 3826 699
42	Cai Nuoc	No. 115, Highway 1A, Dong Hung Hamlet, Tan Hung Dong Commune, Cai Nuoc District, Ca Mau Province	(+84 780) 3882 636
<b>CAN THO PROVINCE</b>			
43	Can Tho	No. 143, Zone 5, Cach Mang Thang Tam Street, An Thoi Ward, Binh Thuy District, Can Tho City	(+84 710) 3887 581
44	Cai Rang	Highway 1A, Area 2, Ba Lang Ward, Cai Rang District, Can Tho City	(+84 710) 3910 001
45	Lo Te	No. 454, Group 16, Thoi Hoa Zone, Thoi Thuan Ward, Thot Not District, Can Tho City	(+84 710) 3687 417
46	O Mon	Thoi Hung Zone, Long Hung Ward, O Mon District, Can Tho City	(+84 76) 3831 844
47	Vinh Thanh	Vinh Tien Hamlet, Vinh Thanh Town, Vinh Thanh District, Can Tho City	(+84 710) 3641 828
1	<b>LO TE BASE DEPOT</b>	No. 454, Group 16, Thoi Hoa Zone, Thoi Thuan Ward, Thot Not District, Can Tho City	(+84 76) 3930 180
2	<b>CAI RANG BASE DEPOT</b>	Highway 1A, Zone 2, Ba Lang Ward, Cai Rang District, Can Tho City	(+84 710) 3527 994
<b>DA NANG PROVINCE</b>			
48	Da Nang	No. 281A Truong Chinh Street, An Khe Ward, Thanh Khe District, Da Nang City	(+84 511) 3721 101 (+84 511) 3721 102
<b>DAKLAK PROVINCE</b>			
49	Dak Lak	Km No. 09, Highway 14, Ea Tur Commune, Buon Me Thuot City, Dak Lak Province	(+84 500) 3954 056 (+84 500) 3954 057
50	Earka	An Cu Hamlet, Cu Hue Commune, Ea Kar District, Dak Lak Province	(+84 500) 3627 064 (+84 500) 3627 065
51	Krong Pak	Phuoc An Town, Krong Pak District, Dak Lak Province	(+84 500) 3519 743 (+84 500) 3519 744
52	Buon Ho	No. 861 Hung Vuong Street, Thien An Ward, Buon Ho Town, Dak Lak Province	(+84 500) 3870 010
53	Ea H'leo	Hamlet 2, Ea Ral Commune, Ea H'leo District, Daklak Province	(+84 500) 3779 798
54	Cu M'gar	Provincial Highway 8, Hamlet 1, Ea Kpom Commune, Cu M'gar District, Daklak Province	(+84 500) 3533 377 (+84 500) 3533 388
55	Cu Kuin	Highway 27, Ea Tieu Commune, Cu Kuin District, Daklak Province	(+84 500) 3633 337 (+84 500) 3633 338



BRANCH NETWORK (continued)

No.	Name	Address	Tel
<b>DAK NONG PROVINCE</b>			
56	Gia Nghia	Tong Duy Tan Street, Group 9, Nghia Thanh Ward, Gia Nghia Town, Dak Nong Province	(+84 501) 3545 016
57	Dak Mil	Duc Tan Hamlet, Duc Manh Commune, Dak Mil District, Dak Nong Province	(+84 501) 3750 878 (+84 501) 3870 888
58	Cu Jut	Highway 14, Tam Thang Commune, Cu Jut District, Dak Nong Province	(+84 501) 3692 567 (+84 501) 3692 568
<b>DONG NAI PROVINCE</b>			
59	Thong Nhat	No. 65, Highway 1A, Hung Nghia Hamlet, Hung Loc Commune, Thong Nhat District, Dong Nai Province	(+84 61) 3768 503
60	Dinh Quan	SKK 97A Lot, Dinh Quan Industrial Park, La Nga Commune, Dinh Quan District, Dong Nai Province	(+84 61) 3633 855 (+84 61) 3633 858
61	Trang Bom	834 B, Ngu Phuc Hamlet, Ho Nai 3 Commune, Trang Bom District, Dong Nai Province	(+84 61) 3981 701
<b>DONG THAP PROVINCE</b>			
62	Hong Ngu	Highway 30, An Loc Ward, Hong Ngu Town, Dong Thap Province	(+84 67) 3836 771
63	Tam Nong	Tram Chim Town, Tam Nong District, Dong Thap Province	(+84 67) 3829 658
64	Cao Lanh	Highway 30, My Phu Ward, Cao Lanh City, Dong Thap Province	(+84 67) 3857 316
65	Sa Dec	Highway 80, An Hoa Nhat Hamlet, Tan Binh Commune, Chau Thanh District, Dong Thap Province	(+84 67) 3868 156
<b>GIA LAI PROVINCE</b>			
66	Gia Lai	No. 174 Truong Chinh Street, Group 4, Tra Ba Ward, Pleiku City, Gia Lai Province	(+84 59) 3747 170
67	Chu Se	Hamlet 7, Ia Blang Commune, Chu Se District, Gia Lai Province	(+84 59) 3768 778
68	An Khe	Group 3, Ngo May Ward, An Khe Town, Gia Lai Province	(+84 59) 3533 511 (+84 59) 3533 512
3	<b>DAK DOA BASE DEPOT</b>	Group 9, Nguyen Hue Street, Dak Doa Town, Dak Doa District, Gia Lai Province	(+84 59) 3894 608
<b>HA GIANG PROVINCE</b>			
69	Ha Giang	Tan An Hamlet, Hung An Commune, Bac Quang District, Ha Giang Province	(+84 219) 3892 956 (+84 219) 3892 957
<b>HA NAM PROVINCE</b>			
70	Ha Nam	lao Cau Hamlet, Tien Tan Commune, Phu Ly City, Ha Nam Province	(+84 351) 3595 616 (+84 351) 3595 618
<b>HA NOI CITY</b>			
71	Hanoi	A6 - 2 Lot, Hanoi - Dai Tu Industrial Park, No. 386 Nguyen Van Linh Street, Phuc Loi Ward, Long Bien District, Hanoi City	(+84 43) 6559 905 (+84 43) 6559 906
72	Chuong My	Yen Kien Hamlet, Dong Son Commune, Chuong My District, Hanoi City	(+84 43) 3911 353
73	Phuc Tho	Cluster 8, Phuc Tho Town, Phuc Tho District, Hanoi City	(+84 43) 3643 360-1
74	Thuong Tin	Ha Binh Phuong Industrial Cluster, Ha Hoi Commune, Thuong Tin District, Hanoi City	(+84 43) 3760 318
4	<b>LONG BIEN BASE DEPOT</b>	A6-2 Lot, Hanoi - Dai Tu Industrial Park, No. 386 Nguyen Van Linh Street, Phuc Loi Ward, Long Bien District, Hanoi City	(+84 43) 6556 180
<b>HA TINH PROVINCE</b>			
75	Ky Anh	Hoa Hieu Zone, Ky Thinh Commune, Ky Anh District, Ha Tinh Province	(+84 390) 3690 617 (+84 390) 3690 618
76	Ha Tinh	Tan Phu Hamlet, Thach Trung Commune, Ha Tinh City, Ha Tinh Province	(+84 39) 3721 776 (+84 39) 3721 777

No.	Name	Address	Tel
<b>HAI DUONG PROVINCE</b>			
77	Hai Duong	Highway 37, Hao Thon Hamlet, Dong Lac Commune, Nam Sach District, Hai Duong Province	(+84 320) 3751 335-6
78	Hai Phong	Kien Bai Commune, Thuy Nguyen District, Hai Phong City	(+84 320) 3731 226 (+84 320) 3731 227
79	Kien An	No. 846A, Tran Nhan Tong Street, Nam Son Ward, Kien An District, Hai Phong City	
80	Thanh Mien	Provincial Highway 392, Block 2, Doan Tung Township, Doan Tung Commune, Thanh Mien District, Hai Duong Province	(+84 31) 3645 566 (+84 31) 3645 567
81	Chi Linh	Do Xa Residential Area, Hoang Tan Ward, Chi Linh Town, Hai Duong Province	(+84 31) 3590 088 (+84 31) 3590 099
82	Duong Kinh	Street No. 402, Residential Group No. 11, Hoa Nghia Ward, Duong Kinh District, Hai Phong City	(+84 31) 3633 559 (+84 31) 3633 659
<b>HAU GIANG PROVINCE</b>			
83	Phung Hiep	Zone 3, Hiep Thanh Ward, Nga Bay Town, Hau Giang Province	(+84 711) 3867 887
84	Vi Thanh	Tran Hung Dao Street, Zone 3, Ward 5, Vi Thanh City, Hau Giang Province	(+84 711) 3870 137
85	Tan Long	Tan Long Hamlet, Tan Binh Commune, Phung Hiep District, Hau Giang Province	
<b>HOA BINH PROVINCE</b>			
86	Hoa Binh	Trung Hamlet, Trung Minh Commune, Hoa Binh City, Hoa Binh Province	(+84 218) 3843 737
<b>THUA THIEN HUE PROVINCE</b>			
87	Hue	Highway 1A, Huong Van Commune, Huong Tra District, Thua Thien Hue Province	(+84 54) 3777 156 (+84 54) 3777 157
<b>HA TINH PROVINCE</b>			
88	Hung Yen	Pho Noi Industrial Park, Di Su Commune, My Hao District, Hung Yen Province	(+84 321) 3744 206 (+84 321) 3744 207
89	Kim Dong	Highway 39A, Truong Xa Hamlet, Toan Thang Commune, Kim Dong District, Hung Yen Province	
<b>KHANH HOA PROVINCE</b>			
90	Dien Khanh	Phu Khanh Hamlet, Dien Thanh Commune, Dien Khanh District, Khanh Hoa Province	(+84 58) 3976 402
91	Ninh Hoa	Highway 1A, Ninh Ich Hamlet, Ninh An Commune, Ninh Hoa Town, Khanh Hoa Province	(+84 58) 3750 526 (+84 58) 3750 527
92	Cam Ranh	Phuc Ninh Group, Cam Phuc Nam Ward, Cam Ranh City, Khanh Hoa Province	(+84 58) 3633 088 (+84 58) 3633 089
<b>KIEN GIANG PROVINCE</b>			
93	Vinh Thuan	Group 39, Vinh Dong 2 Hamlet, Vinh Thuan Town, Vinh Thuan District, Kien Giang Province	(+84 77) 3561 336
94	An Bien	Group 17, Dong Thanh Hamlet, Dong Thai Commune, An Bien District, Kien Giang Province	(+84 77) 3524 259
95	Kien Luong	Group 13, Tam Thuc Quarter, Kien Luong Town, Kien Luong District, Kien Giang Province	(+84 77) 3765 055
96	Rach Gia	No. 67 Cach Mang Thang Tam Street, Vinh Loi Ward, Rach Gia City, Kien Giang Province	(+84 77) 3912 450
97	Hon Dat	Group 4, Highway 80, Son Thinh Hamlet, Soc Son Town, Hon Dat District, Kien Giang Province	(+84 77) 3742 377
98	Phu Quoc	Suoi May Hamlet, Duong To Commune, Phu Quoc District, Kien Giang Province	(+84 77) 3844 173
<b>KON TUM PROVINCE</b>			
99	Kon Tum	No. 293 Phan Dinh Phung Street, Kon Tum City, Kon Tum Province	(+84 60) 3856 372
100	Ngoc Hoi	Group 3, Plei Kan Town, Ngoc Hoi District, Kon Tum Province	(+84 60) 3832 772

No.	Name	Address	Tel
<b>LAI CHAU PROVINCE</b>			
101	Lai Chau	No. 121, Le Duan Street, Group 5, Tan Phong Ward, Lai Chau City, Lai Chau Province	(+84 231) 3791 517
<b>LONG AN PROVINCE</b>			
102	Thu Thua	Binh Cang 1 Hamlet, Binh Thanh Commune, Thu Thua District, Long An Province	(+84 72) 3820 522
103	Tan Thanh	Quarter 3, Tan Thanh Town, Tan Thanh District, Long An Province	(+84 72) 3941 013
104	Ben Luc	Voi La Hamlet, Long Hiep Commune, Ben Luc District, Long An Province	(+84 72) 3647 778 (+84 72) 3647 779
<b>NAM DINH PROVINCE</b>			
105	Nam Dinh	Lot 21, N1 Street, An Xa Industrial Cluster, My Xa Commune, Nam Dinh City, Nam Dinh Province	(+84 350) 3672 317
106	Hai Hau	Highway 21, Block 3, Yen Dinh Town, Hai Hau District, Nam Dinh Province	(+84 350) 3773 789
<b>NGHE AN PROVINCE</b>			
107	Nghe An	Hamlet 14, Nghi Kim Commune, Vinh City, Nghe An Province	(+84 38) 3516 469
108	Dien Chau	Nho Industrial Park, Dien Hong Commune, Dien Chau District, Nghe An Province	(+84 38) 3620 685 (+84 38) 3620 686
109	Thai Hoa	Highway 48, Doc Cao Block, Quang Tien Ward, Thai Hoa Town, Nghe An Province	
<b>NINH BINH PROVINCE</b>			
110	Ninh Binh	Highway 1A, Thien Ton Town, Hoa Lu District, Ninh Binh Province	(+84 30) 3626 668 (+84 30) 3626 669
111	Yen Khanh	Highway 10, Khanh An Commune, Yen Khanh District, Ninh Binh Province	(+84 30) 3762 938 (+84 30) 3762 939
<b>NINH THUAN PROVINCE</b>			
112	Phan Rang	Quarter 6, Phu Ha Ward, Phan Rang - Thap Cham City, Ninh Thuan Province	(+84 68) 3833 845 (+84 68) 3833 846
<b>PHU THO PROVINCE</b>			
113	Phu Tho	Block 12, Kim Duc Commune, Viet Tri City, Phu Tho Province	(+84 210) 3736 386
114	Doan Hung	Block 8, Soc Dang Commune, Doan Hung District, Phu Tho Province	(+84 210) 3881 123 (+84 210) 3881 456
<b>PHU YEN PROVINCE</b>			
115	Son Hoa	Tan Thanh Hamlet, Suoi Bac Commune, Son Hoa District, Phu Yen Province	(+84 57) 3640 427 (+84 57) 3640 428
116	Tuy Hoa	No. 229 Nguyen Tat Thanh Street, Ward 8, Tuy Hoa City, Phu Yen Province	(+84 57) 3820 586 (+84 57) 3820 361
117	Tuy An	Chi Duc Hamlet, Chi Thanh Town, Tuy An District, Phu Yen Province	(+84 57) 3767 477 (+84 57) 3767 478
<b>QUANG BINH PROVINCE</b>			
118	Quang Binh	F325 Street, Bac Ly Ward, Dong Hoi City, Quang Binh Province	(+84 52) 3859 356 (+84 52) 3859 357
<b>QUANG NAM PROVINCE</b>			
119	Tam Ky	No. 16 Phan Boi Chau Street, Hoa Thuan Ward, Tam Ky City, Quang Nam Province	(+84 510) 3810 842 (+84 510) 3810 843
<b>QUANG NGAI PROVINCE</b>			
120	Son Tinh	Tuong Tho Dong Hamlet, Truong Quang Trong Ward, Quang Ngai City, Quang Ngai Province	(+84 55) 3670 097 (+84 55) 3670 098
121	Mo Duc	Tu Son 2 Hamlet, Duc Lan Commune, Mo Duc District, Quang Ngai Province	(+84 55) 3943 378 (+84 55) 3943 379
<b>QUANG NINH PROVINCE</b>			
122	Mong Cai	Km 3.5, Block 7, Hai Yen Ward, Mong Cai City, Quang Ninh Province	(+84 33) 3553 768 (+84 33) 3553 769
123	Quang Ninh	Trai Thanh 1 Hamlet, Dong Mai Ward, Quang Yen Town, Quang Ninh Province	(+84 33) 3779 001 (+84 33) 3779 002
<b>QUANG TRI PROVINCE</b>			
124	Quang Tri	An Binh Hamlet, Cam Thanh Commune, Cam Lo District, Quang Tri Province	(+84 53) 3565 222
<b>SOC TRANG PROVINCE</b>			
125	Soc Trang	Highway 1A, Ward 2, Soc Trang City, Soc Trang Province	(+84 79) 3611 212
126	Vinh Chau	Nguyen Hue Street, Cluster 1, Ward 1, Vinh Chau Town, Soc Trang Province	(+84 79) 3861 828 (+84 79) 3861 929

No.	Name	Address	Tel
<b>SON LA PROVINCE</b>			
127	Son La	Chieng Sinh Industrial Park, Chieng Sinh Ward, Son La City, Son La Province	(+84 22) 3774 280
128	Moc Chau	Subdivision 3, Moc Chau Town, Moc Chau District, Son La Province	(+84 22) 3669 959
129	Mai Son	Highway 6, 26/3 Subdivision, Co Noi Commune, Mai Son District, Son La Province	(+84 22) 3746 386 (+84 22) 3746 387
<b>TAY NINH PROVINCE</b>			
130	Trang Bang	Group 6, An Binh Hamlet, An Tinh Commune, Trang Bang District, Tay Ninh Province	(+84 66) 3896 733
131	Go Dau	Phuoc Duc B Hamlet, Phuoc Dong Commune, Go Dau District, Tay Ninh Province	(+84 66) 3533 838
132	Tay Ninh	371 Pham Hung Street, Long Chi Hamlet, Long Thanh Trung Commune, Hoa Thanh District, Tay Ninh Province	(+84 66) 3837 123
133	Tan Chau	No. 282, 785 Street, Tan Hoa Hamlet, Tan Phu Commune, Tan Chau District, Tay Ninh Province	(+84 66) 3759 689
134	Tan Bien	Thanh Nam Hamlet, Thanh Tay Commune, Tan Bien District, Tay Ninh Province	(+84 66) 3776 666
<b>THAI BINH PROVINCE</b>			
135	Thai Binh	Gia La Hamlet, Dong My Commune, Thai Binh City, Thai Binh Province	(+84 36) 3568 866 (+84 36) 3568 867
<b>THAI NGUYEN PROVINCE</b>			
136	Thai Nguyen	Hamlet 3, Luong Son Commune, Thai Nguyen City, Thai Nguyen Province	(+84 280) 3645 658
<b>THANH HOA PROVINCE</b>			
137	Thanh Hoa	Highway 1A, Quyet Thang Hamlet, Quang Thinh Commune, Quang Xuong District, Thanh Hoa Province	(+84 37) 8755 667 (+84 37) 8755 668
138	Bim Son	Block 6, Bac Son Ward, Bim Son Town, Thanh Hoa Province	(+84 37) 3763 996 (+84 37) 3763 997
139	Yen Dinh	Highway 45, Dinh Lien Commune, Yen Dinh District, Thanh Hoa Province	
<b>TIEN GIANG PROVINCE</b>			
140	Cai Be	Highway 1, An Thai Hamlet, An Cu Commune, Cai Be District, Tien Giang Province	(+84 73) 3923 409
5	<b>TRUNG LUONG BASE DEPOT</b>	Long My Hamlet, Phuoc Thanh Commune, My Tho City, Tien Giang Province	(+84 73) 3955 899
<b>HO CHI MINH CITY</b>			
141	District 9	No. 11, Nguyen Duy Trinh Street, Tam Da Quarter, Long Truong Ward, District 9, Ho Chi Minh City	(+84 8) 3759 4250 (+84 8) 3759 4 251
142	Binh Chanh	D1/29 Highway 1A, Quarter 4, Tan Tuc Town, Binh Chanh District, Ho Chi Minh City	(+84 8) 3746 2034
<b>TRA VINH PROVINCE</b>			
143	Tra Vinh	Highway 60, Cluster 6, Ward 8, Tra Vinh City, Tra Vinh Province	(+84 74) 3842 546
144	Tieu Can	Phu Tho 1 Hamlet, Hieu Trung Commune, Tieu Can District, Tra Vinh Province	
<b>VINH LONG PROVINCE</b>			
145	Binh Minh	622A, Thuan Tien B Hamlet, Thuan An Commune, Binh Minh Town, Vinh Long Province	(+84 70) 3750 711
146	Vung Liem	Trung Xuan Hamlet, Trung Thanh Commune, Vung Liem District, Vinh Long Province	(+84 70) 3976 282
147	Vinh Long	Tan Vinh Thuan Hamlet, Tan Ngai Commune, Vinh Long City, Vinh Long Province	(+84 70) 3816 434
148	Long Ho	Highway 53, Cluster 2, Long Ho Town, Long Ho District, Vinh Long Province	(+84 70) 3851 165
<b>VINH PHUC PROVINCE</b>			
149	Vinh Phuc	Huong Loc Hamlet, Dao Duc Commune, Binh Xuyen District, Vinh Phuc Province	(+84 211) 3593 234 (+84 211) 3593 567
<b>YEN BAI PROVINCE</b>			
150	Yen Bai	Group 2, Hop Minh Ward, Yen Bai City, Yen Bai Province	(+84 29) 3710 456 (+84 29) 3710 468





*Sustainable*  
foundation

## REPORT OF SUSTAINABLE DEVELOPMENT

Improvement on production system and enhancement of products' quality	97
Human resources development	98
Ensuring the maximum benefits of the shareholders and the investors	100
Building strong and friendly brand name	102



Orientation of sustainable development not only helps enterprises outline a clear and specific roadmap, thereof, set up the appropriate guidelines and policies in each stage but also lays a foundation for long-term development of the enterprises.

Being aware of that importance, right from the first days of establishment, Hoa Sen Group has always oriented itself towards sustainable development in its activities and sustainable development has become Hoa Sen Group's commitment to community, employees and customers through the Group's business philosophy and core values.

As a manufacturing and trading enterprise, there are key factors that Hoa Sen Group has given priority to build and improve in order to concretize the target of sustainable development.



## 1 IMPROVEMENT ON PRODUCTION SYSTEM AND ENHANCEMENT OF PRODUCTS' QUALITY



In order to provide consumers with the best quality products, compete based on quality and affirm the position in the market, Hoa Sen Group always pays attention to the investment in advanced production lines and machinery system and applies new technology to production.

- In 2007, Hoa Sen Group was Vietnam's first private enterprise to invest in the Galvanizing line with Non-oxidizing furnace (NOF technology).
- In 2009, Hoa Sen Group was Southeast Asia's first enterprise to invest in Hot galvanizing line with Non-oxidizing furnace (NOF technology).
- In 2010, Hoa Sen Group was the first enterprise to synchronously invest in the centralized blending system, the plastic pipe line of Battenfeld – Cincinnati in accordance with European technology and the laboratory in accordance with Japanese standards in order to bring consumers high quality products with competitive prices.
- In 2011, Hoa Sen Group completed Phase 1 of Hoa Sen Phu My Steel Sheet Plant Project. At present, this is the largest steel sheet plant in Southeast Asia with modern and synchronous production lines and machinery system.

Because Hoa Sen Group's production lines are continuously researched and improved, they meet international standards such as ISO 9001 : 2008 of quality management system, ISO 14001 : 2004 of environment management system and OHSAS 18000 : 2007 of occupational health and safety advisory services. The high quality products of Hoa Sen Group have met the strict quality standards of the most difficult

markets such as USA, Japan, Europe, etc. At the same time, the Group has also periodically reviewed the production process and production norms, researched and improved technique to reduce production costs and minimize material – fuel consumption in order to enhance the competitiveness of products on the market.

Moreover, Hoa Sen Group has continuously researched new products in order to meet the diversified demands of the consumers:

- In 2012, Hoa Sen Group introduced Metallic steel sheets with the outstanding feature of metallic surface so the aestheticism is high.
- In July 2014, Hoa Sen Group launched Hoa Sen wood pattern steel sheets. Hoa Sen wood pattern steel sheets are durable, beautiful, luxurious and suitable for construction works and houses. 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.
- In August 2014, Hoa Sen Group continued to launch Hoa Sen wrinkle steel sheet in coils. Wrinkle steel sheet in coils 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 in coils 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.

## 2 HUMAN RESOURCES DEVELOPMENT

“Being aware that human factor is the center and core of the development, besides investing in machinery system and modern technology, Hoa Sen Group also pays attention to the development of human resources by applying proper remuneration and benefit policy, motivating employees and building a friendly work environment with solidarity and mutual development.”

### POLICIES ON RECRUITMENT, SALARY, REWARD AND WELFARE

In order to build the human resources with the orientation of "being better, being more professional and having higher incomes", Hoa Sen Group implemented a number of policies to develop human resources as follows:

#### Policy on assessing, refining, recruiting and training

Since 2013, the Group has applied KPI – Key Performance Indicators to assess the performance of each department and each employee specifically and thoroughly to adjust and refine HR reasonably.

Furthermore, the Group also gradually raised standards of recruitment and strengthened the initial training to build qualified inheritance workforce.

Besides, the Group continued to cooperate with prestigious

universities and colleges through scholarships, job fairs, etc...in order to create young workforce with suitable competence and qualification.

#### Policy on salary, reward and welfare

The Group has researched and adjusted the employees' incomes in order that they are always higher in comparison with general level of labor market and suitable for operating situation of the Group.

Besides, the Group has also researched, issued and amended some policies on business salary and allowance to encourage and motivate the employees. The social insurance and health insurance have been performed in accordance with the law to ensure the employees' benefits.

### FRIENDLY AND SOLIDARY WORK ENVIRONMENT

Each employee of Hoa Sen Group is always aware of building a friendly and solidary work environment. Understanding culture of 10 "T" letters of the Group deeply, in relationship with colleagues as well as between superiors and subordinates, the employees of Hoa Sen Group are always open-minded and willing to learn and respect each other. The Group always maintains the friendliness and solidarity of work environment.

Besides, the employees of Hoa Sen Group also have participated in other activities of Hoa Sen Group which have been regularly organized. Therefore, the employees of Hoa Sen Group have opportunity to discuss with each other, learn from each other and tighten their colleague relationships.





### 3 ENSURING THE MAXIMUM BENEFITS OF THE SHAREHOLDERS AND THE INVESTORS

“The shareholders and the investors are the owners and the companions of the Group in the development process. Therefore, Hoa Sen Group always strives to meet the maximum benefits of its shareholders and investors.”



#### INFORMATION DISCLOSURE

In order to ensure timely provision of information to the shareholders and the investors and ensure transparency in operations, Hoa Sen Group always pays attention to fully implement procedures of periodic and extraordinary information disclosure in accordance with Circular 52/2012/TT-BTC of the Ministry of Finance (guidelines on information disclosure on stock exchange).

In addition to information disclosure as stipulated, Hoa Sen Group also actively carries out information disclosure for important information which can affect to benefits and decisions of the investors directly or indirectly to help the shareholders and the investors update and monitor operations of the Group timely.

#### ACTIVITIES TO APPROACH THE INVESTORS

In addition, Hoa Sen Group also organizes other activities to help investors to have a more comprehensive view of activities as well as development strategy in the next periods of the Group such as:

- Meeting and discussing with domestic and foreign investors, answering investors' questions, creating trust in the investors.
- Organizing the Annual General Meeting and Extraordinary General Meeting successfully: arranging time and favorable location for the shareholders to attend, fully posting the stipulated meeting documents on website for reference and for the shareholders to discuss and vote at the meeting, fully and thoughtfully answering all the questions raised by the shareholders at the meeting.
- Compiling Hoa Sen Group's quarterly bulletins to provide the shareholders and investors with information and ensure that the investors have sufficient information to make appropriate investment decisions.
- Organizing customer conferences to set up and strengthen cooperative relationship with the partners and the investors.





## 4 BUILDING STRONG AND FRIENDLY BRAND NAME



“With the desire to build a friendly and community-oriented Hoa Sen brand name, during the last few years, Hoa Sen Group paid much attention to the implementation of sponsorship activities and charity activities to develop community and implement social responsibilities.”

“Shining Vietnamese Fortitude” was Hoa Sen Group’s program which drew much attention of the community and was taken place in May 2014. The program was jointly held by Vietnam Youth Federation, Hoa Sen Group, Thanh Nien Newspaper and the Youth Board of VTV6 – Vietnam Television to bring a message of good life ideal to Vietnamese young people through true touching stories of examples of fortitude. The program was taken place with the participation of special invited guest Nick Vujicic – Motivational speaker

and Example of extraordinary fortitude.

Moreover, Hoa Sen Group also sponsored and organized a number of community-oriented and humanistic programs such as “Viet families’ sweet home – Year of the Horse 2014” for the fifth consecutive year, “Football Tournament for underprivileged children 2014” and “Viet families’ sweet home – Mid-Autumn Festival 2014” and other charity activities.





# "Nick Vujicic comes back to Vietnam in 2014" event

"Shining Vietnamese Fortitude"  
Gala in Ho Chi Minh City.

"Shining Vietnamese Fortitude" Gala in Hanoi-City.

Launching ceremony of  
"Shining Vietnamese Fortitude" program.

Nick visited Ha Long Bay.

Nick talked to the employees of Hoa Sen Group.

Talk show at Vietnam Television (VTV).

Nick and Vietnamese examples of fortitude.

Press conference of  
"Shining Vietnamese Fortitude" program.



"NICK VUJICIC COMES BACK TO VIETNAM IN 2014" EVENT.







"SHINING VIETNAMESE FORTITUDE" GALA IN HO CHI MINH CITY.



LAUNCHING CEREMONY OF "SHINING VIETNAMESE FORTITUDE" PROGRAM







NICK VISITED HA LONG BAY.



NICK TALKED TO THE EMPLOYEES OF HOA SEN GROUP.



TALK SHOW AT VIETNAM TELEVISION (VTV).



NICK AND VIETNAMESE EXAMPLES OF FORTITUDE.



PRESS CONFERENCE OF "SHINING VIETNAMESE FORTITUDE" PROGRAM





*Strong*  
faith

## **SEPARATE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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Cash flow statement (Form B 03 – DN)	9
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## CORPORATE INFORMATION

**Business Registration Certificate** No. 3700381324 dated 23 October 2014  
First issued on 8 August 2001.

The Business Registration Certificate has been amended several times and the latest amendment was the Business Registration Certificate No. 3700381324 on 23 October 2014. The Business Registration Certificate was issued by the Department of Planning and Investment of Binh Duong Province.

<b>Board of Management</b>	Mr. Le Phuoc Vu	Chairman
	Mr. Tran Ngoc Chu	Vice Chairman
	Mr. Pham Gia Tuan	Member
	Mr. Ly Duy Hoang	Member (Resigned on 29 April 2014)
	Mr. Tran Quoc Tri	Member (Appointed on 29 April 2014)
	Ông Jean Eric Jacquemin	Member

<b>Board of Directors</b>	Mr. Tran Ngoc Chu	General Director
	Mr. Hoang Duc Huy	Deputy General Director
	Mr. Tran Quoc Tri	Deputy General Director
	Mr. Vu Van Thanh	Deputy General Director
	Mr. Nguyen Minh Khoa	Deputy General Director
	Mr. Ho Thanh Hieu	Deputy General Director
	Mr. Nguyen Van Quy	Deputy General Director

**Legal representative** Mr. Le Phuoc Vu Chairman

**Registered office** No. 9, Thong Nhat Boulevard, Song Than 2 Industrial Park,  
Di An Ward, Di An Town, Binh Duong Province, Vietnam

**Auditor** PricewaterhouseCoopers (Vietnam) Limited

## STATEMENT OF THE RESPONSIBILITY OF THE GENERAL DIRECTOR OF THE COMPANY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The legal representative of the Company authorized the General Director of the Company to be responsible for the separate financial statements which give a true and fair view of the financial position of Hoa Sen Group ("the Company") as at 30 September 2014 and the results of its operations and cash flows for the year then ended. In preparing these separate financial statements, the General Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the separate financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The General Director is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable separate financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the financial statements. The General Director is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

I hereby approve the accompanying separate financial statements as set out on pages 5 to 45 which give a true and fair view of the financial position of the Company as at 30 September 2014 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements.

Users of these separate financial statements should read them together with the consolidated financial statements of the Company and its subsidiaries ("the Group") as at and for the year ended 30 September 2014 in order to obtain full information of the financial information, results of operations and cash flows of the Group as a whole.



**Tran Ngoc Chu** *Tran Ngoc Chu*  
General Director

Binh Duong Province, SR Vietnam  
8 December 2014





## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HOA SEN GROUP

We have audited the accompanying separate financial statements of Hoa Sen Group ("the Company") which were prepared on 30 September 2014 and approved by the General Director on 8 December 2014. The separate financial statements comprise the balance sheet as at 30 September 2014, the income statement, the cash flow statement for the year then ended, and explanatory notes to the separate financial statements including significant accounting policies, as set out on pages 5 to 45.

### The General Director's Responsibility for the Separate Financial Statements

The General Director of the Company is responsible for the preparation and the true and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements and for such internal controls which the General Director determines necessary to enable the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and true and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Director, as well as evaluating the overall presentation of the separate financial statements.

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

PricewaterhouseCoopers (Vietnam) Ltd.,  
4<sup>th</sup> Floor, Saigon Tower, 29 Le Duan Street, District 1, Ho Chi Minh City, Vietnam  
T: +84 (8)38230796, www.pwc.com/vn



### Auditor's Opinion

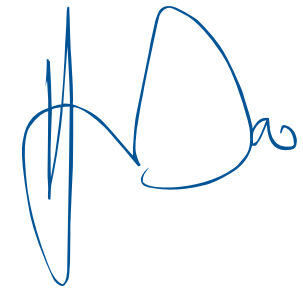
In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at 30 September 2014, its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements.

### PricewaterhouseCoopers (Vietnam) Ltd.



**Ian S. Lydall**  
Audit Practising Licence  
No. 0559-2013-006-1  
Authorised signatory

Audit report number: HCM4370  
Ho Chi Minh City, 8 December 2014



**Dao Quang Huy**  
Audit Practising Licence  
No. 1895-2013-006-1

As indicated in Note 2.1 to the separate financial statements, the accompanying separate financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.



		As at 30 September		
Code	ASSETS	Note	2014 VND	2013 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>6,494,253,273,944</b>	<b>4,288,691,574,352</b>
<b>110</b>	<b>Cash and cash equivalents</b>	3	<b>138,001,647,603</b>	<b>163,502,687,316</b>
111	Cash		121,301,647,603	163,502,687,316
112	Cash equivalents		16,700,000,000	-
<b>130</b>	<b>Accounts receivable</b>		<b>2,049,767,900,951</b>	<b>1,763,640,430,336</b>
131	Trade accounts receivable	4	1,721,171,369,702	1,461,495,129,149
132	Prepayments to suppliers	5	153,846,626,940	173,493,643,718
135	Other receivables	6	176,032,958,092	130,299,478,043
139	Provision for doubtful debts		(1,283,053,783)	(1,647,820,574)
<b>140</b>	<b>Inventories</b>	7	<b>3,710,663,638,443</b>	<b>2,125,679,208,524</b>
141	Inventories		3,711,696,909,201	2,126,570,098,340
149	Provision for decline in value of inventories		(1,033,270,758)	(890,889,816)
<b>150</b>	<b>Other current assets</b>		<b>595,820,086,947</b>	<b>235,869,248,176</b>
151	Short-term prepayments	8	49,779,479,489	59,400,280,788
152	Value Added Tax to be reclaimed		541,948,513,679	156,371,440,445
154	Other taxes receivable		85,557,805	-
158	Other current assets	9	4,006,535,974	20,097,526,943
<b>200</b>	<b>LONG-TERM ASSETS</b>		<b>3,597,395,807,319</b>	<b>2,825,726,447,003</b>
<b>220</b>	<b>Fixed assets</b>		<b>3,006,737,368,454</b>	<b>2,270,885,344,911</b>
221	Tangible fixed assets	10(a)	2,660,458,487,298	1,799,842,639,303
222	Cost		3,666,617,736,204	2,539,216,612,080
223	Accumulated depreciation		(1,006,159,248,906)	(739,373,972,777)
224	Finance lease assets	10(b)	89,590,148,900	70,296,414,036
225	Cost		111,830,901,311	84,032,961,457
226	Accumulated depreciation		(22,240,752,411)	(13,736,547,421)
227	Intangible fixed assets	10(c)	205,560,432,449	205,946,044,163
228	Cost		221,029,378,600	218,814,965,473
229	Accumulated amortisation		(15,468,946,151)	(12,868,921,310)
230	Construction in progress	10(d)	51,128,299,807	194,800,247,409
<b>250</b>	<b>Long-term investments</b>	11	<b>513,200,232,017</b>	<b>505,732,331,634</b>
251	Investments in subsidiaries		467,276,000,000	446,276,000,000
252	Investments in associates and joint ventures		44,456,331,634	44,456,331,634
258	Other long-term investments		8,640,000,000	15,000,000,000
259	Provision for diminution in value of long-term investments		(7,172,099,617)	-
<b>260</b>	<b>Other long-term assets</b>		<b>77,458,206,848</b>	<b>49,108,770,458</b>
261	Long-term prepayments	12	55,134,596,953	38,647,763,126
262	Deferred income tax assets	13	20,311,059,994	8,448,457,431
268	Other long-term assets		2,012,549,901	2,012,549,901
<b>270</b>	<b>TOTAL ASSETS</b>		<b>10,091,649,081,263</b>	<b>7,114,418,021,355</b>

		As at 30 September		
Code	RESOURCES	Note	2014 VND	2013 VND
<b>300</b>	<b>LIABILITIES</b>		<b>7,669,014,734,697</b>	<b>4,846,313,039,006</b>
<b>310</b>	<b>Current liabilities</b>		<b>6,761,688,243,129</b>	<b>4,275,999,268,615</b>
311	Short-term borrowings	14(a)	4,749,052,198,420	2,813,966,562,869
312	Trade accounts payable	15	1,825,290,959,556	1,291,606,258,507
313	Advances from customers		58,831,484,853	68,781,306,096
314	Taxes and other payables to the State Budget	16	33,584,282,621	37,829,589,409
315	Payable to employees		31,366,190,372	29,728,804,427
316	Accrued expenses	17	37,809,893,447	19,435,294,206
319	Other payables	18	16,505,717,402	10,187,671,586
323	Bonus and welfare fund	19	9,247,516,458	4,463,781,515
<b>330</b>	<b>Long-term liabilities</b>		<b>907,326,491,568</b>	<b>570,313,770,391</b>
334	Long-term borrowings	14(b)	902,755,730,318	566,147,231,641
336	Provision for severance allowances		4,570,761,250	4,166,538,750
<b>400</b>	<b>SHAREHOLDERS' EQUITY</b>		<b>2,422,634,346,566</b>	<b>2,268,104,982,349</b>
<b>410</b>	<b>Capital and reserves</b>		<b>2,422,634,346,566</b>	<b>2,268,104,982,349</b>
411	Share capital	20,21	1,007,907,900,000	1,007,907,900,000
412	Share premium	21	451,543,290,363	451,543,290,363
414	Treasury shares	21	(81,038,848,436)	(81,035,546,498)
418	Financial reserve funds	21	8,525,313,060	8,525,313,060
419	Other funds	21	13,278,012,117	2,007,734,351
420	Undistributed earnings	21	1,022,418,679,462	879,156,291,073
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>10,091,649,081,263</b>	<b>7,114,418,021,355</b>



OFF BALANCE SHEET ITEMS

Cash and cash equivalents are balances held in foreign currencies as follows:

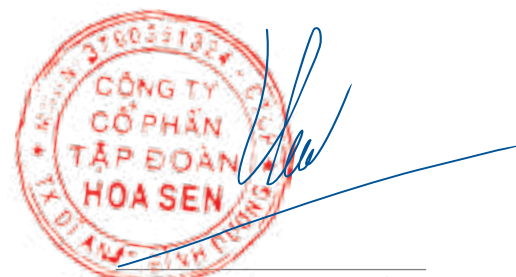
	As at 30 September	
	2014	2013
USD	1,887,802.73	3,912,296.44
EUR	226.09	223.83
AUD	306.85	84.78



Tran Cong Tien  
Preparer



Nguyen Thi Ngoc Lan  
Chief Accountant



Tran Ngoc Chu  
General Director  
8 December 2014

Code	Note	Year ended 30 September	
		2014 VND	2013 VND
<b>01 Sales</b>		<b>27,965,738,124,852</b>	<b>21,088,540,751,496</b>
02 Less deductions		(15,606,362,602)	(9,701,879,066)
<b>10 Net sales</b>	22	<b>27,950,131,762,250</b>	<b>21,078,838,872,430</b>
<b>11 Cost of sales</b>	23	<b>(26,543,957,391,845)</b>	<b>(19,623,508,945,055)</b>
<b>20 Gross profit</b>		<b>1,406,174,370,405</b>	<b>1,455,329,927,375</b>
21 Financial income	24	189,955,101,097	153,911,101,809
22 Financial expenses	25	(251,034,907,307)	(244,294,199,811)
23 <i>In which: Interest expense</i>		(178,732,189,603)	(165,766,703,044)
24 Selling expenses	26	(602,674,781,415)	(428,747,629,257)
25 General and administration expenses	27	(329,681,909,965)	(288,914,910,770)
<b>30 Operating profit</b>		<b>412,737,872,815</b>	<b>647,284,289,346</b>
31 Other income		140,129,321,530	199,428,929,409
32 Other expenses		(76,960,835,550)	(163,225,799,527)
<b>40 Net other income</b>	28	<b>63,168,485,980</b>	<b>36,203,129,882</b>
<b>50 Net accounting profit before tax</b>		<b>475,906,358,795</b>	<b>683,487,419,228</b>
<b>51 Business income tax – current</b>	29	<b>(91,658,631,969)</b>	<b>(80,670,557,845)</b>
<b>52 Business income tax – deferred</b>	13, 29	<b>11,862,602,563</b>	<b>3,166,854,257</b>
<b>60 Net profit after tax</b>		<b>396,110,329,389</b>	<b>605,983,715,640</b>
<b>70 Earnings per share</b>	30	<b>4,113</b>	<b>6,198</b>



Tran Cong Tien  
Preparer



Nguyen Thi Ngoc Lan  
Chief Accountant



Tran Ngoc Chu  
General Director  
8 December 2014



		Year ended 30 September	
Code	Note	2014 VND	2013 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Net profit before tax</b>	<b>475,906,358,795</b>	<b>683,487,419,228</b>
	Adjustments for:		
02	Depreciation and amortisation	283,038,111,139	229,160,859,384
03	Provisions	6,949,713,768	577,132,027
04	Unrealised foreign exchange losses	8,427,796,677	5,958,802,171
05	Gains from investing activities	(161,366,822,416)	(120,166,548,001)
06	Interest expense	198,308,677,546	196,311,669,273
07	Losses from disposals of fixed assets	3,202,344,252	1,630,233,766
<b>08</b>	<b>Operating profit before changes in working capital</b>	<b>814,466,179,761</b>	<b>996,959,567,848</b>
09	Increase in receivables	(495,765,754,652)	(570,978,932,465)
10	Increase in inventories	(1,585,126,810,861)	(778,312,517,737)
11	Increase in payables	531,113,193,354	833,343,926,072
12	Increase in prepaid expenses	(2,318,187,593)	(10,364,531,068)
13	Interest paid	(197,681,089,060)	(197,977,307,958)
14	Business income tax paid	(78,836,554,680)	(72,472,586,000)
16	Other payments on operating activities	(44,167,732,291)	(26,422,339,778)
<b>20</b>	<b>Net cash (outflows)/inflows from operating activities</b>	<b>(1,058,316,756,022)</b>	<b>173,775,278,914</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets	(1,064,209,108,441)	(483,034,671,208)
22	Proceeds from disposals of fixed assets	65,210,566,718	23,661,877,723
25	Investment in other entities	(21,000,000,000)	-
26	Proceeds from divestment in other entities	6,360,000,000	-
27	Interest received	1,864,144,549	5,725,644,808
<b>30</b>	<b>Net cash outflows from investing activities</b>	<b>(1,011,774,397,174)</b>	<b>(453,647,148,677)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
32	Purchases of treasury shares	(3,301,938)	(24,318,822,516)
33	Proceeds from borrowings	12,554,276,636,973	9,174,310,259,028
34	Repayments of borrowings	(10,296,325,989,274)	(8,414,550,209,722)
35	Finance lease payments	(18,039,524,067)	(11,669,446,320)
36	Dividends paid	(192,498,472,300)	(337,811,193,325)
<b>40</b>	<b>Net cash inflows from financing activities</b>	<b>2,047,409,349,394</b>	<b>385,960,587,145</b>
<b>50</b>	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(22,681,803,802)</b>	<b>106,088,717,382</b>
<b>60</b>	<b>Cash and cash equivalents at beginning of year</b>	<b>163,502,687,316</b>	<b>62,322,761,267</b>
61	Effect of foreign exchange differences	(2,819,235,911)	(4,908,791,333)
<b>70</b>	<b>Cash and cash equivalents at end of year</b>	<b>138,001,647,603</b>	<b>163,502,687,316</b>

## 1 GENERAL INFORMATION

Hoa Sen Group – Vietnamese name is Cong ty Co phan Tap doan Hoa Sen – (“the Company”) was established in SR Vietnam pursuant to Business Registration Certificate No. 3700381324, dated 8 August 2001 which was issued by the Department of Planning and Investment of Binh Duong Province and the latest amendment was on 23 October 2014.

On 5 December 2008, the Company’s shares were listed and traded on the Ho Chi Minh City Stock Exchange pursuant to Decision No. 117/QD-SGDHCM dated 5 November 2008.

The principal activities of the Company are:

- Manufacture of roofing sheets by galvanized steel, zinc alloy, paint galvanized zinc plating and plating of other alloys;
- Produce steel purlins, purlins galvanized;
- Manufacture black steel pipes, galvanized steel pipes and other alloys;
- Manufacture steel mesh, galvanized steel wire, steel wire;
- Manufacture PVC ceiling;
- Produce building materials;
- Buy and sell building materials, capital goods and consumer goods;
- Rent store and transport goods;
- Industrial and civil construction;
- Produce cold rolled steel coils; and
- Rent machinery, equipment and other tangible assets.

As at 30 September 2014, the Company had 3,168 employees (as at 30 September 2013: 2,765 employees).

## 2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES

### 2.1 Basis of preparation of separate financial statements

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations over financial reporting. The separate financial statements have been prepared under the historical cost convention.

The accompanying separate financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

Users of these separate financial statements should read them together with the consolidated financial statements of the Company and its subsidiaries (“the Group”) as at and for the year ended 30 September 2014 in order to obtain full information of the financial information, results of operations and cash flows of the Group as a whole.

  
Tran Cong Tien  
Preparer

  
Nguyen Thi Ngoc Lan  
Chief Accountant

  
Tran Ngoc Chu  
General Director  
8 December 2014



## 2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)

### 2.2 Fiscal year

The Company's fiscal year is from 1 October to 30 September of the following year.

### 2.3 Form of records applied

The Company uses journal ledgers to record its transactions.

### 2.4 Use of accounting estimates

The preparation of the separate financial statements in conformity with Vietnamese Accounting Standards requires the General Director to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of separate financial statements and the amounts of revenues and expenses during the year. Although these estimates are based on the General Director's best knowledge of current events and actions, actual results may differ from those estimates.

### 2.5 Currency

The separate financial statements are measured and presented in Vietnam Dong ("VND").

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising from these translations are recognised in the income statement.

### 2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

### 2.7 Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review by the General Director of all outstanding amounts at the year end. Bad debts are written off when identified.

### 2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

### 2.9 Investments

#### (a) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less provision for diminution in value.

#### (b) Investments in joint ventures and associates

Investments in joint ventures and associates are accounted for at cost less provision for diminution in value.

#### (c) Other long-term investments

Other long-term investments comprise shareholding of less than 20% in listed and unlisted entities which are held with no intention to dispose within 12 months from the balance sheet date. These investments are initially stated at cost of acquisition. Provision is made where there is a diminution in value of these investments.

### 2.10 Fixed assets

#### *Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

#### *Depreciation*

Fixed assets are depreciated using the straight-line method so as to write off the cost of the assets over their estimated useful lives or over the term of project (Investment licence) if shorter. The principal annual rates used are:

Buildings	5 – 30 years
Machinery & equipment	3 – 10 years
Motor vehicles	6 – 10 years
Office equipment	6 – 8 years
Others	5 – 20 years

Land use rights which have definite term are amortised, using the straight-line method over number of years in accordance with the terms indicated in each land use right certificate. Land use rights which are granted for an indefinite term are not amortised.

#### *Disposals*

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.



## 2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)

### 2.11 Leased assets

Leases of property, plant and equipment where the lessor has transferred the ownership at the end of the lease period, and transferred substantially risks and rewards, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charge, are included in long-term borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the estimated useful life of the assets or the lease term. However, if there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, depreciation is calculated over the estimated useful life of the assets.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

### 2.12 Borrowing costs

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the income statement when incurred.

### 2.13 Revenue recognition

#### (a) Sales of goods

Revenue from the sale of goods is recognised in the income statement when the 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 the possible return of goods.

#### (b) Interest income

Interest income is recognised on an earned basis.

#### (c) Dividend income

Income from dividend is recognised when the Company has established the receiving right from investees.

#### (d) Income from operating leases

Income from operating leases is recognised by the straight line method over the entire lease term, regardless of the payment methods.

### 2.14 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double tax relief agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profit and the current tax rates. Current and deferred tax should be recognized as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### 2.15 Share capital and treasury shares

Share capital consists of all issued shares. Incremental costs directly attributable to the issue of ordinary shares or options are recognised as a deduction from equity.

Treasury shares are shares that are issued and repurchased by the Company. The amount of the consideration paid, which includes directly attributable cost, net off any tax effects, is recognised and presented as a deduction from equity. Total amount received from the reissue or sales of treasury shares less directly attributable costs are recorded as equity.

### 2.16 Other funds

Other funds are appropriated from undistributed earnings and used upon the approval of General Meeting of Shareholders.

### 2.17 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the shareholders in general meetings.



## 2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)

### 2.18 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

### 2.19 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provisions will be measured at their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

### 2.20 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Company are entitled to a severance allowance based on their years of service. This will be paid as a lump sum when the employee leaves the Company. A provision for severance allowance is made for the estimated liability for employment termination as a result of services rendered by employees. Pursuant to Law on Social Insurance, effective from 1 January 2009, the Company is required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment scheme, the Company is no longer required to provide for the service period after 1 January 2009. However, provision for severance allowance as of 30 September 2014 is determined based on the employees' number of years of service up to 31 December 2008 and their average salary for the six-month period prior to the balance sheet date.

## 3 CASH AND CASH EQUIVALENTS

	30.9.2014 VND	30.9.2013 VND
Cash on hand	18,919,893,997	14,274,631,095
Cash at bank	102,381,753,606	94,548,110,623
Cash in transit	-	54,679,945,598
Cash equivalents (*)	16,700,000,000	-
	138,001,647,603	163,502,687,316

(\*) Cash equivalents include term deposits with maturity of 3 months or less.

## 4 TRADE ACCOUNTS RECEIVABLE

	30.9.2014 VND	30.9.2013 VND
Third parties	596,483,621,409	507,280,860,674
Related parties (Note 33(b))	1,124,687,748,293	954,214,268,475
	1,721,171,369,702	1,461,495,129,149

## 5 PREPAYMENTS TO SUPPLIERS

	30.9.2014 VND	30.9.2013 VND
Third parties	63,663,399,940	83,310,416,718
Related parties (Note 33(b))	90,183,227,000	90,183,227,000
	153,846,626,940	173,493,643,718

## 6 OTHER RECEIVABLES

	30.9.2014 VND	30.9.2013 VND
Third parties	12,524,603,338	13,316,001,803
Related parties (Note 33(b))	163,508,354,754	116,983,476,240
	176,032,958,092	130,299,478,043



## 7 INVENTORIES

	30.9.2014 VND	30.9.2013 VND
Goods in transit	1,492,842,901,982	978,344,797,756
Raw materials	207,712,164,971	83,782,659,001
Tools	171,641,780,379	141,008,837,842
Finished goods	1,617,607,372,114	797,033,275,564
Merchandises (*)	221,892,689,755	126,400,528,177
	3,711,696,909,201	2,126,570,098,340
Provision for decline in value of inventories	(1,033,270,758)	(890,889,816)
	3,710,663,638,443	2,125,679,208,524

(\*) Included in merchandises is an amount of VND17,268,969,715 representing 15 apartments the Company received as part settlement of other receivables from the liquidation contract of Pho Dong – Hoa Sen Building Project.

As at 30 September 2014, inventories with a carrying amount of VND1,609,522,370,577 (As at 30 September 2013: VND820,719,777,712) have been pledged with banks as security for the borrowings granted to the Company.

## 8 SHORT-TERM PREPAYMENTS

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Opening balance	59,400,280,788	24,941,573,704
Additions	148,755,747,887	142,581,716,702
Transferred from fixed assets	17,247,961	1,525,072,582
Amortisation	(158,393,797,147)	(103,147,562,579)
Disposals	-	(6,500,519,621)
Closing balance	49,779,479,489	59,400,280,788

Short-term prepayments mainly comprise advertising expenses, rental expenses and tools and equipment.

## 9 OTHER CURRENT ASSETS

	30.9.2014 VND	30.9.2013 VND
Short-term deposits	75,092,012	15,962,822,128
Advances to employees	3,931,443,962	4,134,704,815
	4,006,535,974	20,097,526,943

## 10 FIXED ASSETS

(a) Tangible fixed assets

	Buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Other tangible fixed assets VND	Total VND
<b>Historical cost</b>						
As at 1 October 2013	533,332,098,725	1,911,189,274,354	73,165,058,065	2,795,650,943	18,734,529,993	2,539,216,612,080
New purchases	230,271,581	50,746,546,978	10,523,801,006	1,920,000,000	-	63,420,619,565
Transferred from construction in progress (Note 10(d))	71,980,146,837	1,050,101,751,715	7,672,174,605	7,746,518,386	-	1,137,500,591,543
Disposals	(700,000,000)	(67,332,740,346)	(3,080,331,655)	-	-	(71,113,072,001)
Other decreases	(280,809,194)	(546,384,581)	(505,626,994)	(992,359,712)	(81,834,502)	(2,407,014,983)
As at 30 September 2014	604,561,707,949	2,944,158,448,120	87,775,075,027	11,469,809,617	18,652,695,491	3,666,617,736,204
<b>Accumulated depreciation</b>						
As at 1 October 2013	112,471,136,237	590,511,555,281	28,942,091,093	2,142,891,189	5,306,298,977	739,373,972,777
Charge for the year	33,366,844,748	227,116,291,035	8,123,210,662	515,031,068	2,753,826,669	271,875,204,182
Disposals	(277,177,451)	(1,594,758,368)	(828,225,212)	-	-	(2,700,161,031)
Other decreases	(280,809,194)	(546,384,581)	(505,626,994)	(992,359,712)	(64,586,541)	(2,389,767,022)
As at 30 September 2014	145,279,994,340	815,486,703,367	35,731,449,549	1,665,562,545	7,995,539,105	1,006,159,248,906
<b>Net book value</b>						
As at 1 October 2013	420,860,962,488	1,320,677,719,073	44,222,966,972	652,759,754	13,428,231,016	1,799,842,639,303
As at 30 September 2014	459,281,713,609	2,128,671,744,753	52,043,625,478	9,804,247,072	10,657,156,386	2,660,458,487,298



## 10 FIXED ASSETS (continued)

## (a) Tangible fixed assets (continued)

As at 30 September 2014, the cost of tangible fixed assets fully depreciated but still in use was VND93,081,688,935 (As at 30 September 2013: VND60,396,167,716).

Net book value of tangible fixed assets leased to subsidiaries as following:

	30.9.2014 VND	30.9.2013 VND
Hoa Sen Steel Sheet One Member Co., Ltd.	1,160,119,380,797	683,123,759,502
Hoa Sen Building Materials One Member Co., Ltd.	12,149,736,641	15,805,195,264
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	2,345,781,061	-

As at 30 September 2014, tangible fixed assets with a carrying value of VND2,017,702,800,791 have been pledged as security for the bank loans (As at 30 September 2013: VND1,183,999,995,907).

## (b) Finance lease assets

	Machinery and equipment VND	Motor vehicles VND	Total VND
<b>Historical cost</b>			
As at 1 October 2013	84,032,961,457	-	84,032,961,457
Additions	17,631,576,219	10,166,363,635	27,797,939,854
As at 30 September 2014	101,664,537,676	10,166,363,635	111,830,901,311
<b>Accumulated depreciation</b>			
As at 1 October 2013	13,736,547,421	-	13,736,547,421
Charge for the year	7,944,527,611	559,677,379	8,504,204,990
As at 30 September 2014	21,681,075,032	559,677,379	22,240,752,411
<b>Net book value</b>			
As at 1 October 2013	70,296,414,036	-	70,296,414,036
As at 30 September 2014	79,983,462,644	9,606,686,256	89,590,148,900

As at 30 September 2014, finance lease assets with net book value of VND62,343,460,857 have been leased to Hoa Sen Steel Sheet One Member Co., Ltd. under operating lease agreements (As at 30 September 2013: VND70,296,414,036).

## (c) Intangible fixed assets

	Land use rights VND	Computer software VND	Total VND
<b>Historical cost</b>			
As at 1 October 2013	217,424,491,739	1,390,473,734	218,814,965,473
Additions	2,412,000,000	-	2,412,000,000
Other decreases	(151,870,850)	(45,716,023)	(197,586,873)
As at 30 September 2014	219,684,620,889	1,344,757,711	221,029,378,600
<b>Accumulated amortisation</b>			
As at 1 October 2013	11,681,401,473	1,187,519,837	12,868,921,310
Charge for the year	2,455,748,070	202,953,897	2,658,701,967
Other decreases	(12,961,103)	(45,716,023)	(58,677,126)
As at 30 September 2014	14,124,188,440	1,344,757,711	15,468,946,151
<b>Net book value</b>			
As at 1 October 2013	205,743,090,266	202,953,897	205,946,044,163
As at 30 September 2014	205,560,432,449	-	205,560,432,449

As at 30 September 2014, the cost of intangible fixed assets fully amortised but still in use was VND1,801,153,855 (As at 30 September 2013: VND280,361,120).

As at 30 September 2014, tangible fixed assets with net book value of VND13,196,220,818 have been leased to Hoa Sen Building Material One Member Co., Ltd. under an operating lease agreement (As at 30 September 2013: VND13,618,499,882).

As at 30 September 2014, land use rights with net book value of VND148,361,268,362 (As at 30 September 2013: VND151,229,816,792) have been pledged as security for the bank loans.



## 10 FIXED ASSETS (continued)

## (d) Construction in progress

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Opening balance	194,800,247,409	25,319,737,083
Additions	998,376,488,876	446,328,105,122
Transferred to long-term prepayments (Note 12)	(4,547,844,935)	(2,545,310,556)
Transferred to tangible fixed assets (Note 10(a))	(1,137,500,591,543)	(274,302,284,240)
Closing balance	51,128,299,807	194,800,247,409

Major projects include:

	30.9.2014 VND	30.9.2013 VND
Machinery and equipment for Hoa Sen Phu My Steel Sheet Plant	18,879,194,234	154,161,951,042
Hoa Sen Phu My Steel Sheet Plant Project	1,170,024,655	15,404,412,315

Borrowing costs capitalised in fixed assets and construction during the year ended 30 September 2014 was VND13,481,318,457 (year ended 30 September 2013: VND6,815,357,992).

## 11 LONG-TERM INVESTMENTS

Details of investments in subsidiaries, associates and other long-term investments are as follows:

Investee	Principal activities	Business License	% ownership and voting rights	Amount	
				30.9.2014 VND	30.9.2013 VND
<b>Subsidiaries:</b>					
Hoa Sen Steel Sheet One Member Co., Ltd.	Manufacture and trade in cold rolled steel products.	Business Registration Certificate No. 4603000282 and No. 3700763651 issued by Department of Planning and Investment of Binh Duong Province on 09 November 2006, and 27 December 2012 respectively.	100	280,000,000,000	280,000,000,000
Hoa Sen Building Materials One Member Co., Ltd.	Manufacture and trade in plastic building materials and steel pipe products.	Business Registration Certificate No. 4903000343 and No. 3500786179 issued by the Department of Planning and Investment of Ba Ria Vung Tau Province on 26 March 2007, and 03 January 2014 respectively.	100	150,000,000,000	150,000,000,000
Hoa Sen Transportation and Engineering One Member Co., Ltd.	Provide engineering, civil and industrial construction projects; transportation service; produce and process rolling mill; cutter and industrial machine, equipment.	Business Registration Certificate No. 4603000325, 4604000224 and 3700785528 issued by Department of Planning and Investment of Binh Duong Province on 26 March 2007, 24 December 2007, and 25 April 2013 respectively.	100	16,276,000,000	16,276,000,000
Hoa Sen Binh Dinh Steel Pipe Sole Member Ltd.	Manufacture and trade in iron, steel products; Manufacture and trade in plastic building materials and steel pipe products.	Business License No. 4101425750 issued by Binh Dinh Department of Planning and Investment dated 14 May 2014.	100	21,000,000,000	-
Hoa Sen Nghe An Steel Sheet Sole Member Ltd. (*)	Manufacture and trade in iron, steel products.	Business License No. 2901722597 issued by Nghe An Department of Planning and Investment dated 28 May 2014.	-	-	-
				<b>467,276,000,000</b>	<b>446,276,000,000</b>



## 11 LONG-TERM INVESTMENTS (continued)

	Principal activities	Business License	% ownership and voting rights	Amount	
				30.9.2014 VND	30.9.2013 VND
<b>Investee</b>					
<b>Associates:</b>					
Hoa Sen-Gemadep Logistics and International Port Corporation (**)	Provide sea cargo agency services.	Business Registration Certificate No. 3500751828 issued by Department of Planning and Investment of Ba Ria-Vung Tau Province on 20 June 2006 and amended on 13 October 2009.	45	44,456,331,634	44,456,331,634
<b>Other long-term investments:</b>					
Viet Capital Health Care Fund	Invest in listed and unlisted healthcare Vietnamese companies and projects in Vietnam.	Decision No. 08/TB-UBCK issued by State Securities Commission of Vietnam on 15 February 2014.	3	8,640,000,000	15,000,000,000
<b>SUB-TOTAL</b>				<b>53,096,331,634</b>	<b>59,456,331,634</b>
Provision for diminution in value of long-term investments				(7,172,099,617)	-
<b>TOTAL</b>				<b>45,924,232,017</b>	<b>59,456,331,634</b>

(\*) Board of Management issued Resolution No. 31/NQ/HĐQT/HSG/2014 dated 21 May 2014 to establish the subsidiary with capital of VND30,000,000,000. Legal representative of the subsidiary is Mr. Tran Quoc Tri. As at 30 September 2014, the capital of Hoa Sen Nghe An Steel Sheet Sole Member Ltd. had not been contributed.

(\*\*) Investment in Hoa Sen – Gemadep Logistics and International Port Corporation is awaiting for disposal according to Resolution of The General Assembly of Shareholders No. 02/NQ/HĐCĐ/HSG/2011 dated 16 June 2011.

## 12 LONG-TERM PREPAYMENTS

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Opening balance	38,647,763,126	56,290,140,917
Additions	55,658,044,413	22,729,276,802
Transferred from construction in progress (Note 10(d))	4,547,844,935	2,545,310,556
Transferred from fixed assets	-	2,381,415,087
Other increases	-	127,200,500
Amortisation	(43,716,230,713)	(32,641,637,997)
Disposals	(2,824,808)	(12,783,942,739)
Closing balance	55,134,596,953	38,647,763,126

Long-term prepayments mainly comprise fixed assets overhaul and tools and equipment in use.

## 13 DEFERRED INCOME TAX ASSETS

The gross movement in the deferred income tax is as follows:

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Opening balance	8,448,457,431	5,281,603,174
Credited to income statement	11,862,602,563	3,166,854,257
Closing balance	20,311,059,994	8,448,457,431

Deferred income tax assets arise mainly from the temporary differences relating to unrealised profits on sales among branches, accrued interest expense and other accrued expenses.



## 14 BORROWINGS

## (a) Short-term borrowings

	30.9.2014 VND	30.9.2013 VND
Short-term bank loans (*)	4,545,014,751,312	2,468,854,540,949
Current portion of long-term loans (Note 14(b))	178,490,520,160	298,642,575,600
Finance lease liabilities (Note 14(b))	14,146,926,948	11,669,446,320
Other short-term borrowings (**)	11,400,000,000	34,800,000,000
	<u>4,749,052,198,420</u>	<u>2,813,966,562,869</u>

(\*) Details of short-term borrowings are as follows:

Loan No.	Currency	Annual interest	30.9.2014 VND	30.9.2013 VND
1	USD	2.8% – 4%	114,932,361,600	211,410,740,800
2	USD	1.7% – 3.6%	731,576,366,093	317,842,593,447
3	VND	5% – 7%	249,683,503,925	130,280,111,484
4	USD	1.8% – 4%	779,430,781,707	441,089,851,000
5	VND	5% – 7.25%	79,003,342,468	158,246,647,827
6	USD	1.75% – 3.5%	848,526,893,732	227,817,968,103
7	VND	5.85% – 7.06%	-	150,360,360,683
8	USD	2.3% – 3.8%	79,747,834,492	59,957,213,921
9	USD	3.7% – 3.8%	-	56,013,170,601
10	USD	2.3% – 3.4%	156,427,906,778	15,154,363,000
11	VND	4.7% – 6%	46,086,099,531	-
12	USD	2.2% – 3.8%	115,314,237,629	25,443,265,372
13	USD	2.2% – 3.3%	203,101,043,517	118,899,619,612
14	VND	5.8% – 8.6%	-	28,700,000,000
15	USD	3.1% – 3.8%	-	145,515,382,898
16	VND	5.2%	19,979,666,369	-
17	USD	2.3% – 3.8%	188,890,776,245	184,507,457,516
18	VND	5% – 7%	85,815,206,886	12,540,583,701
19	USD	3.5% – 4%	-	34,004,044,702
20	USD	2.15% – 2.3%	152,713,598,623	-
21	USD	3.25%	-	48,722,541,665
22	USD	1.8 – 3.8%	449,306,777,483	102,348,624,617
23	VND	5% – 6.5%	244,478,354,234	-
			<u>4,545,014,751,312</u>	<u>2,468,854,540,949</u>

Short-term borrowings are secured by certain fixed assets and inventories of the Company.

(\*\*) Details of other short-term borrowings are as follows:

- (i) The loan balance of VND11,400,000,000 (as at 30 September 2013: VND8,500,000,000) from a subsidiary is unsecured and bears an interest rate of 6% p.a. (Note 33(b)).
- (ii) The loan balance of VND26,300,000,000 from an individual as at 30 September 2013 was fully repaid during the year ended 30 September 2014.

## (b) Long-term borrowings

	30.9.2014 VND	30.9.2013 VND
Bank loans (*)	1,013,296,693,623	789,545,123,372
Finance lease liabilities (**)	55,326,179,963	42,787,970,189
Other long-term loans (***)	26,770,303,840	44,126,160,000
	<u>1,095,393,177,426</u>	<u>876,459,253,561</u>
Less: Current portion of long-term loans (Note 14(a))	(178,490,520,160)	(298,642,575,600)
Less: Current portion of finance lease liabilities (Note 14(a))	(14,146,926,948)	(11,669,446,320)
	<u>902,755,730,318</u>	<u>566,147,231,641</u>

(\*) Details of long-term bank loans are as below:

Loan	Currency	Repayment	Annual Interest	30.9.2014 VND	30.9.2013 VND
1	VND	25/9/2017	10% – 11.5%	162,350,000,000	326,339,516,000
2	USD	16/7/2019	3.9% – 4.15%	355,589,385,675	58,081,311,390
3	VND	16/7/2019	9.5% – 10%	203,927,766,824	52,220,357,395
4	USD	31/10/2018	3.8% – 4%	45,287,111,012	-
5	VND	14/8/2019	9.5% – 11.6%	135,530,421,695	212,001,916,695
6	USD	8/9/2018	1.7%	64,016,099,517	80,621,411,392
7	VND	25/9/2015	7.8%	10,660,000,000	21,280,000,000
8	VND	17/7/2017	9.5% – 11%	28,601,098,900	39,000,610,500
9	VND	16/9/2019	9% – 9.25%	7,334,810,000	-
				<u>1,013,296,693,623</u>	<u>789,545,123,372</u>



## 14 BORROWINGS (continued)

## (b) Long-term borrowings (continued)

## (\*\*) Finance lease liabilities

The minimum lease payments relating to non-cancellable finance lease agreements are as follows:

	30.9.2014		
	Total liabilities VND	Interest VND	Principal VND
Under 1 year	17,997,474,657	3,850,547,709	14,146,926,948
Between 1 – 5 years	32,036,710,090	3,550,423,927	28,486,286,163
	50,034,184,747	7,400,971,636	42,633,213,111

As as 30 September 2014, the principal of financial lease liabilities did not include two finance lease contracts with total value as VND12,692,966,852 because the detail payment schedule was not determined.

	30.9.2013		
	Total liabilities VND	Interest VND	Principal VND
Under 1 year	15.902.131.774	4,232,685,454	11,669,446,320
Between 1 – 5 years	35.959.305.011	4,840,781,142	31,118,523,869
	51.861.436.785	9,073,466,596	42,787,970,189

(\*\*\*) A loan balance of EUR976,000 equivalent to VND26,770,303,840 (as at 30 September 2013: VND44,126,160,000) from a Company's supplier for purchases of fixed assets, bearing interest at the rate of 5.8% p.a and to be repaid in six-monthly instalments to May 2016.

## 15 TRADE ACCOUNTS PAYABLE

	30.9.2014 VND	30.9.2013 VND
Third parties	1,817,785,651,168	1,281,112,190,653
Related parties (Note 33(b))	7,505,308,388	10,494,067,854
	1,825,290,959,556	1,291,606,258,507

## 16 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	30.9.2014 VND	30.9.2013 VND
VAT on imported goods	-	11,189,715,893
Business income tax	30,586,194,784	17,764,117,495
Output VAT	2,200,406,997	3,520,815,664
Import – export duties	-	94,673
Other taxes	797,680,840	5,354,845,684
	33,584,282,621	37,829,589,409

## 17 ACCRUED EXPENSES

	30.9.2014 VND	30.9.2013 VND
Electricity	8,669,896,200	38,193,240
Payable relating to construction in progress	10,317,543,485	334,545,454
Transportation fee	-	582,558,457
Audit fee	300,000,000	420,000,000
13 <sup>th</sup> month salary	13,605,575,000	12,513,797,000
Loan interest	2,854,878,762	2,227,290,276
Other accrued expenses	2,062,000,000	3,318,909,779
	37,809,893,447	19,435,294,206

## 18 OTHER PAYABLES

	30.9.2014 VND	30.9.2013 VND
Dividends	3,481,670,900	3,353,947,200
Social insurance, health insurance, unemployment insurance, and trade union fee	1,703,448,900	1,294,753,800
Other payables to related parties (Note 33(b))	74,361,249	383,850
Tender deposits received	3,370,000,330	3,580,000,000
Other payables	7,876,236,023	1,958,586,736
	16,505,717,402	10,187,671,586



## 19 BONUS AND WELFARE FUND

This fund is established by appropriating from retained profits as approved by shareholders at shareholders' meetings. This fund is used to pay bonus and welfare to the Company's employees in accordance with the Company's bonus and welfare policies. Movements of bonus and welfare fund during the year were as below:

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Opening balance	4,463,781,515	5,225,251,199
Appropriated from undistributed earnings	23,233,584,000	14,724,134,716
Utilisation	(18,449,849,057)	(15,485,604,400)
Closing balance	9,247,516,458	4,463,781,515

## 20 NUMBER OF SHARES

Detailed registered and issued shares of the Company are as follows:

	30.9.2014		30.9.2013	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares capital authorised and issued	100,790,790	-	100,790,790	-
Treasury shares	(4,477,692)	-	(4,477,692)	-
Number of existing shares in issue	96,313,098	-	96,313,098	-

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 received dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares repurchased by the Company, all rights are suspended until those shares are reissued.

## 21 MOVEMENTS IN OWNERS' EQUITY

	Shareholders' capital VND	Share premium VND	Treasury shares VND	Financial reserves funds VND	Other funds VND	Undistributed earnings VND	Total VND
As at 1 October 2012	1,007,907,900,000	451,543,290,363	(56,716,723,982)	8,525,313,060	2,148,326,909	637,644,135,969	2,051,052,242,319
Net profit for the year	-	-	-	-	-	605,983,715,640	605,983,715,640
Dividends declared (*)	-	-	-	-	-	(338,951,283,000)	(338,951,283,000)
Repurchase of treasury shares	-	-	(24,318,822,516)	-	-	-	(24,318,822,516)
Appropriated to bonus and welfare funds (Note 19)	-	-	-	-	-	(14,724,134,716)	(14,724,134,716)
Appropriated to other funds	-	-	-	-	10,796,142,820	(10,796,142,820)	-
Use of other funds during the year (**)	-	-	-	-	(10,936,735,378)	-	(10,936,735,378)
As at 30 September 2013	1,007,907,900,000	451,543,290,363	(81,038,848,436)	8,525,313,060	2,007,734,351	879,156,291,073	2,268,104,982,349
Net profit for the year	-	-	-	-	-	396,110,329,389	396,110,329,389
Dividends declared (*)	-	-	-	-	-	(192,626,196,000)	(192,626,196,000)
Repurchase of treasury shares	-	-	(3,301,938)	-	-	-	(3,301,938)
Appropriated to bonus and welfare funds (Note 19)	-	-	-	-	-	(23,233,584,000)	(23,233,584,000)
Appropriated to other funds	-	-	-	-	36,988,161,000	(36,988,161,000)	-
Use of other funds during the year (**)	-	-	-	-	(25,717,883,234)	-	(25,717,883,234)
As at 30 September 2014	1,007,907,900,000	451,543,290,363	(81,038,848,436)	8,525,313,060	13,278,012,117	1,022,418,679,462	2,422,634,346,566

(\*) Pursuant to Resolution No. 01/NQ/HĐCĐ/HSG/2014 dated 8 January 2014 issued by the General Assembly of Shareholders, Board of Management issued Resolution No. 02/NQ/HĐCĐ/HSG/2014 dated 8 January 2014 and Resolution No. 22/NQ/HĐCĐ/HSG/2014 dated 18 April 2014 to declare the dividends.

(\*\*) The amount includes performance bonus of VND10,850,378,000 that the Company has made to members of Board of Directors and Board of Supervisors for over achievement of the Company's earning target during the year 2013 pursuant to Resolution No. 01/NQ/HĐCĐ/HSG/2014 dated 8 January 2014 and Resolution No. 01/NQ/HĐCĐ/HSG/2013 dated 6 March 2013 issued by the General Assembly of Shareholders.

## 22 REVENUE

	Year ended	
	30.9.2014 VND	30.9.2013 VND
<b>Sales</b>		
Finished goods	14,273,844,186,822	11,082,285,583,575
Merchandises	13,577,645,192,570	10,006,255,167,921
Revenue from lease of assets to subsidiaries	114,248,745,460	-
	27,965,738,124,852	21,088,540,751,496
<b>Sales deductions</b>		
Trade discounts	(1,069,848,713)	-
Sales returns	(12,622,297,775)	(7,828,484,379)
Sales allowances	(1,914,216,114)	(1,873,394,687)
	(15,606,362,602)	(9,701,879,066)
	<b>27,950,131,762,250</b>	<b>21,078,838,872,430</b>

## 23 COST OF SALES

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Finished goods	13,188,447,373,691	9,917,599,488,276
Merchandises	13,243,596,865,030	9,705,909,456,779
Expenses for lease of assets to subsidiaries	111,913,153,124	-
	26,543,957,391,845	19,623,508,945,055

## 24 FINANCIAL INCOME

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Interest income from deposits	724,584,549	5,725,644,808
Income from financial investments	1,139,560,000	-
Dividends income from Hoa Sen Steel Sheet One Member Co., Ltd.	111,590,513,050	58,460,323,352
Dividends income from Hoa Sen Building Materials One Member Co., Ltd.	46,126,688,336	54,978,258,214
Dividends income from Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	1,941,634,189	1,327,444,838
Realised foreign exchange gains	28,432,120,973	33,419,430,597
	189,955,101,097	153,911,101,809

## 25 FINANCIAL EXPENSES

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Interest expense	178,732,189,603	165,766,703,044
Provision for diminution in value of long-term investments	7,172,099,617	-
Realised foreign exchange losses	56,702,821,410	72,568,694,596
Net loss from foreign currency translation at year-end	8,427,796,677	5,958,802,171
	251,034,907,307	244,294,199,811

## 26 SELLING EXPENSES

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Staff costs	120,926,308,122	94,374,306,096
Depreciation and amortisation expenses	16,538,614,903	15,906,158,616
Material expenses	1,774,692,230	1,766,796,258
Transportation expenses	256,127,040,197	173,519,548,224
Outside service expenses	80,529,736,899	75,511,939,435
Other expenses	126,778,389,064	67,668,880,628
	602,674,781,415	428,747,629,257



## 27 GENERAL AND ADMINISTRATION EXPENSES

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Staff costs	163,729,754,746	134,002,109,964
Office supplies	6,189,655,193	4,868,071,359
Depreciation and amortisation expenses	24,592,508,115	17,651,279,750
Outside service expenses	37,585,788,390	60,838,917,703
Other expenses	97,584,203,521	71,554,531,994
	329,681,909,965	288,914,910,770

## 28 OTHER INCOME/EXPENSES

	Year ended	
	30.9.2014 VND	30.9.2013 VND
<b>Other income</b>		
Sales of scrap	58,783,668,760	8,842,139,197
Proceeds from disposal of used tools and equipment to a subsidiary	-	19,284,462,563
Proceeds from disposal of fixed assets	65,210,566,718	23,661,877,723
Income from operating lease of asset to subsidiaries	-	128,195,000,000
Others	16,135,086,052	19,445,449,926
	140,129,321,530	199,428,929,409
<b>Other expenses</b>		
Net book value of used tools and supplies disposed to Hoa Sen Steel Sheet One Member Co., Ltd.	-	(19,284,462,360)
Net book value of fixed assets disposed	(68,412,910,970)	(25,292,111,489)
Other expenses from operating lease of assets to subsidiaries	-	(111,676,913,597)
Others	(8,547,924,580)	(6,972,312,081)
	(76,960,835,550)	(163,225,799,527)
Net other income	63,168,485,980	36,203,129,882

## 29 TAXATION

Under the terms of its Investment Incentives Certificate No.108/CN-UB issued by the People's Committee of Binh Duong Province on 29 October 2001, the Company has an obligation to pay income tax at the rate of 25% on taxable profit. The provisions of the Company's Investment Incentive Certificate allow the Company to be exempt from business income tax for 3 years starting from the first year it generates a taxable profit (2004), and entitled to a 50% reduction in business income tax for the 7 thereafter years. Trading activities are subject to 25% tax rate and are not exempted for business income tax.

According to Decree No. 218/2013/ND-CP dated 26 December 2013 providing details to the Law on CIT, standard tax rate is reduced from 25% to 22% in 2014, and further reduced to 20% from 2016.

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate of 25% (for the period from 1 October 2013 to 31 December 2013) and 22% (for the period from 1 January 2014 to 30 September 2014) as follows:

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Net accounting profit before tax	475,906,358,795	683,487,419,228
Tax calculated at 22%/25%	108,268,696,626	170,871,854,807
Effect of:		
Income not subject to tax	(48,099,463,385)	(35,391,629,919)
Expenses not deductible for tax purposes	19,616,796,165	30,051,231,755
Impact of tax reduction	-	(80,124,926,735)
Business income tax from transfer of land use rights	-	986,723
Under provision from previous years	10,000,000	544,644,387
Other impacts	-	(8,448,457,430)
Business income tax charge	79,796,029,406	77,503,703,588
Charged/(credited) to income statement:		
Business income tax – Current	91,658,631,969	80,670,557,845
Business income tax – Deferred (Note 13)	(11,862,602,563)	(3,166,854,257)

The business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

**30 EARNINGS PER SHARE**

Basic earnings per share as at 30 September 2014 are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period as follows:

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Net profit attributable to shareholders	396,110,329,389	605,983,715,640
Weighted average number of ordinary shares in issue	96,313,098	97,766,865
Basic earnings per share (VND)	4,113	6,198

**31 COST OF GOODS MANUFACTURED BY FACTORS**

	Year ended	
	30.9.2014 VND	30.9.2013 VND
Raw materials	13,329,512,973,369	9,601,410,193,031
Labour costs	368,464,398,879	287,901,927,038
Depreciation and amortisation expenses	184,537,661,805	142,053,821,105
Outside service expenses	771,146,234,367	594,712,964,386
Other expenses	495,180,000,201	347,028,628,771
	15,148,841,268,621	10,973,107,534,331

**32 FINANCIAL RISK MANAGEMENT***Financial risk factors*

The Company's activities expose it to market risk (including foreign exchange risk and interest rate risk), receivable risk and liquidity risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. They establish the detailed policies such as risk identification and measurement, exposure limits and hedging strategies.

The finance department measures actual exposures against the limits set and prepares regular reports for the review by the Board of Directors.

The information presented below is based on information received by the Board of Directors.

**(a) Market risk****(i) Foreign exchange risk**

The Company's business is exposed to foreign exchange risk arising from United States Dollar ("USD") and Euro ("EUR") as certain purchases of raw materials and borrowings are denominated in these currencies. The Company manages this risk by promoting export sales to generate USD cash inflows to settle against USD-denominated creditors. In addition, from time to time, the Company reviews the market conditions to forecast the fluctuation of the interest rates in order to minimise the risk by appropriate actions.

The Company's foreign exchange exposure is as follows:

	30.9.2014		Total VND
	Denominated in USD Equivalent to VND	Denominated in EUR Equivalent to VND	
<b>Financial assets</b>			
Cash and bank deposits	40,108,256,802	6,201,330	40,114,458,132
Trade receivables	368,182,326,694	-	368,182,326,694
Prepayments to supplier and deposits	8,553,399,186	2,983,298,020	11,536,697,206
	416,843,982,682	2,989,499,350	419,833,482,032
<b>Financial liabilities</b>			
Borrowings	(4,284,861,174,103)	(26,770,303,840)	(4,311,631,477,943)
Trade payables	(1,621,518,573,570)	-	(1,621,518,573,570)
Advance from customers	(26,890,480,485)	-	(26,890,480,485)
	(5,933,270,228,158)	(26,770,303,840)	(5,960,040,531,998)
<b>Foreign exchange exposure</b>	<b>(5,516,426,245,476)</b>	<b>(23,780,804,490)</b>	<b>(5,540,207,049,966)</b>



## 32 FINANCIAL RISK MANAGEMENT (continued)

## (a) Market risk (continued)

## (i) Foreign exchange risk (continued)

30.9.2013

	Denominated in USD Equivalent to VND	Denominated in EUR Equivalent to VND	Total VND
<b>Financial assets</b>			
Cash and bank deposits	82,459,473,159	6,331,255	82,465,804,414
Trade receivables	230,532,796,358	-	230,532,796,358
Prepayments to supplier and deposits	83,003,936,948	-	83,003,936,948
	395,996,206,465	6,331,255	396,002,537,720
<b>Financial liabilities</b>			
Borrowings	(2,127,429,560,036)	(44,126,160,000)	(2,171,555,720,036)
Trade payables	(1,081,691,062,033)	-	(1,081,691,062,033)
Advance from customers	(50,986,078,470)	-	(50,986,078,470)
	(3,260,106,700,539)	(44,126,160,000)	(3,304,232,860,539)
<b>Foreign exchange exposure</b>	(2,864,110,494,074)	(44,119,828,745)	(2,908,230,322,819)

The foreign exchange exposure represents the total net amount of financial assets and financial liabilities denominated in foreign currencies. Its expected value would change when the exchange rates of VND/USD or VND/EUR fluctuates.

As at 30 September 2014, if the USD had strengthened/weakened by 1% against the VND with all other variables being held constant, the Company's profit after tax for the financial year would have been lower/higher by VND43,028,124,715 (year ended 30 September 2013: VND25,060,966,823).

As at 30 September 2014, if the EUR had strengthened/weakened by 1% against the VND, with all other variables being held constant, the Company's profit after tax for the financial year would have been lower/higher by VND185,490,275 (year ended 30 September 2013: VND386,048,502).

## (ii) Price risk

The Company is not exposed to equity security price risk arising from the investments classified as available-for-sale because the Company does not invest in listed securities.

## (iii) Interest rate risk

The Company is exposed to interest rate risk on its borrowings. The Company maintains balances of raw material, finished goods and spare parts at appropriate levels in order to minimise the demand for short-term loans and balance the VND and USD short-term loan structure, conformity with the fluctuation of interest and foreign exchange rates to have reasonable interest expenses. Most loans for which the interest rate has changes are in VND and USD.

As at 30 September 2014, if the VND interest rates had increased/decreased by 1% with all other variables being held constant, the Company's profit after tax for the financial year would have been lower/higher by VND9,460,495,674 (year ended 30 September 2013: VND9,085,805,517).

As at 30 September 2014, if the USD interest rates had increased/decreased by 0,5% with all other variables being held constant, the Company's profit after tax the financial year would have been lower/higher by VND12,264,593,436 (year ended 30 September 2013: VND8,451,016,886).

## (b) Receivable risk

The Company manages receivable risk by taking the following actions:

- Establish a credit limit and maximum due days for each customer and require daily reports of payment progress for re-assessing credit limits, categorising as well as forcing the collection;
- Charge interest on debtors and establish the monthly average outstanding debt amount for each business unit and retail-distribution branch;
- Refuse credit sales for customers with over-90-day overdue debtors, except special cases as approved by the Boards of Directors;
- Involve the authorities when necessary.

## 32 FINANCIAL RISK MANAGEMENT (continued)

## (c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities paid by cash or other financial assets.

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The table below categorises the Company's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	30.9.2014			Total VND
	Within 1 year VND	Between 1 and 5 years VND	Over 5 years VND	
Trade and other payables	1,825,290,959,556	-	-	1,825,290,959,556
Short-term borrowings	4,556,414,751,312	-	-	4,556,414,751,312
Long-term borrowings and current portion of long-term loans	192,637,447,108	902,755,730,318	-	1,095,393,177,426
	6,574,343,157,976	902,755,730,318	-	7,477,098,888,294
	30.9.2013			Total VND
	Within 1 year VND	Between 1 and 5 years VND	Over 5 years VND	
Trade and other payables	1,291,606,258,507	-	-	1,291,606,258,507
Short-term borrowings	2,503,654,540,949	-	-	2,503,654,540,949
Long-term borrowings and current portion of long-term loans	310,312,021,920	566,147,231,641	-	876,459,253,561
	4,105,572,821,376	566,147,231,641	-	4,671,720,053,017

## 33 RELATED PARTY TRANSACTIONS

Related parties include subsidiaries, shareholders, members of the Board of Management and Board of Directors, and key personnels.

## (a) Related party transactions

During the year, the following transactions were carried out with related parties:

	Year ended	
	30.9.2014 VND	30.9.2013 VND
<b>i) Sales of goods and other services</b>		
Hoa Sen Steel Sheet One Member Co., Ltd.	10,993,429,364,000	8,623,848,678,756
Hoa Sen Building Materials One Member Co., Ltd.	3,019,078,642,465	1,522,146,927,731
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	-	1,361,457,252
Hoa Sen Binh Dinh Steel Pipe Sole Member Ltd.	2,173,587,234	-
<b>ii) Purchases of goods and other services</b>		
Hoa Sen Steel Sheet One Member Co., Ltd.	11,831,109,338,240	8,460,722,893,071
Hoa Sen Building Materials One Member Co., Ltd.	2,251,208,073,031	1,099,873,757,571
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	469,489,908	344,786,101
<b>iii) Sales of fixed assets</b>		
Hoa Sen Building Materials One Member Co., Ltd.	44,774,872,862	18,051,384,898
<b>iv) Purchases of fixed assets</b>		
Hoa Sen Steel Sheet One Member Co., Ltd.	470,457,573	24,560,590
Hoa Sen Building Materials One Member Co., Ltd.	1,109,330,046	564,508,053



## 33 RELATED PARTY TRANSACTIONS (continued)

## (a) Related party transactions (continued)

	Year ended	
	30.9.2014 VND	30.9.2013 VND
<b>v) Others</b>		
<b>Hoa Sen Steel Sheet One Member Co., Ltd.</b>		
Income from operating leases	110,510,200,000	124,427,000,000
Other purchases	8,479,203,977	7,136,657,537
Other sales	-	24,096,824
Income from tools disposed	-	19,284,462,563
<b>Hoa Sen Building Materials One Member Co., Ltd.</b>		
Sales returned	1,045,538,628	1,587,397,915
Income from operating leases	3,654,545,460	3,768,000,000
Other purchases	678,372,155	1,003,606,875
Other sales	1,576,768,024	-
Returns of goods purchased	9,220,897	56,115,632
<b>Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.</b>		
Income from operating leases	84,000,000	-
Other purchases	10,986,287,239	8,536,066,523
Other sales	24,019,194	-
Interest expenses	639,600,000	218,583,333
Repayment of a loan	1,300,000,000	6,500,000,000
Loan proceeds	4,200,000,000	8,500,000,000
<b>vi) Compensation of key management</b>		
Compensation for Board of Management, Board of Advisers and Board of Supervisors	1,145,000,000	958,000,000
Bonus for Board of Management, Board of Advisers and Board of Supervisors	10,850,378,000	5,705,000,000
Gross salary for Board of Directors	8,110,590,009	7,474,632,000
Bonus for Board of Directors	5,540,000,000	2,865,200,000

## (b) Year end balances with related parties

	30.9.2014 VND	30.9.2013 VND
<b>Trade accounts receivable (Note 4)</b>		
Hoa Sen Steel Sheet One Member Co., Ltd.	413,269,247,273	617,103,340,689
Hoa Sen Building Materials One Member Co., Ltd.	709,027,555,064	337,110,927,786
Hoa Sen Binh Dinh Steel Pipe Sole Member Ltd.	2,390,945,956	-
	1,124,687,748,293	954,214,268,475
<b>Prepayments to suppliers (Note 5)</b>		
Mr Hoang Duc Huy (Deputy General Director) - Advance for purchase of land use rights	90,183,227,000	90,183,227,000
<b>Other receivables (Note 6)</b>		
<i>Dividends receivable from subsidiaries</i>		
Hoa Sen Steel Sheet One Member Co., Ltd.	111,590,513,050	58,460,323,352
Hoa Sen Building Materials One Member Co., Ltd.	46,126,688,336	54,978,258,214
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	1,941,634,189	1,327,444,838
<i>Others</i>		
Hoa Sen Steel Sheet One Member Co., Ltd.	3,849,519,179	744,000
Hoa Sen Building Materials One Member Co., Ltd.	-	2,216,705,836
	163,508,354,754	116,983,476,240
<b>Short term loans (Note 14(a))</b>		
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	11,400,000,000	8,500,000,000

## 33 RELATED PARTY TRANSACTIONS (continued)

(b) Year end balances with related parties (continued)

	30.9.2014 VND	30.9.2013 VND
<b>Trade accounts payable (Note 15)</b>		
Hoa Sen Steel Sheet One Member Co., Ltd.	4,100,000,000	6,000,000,000
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	3,405,308,388	4,494,067,854
	7,505,308,388	10,494,067,854
<b>Other payables (Note 18)</b>		
Hoa Sen Steel Sheet One Member Co., Ltd.	49,291,849	383,850
Hoa Sen Building Materials One Member Co., Ltd.	22,969,400	-
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	2,100,000	-
	74,361,249	383,850

## 34 SEGMENT REPORTING

Segment information is presented in respect of the Company's geographical segment. The primary format, geographical segments, is based on the Company's management and internal reporting structure.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise assets and liabilities, financial income and expenses, selling, general and administration expenses, other gains or losses, and corporate income tax.

*Geographical segments*

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, which is located in Vietnam ("Domestic") or countries other than Vietnam ("Export").

	Domestic sales		Export sales		Total	
	30.9.2014 VND	30.09.2013 VND	30.9.2014 VND	30.09.2013 VND	30.9.2014 VND	30.09.2013 VND
Sales revenue	22,006,720,314,427	15,858,634,519,415	5,943,411,447,823	5,220,204,353,015	27,950,131,762,250	21,078,838,872,430
Cost of sales	(20,970,909,099,065)	(14,732,012,034,094)	(5,573,048,292,780)	(4,891,496,910,961)	(26,543,957,391,845)	(19,623,508,945,055)
Segment income	1,035,811,215,362	1,126,622,485,321	370,363,155,043	328,707,442,054	1,406,174,370,405	1,455,329,927,375



**35 COMMITMENTS UNDER OPERATING LEASES**

(a) The future minimum lease payments under non-cancellable operating leases that the Company has to pay are as follows:

	30.9.2014 VND	30.9.2013 VND
Within 1 year	28,345,347,738	22,873,345,777
Between 1 and 5 years	80,415,983,201	52,321,739,337
Over 5 years	98,678,363,000	176,131,828,498
<b>Total minimum payments</b>	<b>207,439,693,939</b>	<b>251,326,913,612</b>

(b) The future minimum lease payments under non-cancellable operating leases that the Company will receive are as follows:

	30.9.2014 VND	30.9.2013 VND
Within 1 year	165,985,145,460	106,680,000,000
Between 1 and 5 years	655,060,050,000	423,120,000,000
Over 5 years	794,889,300,000	412,320,000,000
<b>Total minimum receipts</b>	<b>1,615,934,495,460</b>	<b>942,120,000,000</b>

**36 CAPITAL COMMITMENTS**

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	30.9.2014 VND	30.9.2013 VND
Buildings, machinery and equipment	61,885,954,624	615,558,105,177

The separate financial statements were approved by the General Director on 8 December 2014.



**Tran Cong Tien**  
Preparer



**Nguyen Thi Ngoc Lan**  
Chief Accountant



**Tran Ngoc Chu**  
General Director

**CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 SEPTEMBER 2014

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## CORPORATE INFORMATION

**Business Registration Certificate** No. 3700381324 dated 23 October 2014  
First issued on 8 August 2001

The Business Registration Certificate has been amended several times and the latest amendment was the Business Registration Certificate No. 3700381324 on 23 October 2014. The Business Registration Certificate was issued by the Department of Planning and Investment of Binh Duong Province.

<b>Board of Management</b>	Mr. Le Phuoc Vu	Chairman
	Mr. Tran Ngoc Chu	Vice Chairman
	Mr. Pham Gia Tuan	Member
	Mr. Ly Duy Hoang	Member (Resigned on 29 April 2014)
	Mr. Tran Quoc Tri	Member (Appointed on 29 April 2014)
	Ông Jean Eric Jacquemin	Member

<b>Board of Directors</b>	Mr. Tran Ngoc Chu	General Director
	Mr. Hoang Duc Huy	Deputy General Director
	Mr. Tran Quoc Tri	Deputy General Director
	Mr. Vu Van Thanh	Deputy General Director
	Mr. Nguyen Minh Khoa	Deputy General Director
	Mr. Ho Thanh Hieu	Deputy General Director
	Mr. Nguyen Van Quy	Deputy General Director

**Legal representative** Mr. Le Phuoc Vu Chairman

**Registered office** No. 9, Thong Nhat Boulevard, Song Than 2 Industrial Park,  
Di An Ward, Di An Town, Binh Duong Province, Vietnam

**Auditor** PricewaterhouseCoopers (Vietnam) Limited

## STATEMENT OF THE RESPONSIBILITY OF THE GENERAL DIRECTOR IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The legal representative authorized the General Director to be responsible for the consolidated financial statements which give a true and fair view of the financial position of the Company and its subsidiaries (together "the Group") as at 30 September 2014 and the results of their operations and cash flows for the year then ended. In preparing these consolidated financial statements, the General Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Company and its subsidiaries will continue in business.

The General Director is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Group and which enable consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated financial statements. The General Director is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

I hereby approve the accompanying consolidated financial statements as set out on pages 5 to 43 which give a true and fair view of the financial position of the Group as at 30 September 2014 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements.



Tran Ngoc Chu *Thu*  
General Director

Binh Duong Province, SR Vietnam  
16 December 2014





## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HOA SEN GROUP

We have audited the accompanying consolidated financial statements of Hoa Sen Group ("the Company") and its subsidiaries (together "the Group") which were prepared on 30 September 2014 and approved by the General Director on 16 December 2014. The consolidated financial statements comprise the consolidated balance sheet as at 30 September 2014, the consolidated income statement, the consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 5 to 43.

### The General Director's Responsibility for the Consolidated Financial Statements

The General Director of the Company is responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements and for such internal controls which the General Director determines is necessary to enable the preparation and fair presentation 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, plan and perform the audit in order to obtain reasonable assurance as to whether the consolidated financial statements are free from 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 judgment, including an 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 controls relevant to the entity's preparation and true and fair presentation of the consolidated 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Director, 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.

PricewaterhouseCoopers (Vietnam) Ltd.,  
4th Floor, Saigon Tower, 29 Le Duan Street, District 1, Ho Chi Minh City, Vietnam  
T: +84 (8)38230796, www.pwc.com/vn



### Auditor's Opinion

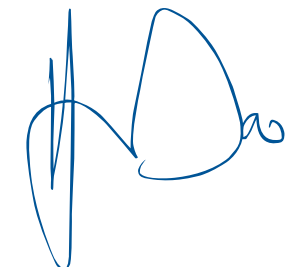
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 September 2014, its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements.

### PricewaterhouseCoopers (Vietnam) Ltd.



**Ian S. Lydall**  
Audit Practising Licence No.  
0559-2013-006-1  
Authorised signatory

Audit report number: HCM4373  
Ho Chi Minh City, 16 December 2014



**Dao Quang Huy**  
Audit Practising Licence No.  
1895-2013-006-1

As indicated in Note 2.1 to the consolidated financial statements, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

		As at 30 September		
Code	ASSETS	Note	2014 VND	2013 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>6,399,611,833,585</b>	<b>4,214,832,811,102</b>
<b>110</b>	<b>Cash and cash equivalents</b>	3	<b>155,963,095,793</b>	<b>177,312,594,189</b>
111	Cash		139,263,095,793	177,312,594,189
112	Cash equivalents		16,700,000,000	-
<b>130</b>	<b>Accounts receivable</b>		<b>823,122,365,399</b>	<b>748,158,629,178</b>
131	Trade accounts receivable		639,992,051,617	548,362,562,681
132	Prepayments to suppliers	4	169,550,875,892	187,574,760,737
135	Other receivables		16,761,942,226	15,225,431,240
139	Provision for doubtful debts		(3,182,504,336)	(3,004,125,480)
<b>140</b>	<b>Inventories</b>	5	<b>4,746,911,757,910</b>	<b>3,019,573,646,607</b>
141	Inventories		4,747,945,028,668	3,020,464,536,423
149	Provision for decline in value of inventories		(1,033,270,758)	(890,889,816)
<b>150</b>	<b>Other current assets</b>		<b>673,614,614,483</b>	<b>269,787,941,128</b>
151	Short-term prepayments	6	63,446,522,228	79,882,282,268
152	Value Added Tax to be reclaimed		605,808,775,598	169,583,730,029
154	Other taxes receivable		106,928,841	3,821,219
158	Other current assets	7	4,252,387,816	20,318,107,612
<b>200</b>	<b>LONG-TERM ASSETS</b>		<b>3,806,028,656,750</b>	<b>2,927,338,171,070</b>
<b>220</b>	<b>Fixed assets</b>		<b>3,654,010,184,217</b>	<b>2,789,679,562,937</b>
221	Tangible fixed assets	8(a)	3,189,284,149,072	2,235,719,440,684
222	Cost		4,589,465,633,409	3,304,809,510,491
223	Accumulated depreciation		(1,400,181,484,337)	(1,069,090,069,807)
224	Financial lease assets	8(b)	165,181,799,071	122,416,298,653
225	Cost		197,947,748,863	141,197,532,904
226	Accumulated depreciation		(32,765,949,792)	(18,781,234,251)
227	Intangible fixed assets	8(c)	233,117,465,014	234,454,547,464
228	Cost		255,736,845,670	253,522,432,543
229	Accumulated amortisation		(22,619,380,656)	(19,067,885,079)
230	Construction in progress	8(d)	66,426,771,060	197,089,276,136
<b>250</b>	<b>Long-term investments</b>	9	<b>45,924,232,017</b>	<b>59,456,331,634</b>
252	Investments in associates and joint ventures		44,456,331,634	44,456,331,634
258	Other long-term investments		8,640,000,000	15,000,000,000
259	Provision for diminution in value of long-term investments		(7,172,099,617)	-
<b>260</b>	<b>Other long-term assets</b>		<b>106,094,240,516</b>	<b>78,202,276,499</b>
261	Long-term prepayments	10	70,471,118,888	57,767,508,898
262	Deferred income tax assets	11	31,207,571,727	16,019,217,700
268	Other long-term assets		4,415,549,901	4,415,549,901
<b>270</b>	<b>TOTAL ASSETS</b>		<b>10,205,640,490,335</b>	<b>7,142,170,982,172</b>

		As at 30 September		
Code	RESOURCES	Note	2014 VND	2013 VND
<b>300</b>	<b>LIABILITIES</b>		<b>7,826,443,294,669</b>	<b>4,931,735,187,568</b>
<b>310</b>	<b>Current liabilities</b>		<b>6,867,040,020,620</b>	<b>4,338,668,254,238</b>
311	Short-term borrowings	12(a)	4,756,010,502,749	2,814,413,724,769
312	Trade accounts payable		1,885,979,467,059	1,317,685,051,025
313	Advances from customers		61,287,438,660	73,221,290,326
314	Taxes and other payables to the State Budget	13	47,193,566,120	51,640,398,454
315	Payable to employees		41,256,129,506	38,337,483,577
316	Accrued expenses	14	42,578,494,225	22,392,802,462
319	Other payables	15	23,486,905,843	16,513,722,110
323	Bonus and welfare fund	16	9,247,516,458	4,463,781,515
<b>330</b>	<b>Long-term liabilities</b>		<b>959,403,274,049</b>	<b>593,066,933,330</b>
334	Long-term borrowings	12(b)	953,820,775,299	588,026,924,580
336	Provision for severance allowances		5,582,498,750	5,040,008,750
<b>400</b>	<b>SHAREHOLDERS' EQUITY</b>		<b>2,379,197,195,666</b>	<b>2,210,435,794,604</b>
<b>410</b>	<b>Capital and reserves</b>		<b>2,379,197,195,666</b>	<b>2,210,435,794,604</b>
411	Shareholders' capital	17, 18	1,007,907,900,000	1,007,907,900,000
412	Share premium	18	451,543,290,363	451,543,290,363
414	Treasury shares	18	(81,038,848,436)	(81,035,546,498)
418	Financial reserve funds	18	8,525,313,060	8,525,313,060
419	Other funds	18	13,278,012,117	2,007,734,351
420	Undistributed earnings	18	978,981,528,562	821,487,103,328
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>10,205,640,490,335</b>	<b>7,142,170,982,172</b>



OFF BALANCE SHEET ITEMS

Cash and cash equivalents are balances held in foreign currencies as follows:

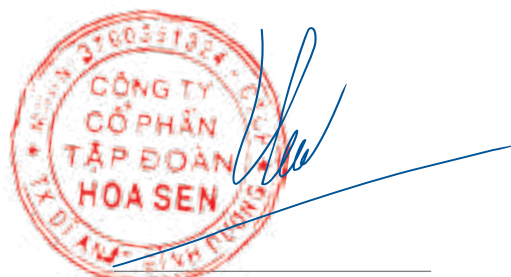
	As at 30 September	
	2014	2013
US\$	1,890,293.59	3,915,198.11
EUR	226.09	223.83
AUD	306.85	84.78



**Tran Cong Tien**  
Preparer



**Nguyen Thi Ngoc Lan**  
Chief Accountant



**Tran Ngoc Chu**  
General Director  
16 December 2014



**Tran Ngoc Chu**  
General Director  
16 December 2014

Code	Note	Year ended 30 September	
		2014 VND	2013 VND
<b>01 Sales</b>		<b>15,005,074,576,304</b>	<b>11,772,644,300,807</b>
02 Less deductions		(14,713,596,230)	(12,745,708,265)
<b>10 Net sales</b>	19(a)	<b>14,990,360,980,074</b>	<b>11,759,898,592,542</b>
<b>11 Cost of sales</b>	20	<b>(13,240,125,281,029)</b>	<b>(10,052,386,178,283)</b>
<b>20 Gross profit</b>		<b>1,750,235,699,045</b>	<b>1,707,512,414,259</b>
21 Financial income	19(b)	30,490,606,576	39,687,232,366
22 Financial expenses	21	(256,363,406,116)	(246,584,741,097)
23 <i>Included: interest expense</i>		(183,558,980,466)	(167,862,447,942)
24 Selling expenses	22	(672,774,723,079)	(491,346,997,958)
25 General and administration expenses	23	(393,176,046,163)	(350,540,024,416)
<b>30 Operating profit</b>		<b>458,412,130,263</b>	<b>658,727,883,154</b>
31 Other income	24	96,439,652,562	37,177,802,534
32 Other expense	25	(31,462,908,658)	(16,908,741,004)
<b>40 Net other income</b>		<b>64,976,743,904</b>	<b>20,269,061,530</b>
<b>50 Net accounting profit before tax</b>		<b>523,388,874,167</b>	<b>678,996,944,684</b>
<b>51 Business income tax - current</b>	26	<b>(128,234,861,960)</b>	<b>(106,636,699,375)</b>
<b>52 Business income tax - deferred</b>	11	<b>15,188,354,027</b>	<b>8,479,404,568</b>
<b>60 Net profit after tax</b>		<b>410,342,366,234</b>	<b>580,839,649,877</b>
<b>70 Earnings per share</b>	27	<b>4,261</b>	<b>5,941</b>



**Tran Cong Tien**  
Preparer



**Nguyen Thi Ngoc Lan**  
Chief Accountant

Code	Year ended 30 September		
	2014 VND	2013 VND	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Net profit before tax</b>	<b>523,388,874,167</b>	<b>678,996,944,684</b>
	Adjustments for:		
02	Depreciation and amortisation	353,992,992,730	290,579,709,448
03	Provisions	7,492,859,415	566,356,047
04	Unrealised foreign exchange losses	8,461,111,522	5,951,795,789
05	Losses/(Gains) from investing activities	2,131,230,144	(2,777,208,102)
06	Interest expense	183,558,980,466	167,862,447,942
<b>08</b>	<b>Operating profit before changes in working capital</b>	<b>1,079,026,048,444</b>	<b>1,141,180,045,808</b>
09	(Increase)/decrease in receivables	(501,431,627,983)	22,278,890,459
10	Increase in inventories	(1,727,480,492,245)	(1,478,856,827,280)
11	Increase in payables	553,788,629,711	863,895,232,096
12	Decrease/(increase) in prepaid expenses	9,913,139,325	(30,435,599,644)
13	Interest paid	(182,868,316,481)	(169,528,086,627)
14	Business income tax paid	(102,155,293,588)	(101,210,750,769)
16	Other payments on operating activities	(44,167,732,291)	(26,422,339,778)
<b>20</b>	<b>Net cash (outflows)/inflows from operating activities</b>	<b>(915,375,645,108)</b>	<b>220,900,564,265</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets	(1,192,558,723,263)	(492,271,535,137)
22	Proceeds from disposals of fixed assets	20,653,245,183	7,248,031,779
26	Proceeds from divestment in other entities	6,360,000,000	-
27	Interest received	2,019,860,610	5,940,385,291
<b>30</b>	<b>Net cash outflows from investing activities</b>	<b>(1,163,525,617,470)</b>	<b>(479,083,118,067)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
32	Purchases of treasury shares	(3,301,938)	(24,318,822,516)
33	Proceeds from borrowings	12,580,815,674,804	9,167,945,362,267
34	Repayments of borrowings	(10,295,025,989,274)	(8,408,050,209,722)
35	Finance lease payments	(33,198,199,870)	(24,793,510,017)
36	Dividends paid	(192,217,558,300)	(337,811,193,325)
<b>40</b>	<b>Net cash inflows from financing activities</b>	<b>2,060,370,625,422</b>	<b>372,971,626,687</b>
<b>50</b>	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(18,530,637,156)</b>	<b>114,789,072,885</b>
<b>60</b>	<b>Cash and cash equivalents at beginning of year</b>	<b>177,312,594,189</b>	<b>67,431,992,847</b>
61	Effect of foreign exchange differences	(2,818,861,240)	(4,908,471,543)
<b>70</b>	<b>Cash and cash equivalents at end of year</b>	<b>155,963,095,793</b>	<b>177,312,594,189</b>

## 1 GENERAL INFORMATION

Hoa Sen Group – Vietnamese name is Cong ty Co phan Tap doan Hoa Sen - (“the Company”) was established in SR Vietnam pursuant to Business Registration Certificate No. 3700381324, dated 8 August 2001 which was issued by the Department of Planning and Investment of Binh Duong Province and the latest amendment was on 23 October 2014.

On 5 December 2008, the Company’s shares were listed and traded on the Ho Chi Minh City Stock Exchange pursuant to Decision No. 117/QD-SGDHCM dated 5 November 2008.

The principal activities of the Company are to:

- Manufacture roofing sheets by galvanized steel, zinc alloy, paint galvanized zinc plating and plating of other alloys;
- Produce steel purlins, galvanized purlins;
- Manufacture black steel pipes, galvanized steel pipes and other alloys;
- Manufacture steel mesh, galvanized steel wire, steel wire;
- Manufacture PVC ceiling;
- Produce building materials;
- Buy and sell building materials, capital goods and consumer goods;
- Rent store and transport goods;
- Industrial and civil construction;
- Produce cold rolled steel coils; and
- Rent machinery, equipment and other tangible assets.



**Tran Cong Tien**  
Preparer



**Nguyen Thi Ngoc Lan**  
Chief Accountant



**Tran Ngoc Chu**  
General Director  
16 December 2014



## 1 GENERAL INFORMATION (continued)

As at 30 September 2014, the Company had the following subsidiaries:

Subsidiary name	Location	Principal activities	% ownership and voting rights	
			30.9.2014	30.9.2013
Hoa Sen Steel Sheet One Member Co., Ltd.	No. 9, Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam.	Manufacture and trade in cold rolled steel products.	100	100
Hoa Sen Building Materials One Member Co., Ltd.	Phu My 1 Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province, Vietnam.	Manufacture and trade in plastic building materials and steel pipe products.	100	100
Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.	No. 9 Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam.	Provide engineering, civil and industrial construction projects; transportation service; produce and process rolling mill; cutter and industrial machine, equipment.	100	100
Hoa Sen Binh Dinh Steel Pipe Sole Member Ltd.	Lot A1.1 and TT6.2 & 7 Nhon Hoa Industrial Park, Nhon Hoa Ward, An Nhon Town, Binh Dinh Province, Vietnam.	Manufacture and trade in iron, steel products; manufacture and trade in plastic building materials and steel pipe products.	100	Nil
Hoa Sen Nghe An Steel Sheet Sole Member Ltd.	Nam Cam Industrial Park, Nghi Xa Ward, Nghi Loc Town, Nghe An Province, Vietnam.	Manufacture and trade in iron, steel products.	100	Nil

All subsidiaries are incorporated in Vietnam.

As at 30 September 2014, the Company and its subsidiaries (together “the Group”) had 4,269 employees (30 September 2013: 3,731 employees).

## 2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES

## 2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations over financial reporting. The consolidated financial statements have been prepared under the historical cost convention.

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

## 2.2 Fiscal year

The Group's fiscal year is from 1 October to 30 September of the following year.

## 2.3 Consolidation

The Group prepared its consolidated financial statements in accordance with the Vietnamese Accounting Standard 25 – *Consolidated Financial Statements and Accounting for Investments in Subsidiaries*.

**Subsidiaries**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**Joint ventures and associates**

Joint ventures are contractual arrangements whereby two or more parties undertake an economic activity which is subject to joint control. Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in joint ventures and associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in joint ventures and associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its joint ventures' and associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture or associate equals or exceeds its interest in the joint venture or associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture or associate.

Unrealised gains and losses on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the joint ventures and associates. Accounting policies of joint ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

## 2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)

### 2.4 Form of records applied

The Group uses journal ledgers to record its transactions.

### 2.5 Use of accounting estimates

The preparation of the consolidated financial statements in conformity with Vietnamese Accounting Standards requires the General Director to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of consolidated financial statements and the amounts of revenues and expenses during the year. Although these estimates are based on the General Director's best knowledge of current events and actions, actual results may differ from those estimates.

### 2.6 Currency

The consolidated financial statements are measured and presented in Vietnam Dong ("VND").

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising from these translations are recognised in the income statement.

### 2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

### 2.8 Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review by the General Director of all outstanding amounts at the year end. Bad debts are written off when identified.

### 2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

## 2.10 Investments

### (a) Investments in joint ventures and associates

Investments in joint ventures and associates are accounted for using equity method. The investments in joint ventures and associates which are acquired and held exclusively with a view to its disposal in the near future (under 12 months) are accounted for at cost less provision for diminution in value.

### (b) Other long-term investments

Other long-term investments comprise shareholding of less than 20% in listed and unlisted entities which are held with no intention to dispose of them within 12 months from the balance sheet date. These investments are initially stated at cost of acquisition. Provision is made where there is a diminution in value of these investments.

## 2.11 Fixed assets

### *Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

### *Depreciation*

Fixed assets are depreciated using the straight-line method so as to write off the cost of the assets over their estimated useful lives or over the term of project (Investment Certificate) if shorter. The principal annual rates used are:

Buildings	5 – 30 years
Machinery & equipment	3 – 10 years
Motor vehicles	6 – 10 years
Office equipment	6 – 8 years
Others	5 – 20 years

Land use rights which have definite term are amortised, using the straight-line method over number of years in accordance with the terms indicated in each land use right certificate. Land use rights which are granted for an indefinite term are not amortised.

### *Disposals*

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.



## 2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)

### 2.12 Leased assets

Leases of property, plant and equipment where the lessor has transferred the ownership at the end of the lease period, and transferred substantially the risks and rewards, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charge, are included in long-term borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the estimated useful life of the assets or the lease term. However, if there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, depreciation is calculated over the estimated useful life of the assets.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

### 2.13 Borrowing costs

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the income statement when incurred.

### 2.14 Long-term prepayments

Long-term prepayments represent the expenditure relating to periods more than one year but unqualified for being classified as fixed assets. These items are recognised at historical cost and amortised over their estimated useful life.

### 2.15 Revenue recognition

#### (a) Sales of goods

Revenue from the sale of goods is recognised in the income statement when the 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 the possible return of goods.

#### (b) Sales of services

Revenue from the sales of services is recognised in the income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

#### (c) Interest income

Interest income is recognised on an earned basis.

#### (d) Dividend income

Income from dividend is recognised when the Group has established the receiving right from investees.

### 2.16 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double tax relief agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profit and the current tax rates. Current and deferred tax should be recognized as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### 2.17 Share capital and treasury shares

Share capital consists of all issued shares. Incremental costs directly attributable to the issue of ordinary shares or options are recognised as a deduction from equity.

Treasury shares are shares that are issued and repurchased by the Group. The amount of the consideration paid, which includes directly attributable cost, net off any tax effects, is recognised and presented as a deduction from equity. Total amount received from the reissue or sales of treasury shares less directly attributable costs are recorded as equity.

## 2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)

### 2.18 Other funds

Other funds are appropriated from undistributed earnings and used upon the approval of General Meeting of Shareholders.

### 2.19 Dividend distribution

The Group's net profit after tax is available for appropriation to shareholders as dividends after approval by shareholders at the General Assembly of Shareholders and after making appropriation to reserve funds in accordance with the Group's Charter.

Interim dividends are declared and paid based on the estimated earnings of the year, which is approved by the Board of Directors. Final dividends are declared and paid in the following year from undistributed earnings based on the approval of shareholders at the Group's General Assembly of Shareholders.

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements of the financial year that are approved by the Company's General Assembly of Shareholders.

### 2.20 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

### 2.21 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provisions will be measured at their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

### 2.22 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Group are entitled to a severance allowance based on their years of service. This will be paid as a lump sum when the employee leaves the Group. A provision for severance allowance is made for the estimated liability for employment termination as a result of services rendered by employees. Pursuant to Law on Social Insurance, effective from 1 January 2009, the Group is required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment scheme, the Group is no longer required to provide for the service period after 1 January 2009. However, provision for severance allowance as of 30 September 2014 is determined based on the employees' number of years of service up to 31 December 2008 and their average salary for the six-month period prior to the balance sheet date.

## 3 CASH AND CASH EQUIVALENTS

	30.9.2014 VND	30.9.2013 VND
Cash on hand	19,964,286,190	14,705,019,494
Cash at bank	119,298,809,603	107,927,629,097
Cash in transit	-	54,679,945,598
Cash equivalents (*)	16,700,000,000	-
	155,963,095,793	177,312,594,189

(\*) Cash equivalents include term deposits with maturity of 3 months or less.

## 4 PREPAYMENTS TO SUPPLIERS

	30.9.2014 VND	30.9.2013 VND
Third parties	79,367,648,892	97,391,533,737
Related parties (Note 32(b))	90,183,227,000	90,183,227,000
	169,550,875,892	187,574,760,737



## 5 INVENTORIES

	30.9.2014 VND	30.9.2013 VND
Goods in transit	1,541,887,466,350	999,031,492,810
Raw materials	795,263,809,305	658,962,090,300
Tools	264,784,363,942	219,682,548,931
Work in progress	290,820,956	-
Finished goods	1,923,425,222,895	1,023,718,161,252
Merchandises (*)	222,293,345,220	119,070,243,130
	4,747,945,028,668	3,020,464,536,423
Provision for decline in value of inventory	(1,033,270,758)	(890,889,816)
	4,746,911,757,910	3,019,573,646,607

(\*) Included in merchandises is an amount of VND17,268,969,715 representing 15 apartments the Group received as part of settlement of other receivables from the liquidation contract of Pho Dong – Hoa Sen Building Project.

As at 30 September 2014, inventories with a carrying amount of VND1,649,522,370,577 (As at 30 September 2013: VND820,719,777,712) have been pledged as security for the bank loans.

## 6 SHORT-TERM PREPAYMENTS

	Year ended 30 September	
	2014 VND	2013 VND
Opening balance	79,882,282,268	37,748,239,662
Additions	192,618,577,371	192,998,954,765
Transferred from fixed assets	17,247,961	2,590,784,552
Amortisation	(209,071,585,372)	(153,455,696,711)
Closing balance	63,446,522,228	79,882,282,268

Short-term prepayments mainly comprise advertising expenses, rental expenses and tools and equipment.

## 7 OTHER CURRENT ASSETS

	30.9.2014 VND	30.9.2013 VND
Short-term deposits	75,092,012	15,962,822,128
Advances to employees	4,177,295,804	4,355,285,484
	4,252,387,816	20,318,107,612

## 8 FIXED ASSETS

(a) Tangible fixed assets

	Buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Other tangible fixed assets VND	Total VND
<b>Historical cost</b>						
As at 1 October 2013	684,546,510,581	2,491,012,327,096	103,078,965,662	5,109,009,537	21,062,697,615	3,304,809,510,491
New purchases	359,490,104	53,253,336,612	10,965,313,264	2,073,267,895	372,830,000	67,024,237,875
Transferred from construction in progress (Note 8(d))	152,232,880,365	1,075,313,269,202	12,311,333,236	7,746,518,386	-	1,247,604,001,189
Disposals	(2,033,106,393)	(24,789,372,263)	(699,822,507)	-	-	(27,522,301,163)
Other decreases	(280,809,194)	(546,384,581)	(505,626,994)	(992,359,712)	(124,634,502)	(2,449,814,983)
As at 30 September 2014	834,824,965,463	3,594,243,176,066	125,150,162,661	13,936,436,106	21,310,893,113	4,589,465,633,409
<b>Accumulated depreciation</b>						
As at 1 October 2013	151,402,386,130	865,275,677,919	42,339,352,045	3,659,546,155	6,413,107,558	1,069,090,069,807
Charge for the year	41,158,578,077	279,845,602,863	11,662,765,863	692,827,814	3,038,329,869	336,398,104,486
Disposals	(809,498,512)	(1,686,992,651)	(405,935,008)	-	-	(2,902,426,171)
Other decreases	(280,809,194)	(546,384,581)	(505,626,994)	(992,359,712)	(79,083,304)	(2,404,263,785)
As at 30 September 2014	191,470,656,501	1,142,887,903,550	53,090,555,906	3,360,014,257	9,372,354,123	1,400,181,484,337
<b>Net book value</b>						
As at 1 October 2013	533,144,124,451	1,625,736,649,177	60,739,613,617	1,449,463,382	14,649,590,057	2,235,719,440,684
As at 30 September 2014	643,354,308,962	2,451,355,272,516	72,059,606,755	10,576,421,849	11,938,538,990	3,189,284,149,072

## 8 FIXED ASSETS (continued)

## (a) Tangible fixed assets (continued)

As at 30 September 2014, cost of tangible fixed assets fully depreciated but are still in use was VND98,590,949,426 (As at 30 September 2013: VND65,035,423,772).

As at 30 September 2014, tangible fixed assets with net book value of VND2,254,823,445,654 (As at 30 September 2013: VND1,415,732,334,554) have been pledged as security for the borrowings.

## (b) Finance lease assets

	Machinery and equipment VND	Motor vehicles VND	Total VND
<b>Historical cost</b>			
As at 1 October 2013	141,197,532,904	-	141,197,532,904
Additions	46,583,852,324	10,166,363,635	56,750,215,959
As at 30 September 2014	187,781,385,228	10,166,363,635	197,947,748,863
<b>Accumulated amortisation</b>			
As at 1 October 2013	18,781,234,251	-	18,781,234,251
Charge for the year	13,425,038,162	559,677,379	13,984,715,541
As at 30 September 2014	32,206,272,413	559,677,379	32,765,949,792
<b>Net book value</b>			
As at 1 October 2013	122,416,298,653	-	122,416,298,653
As at 30 September 2014	155,575,112,815	9,606,686,256	165,181,799,071

## (c) Intangible fixed assets

	Land use rights VND	Computer software VND	Total VND
<b>Historical cost</b>			
As at 1 October 2013	251,658,491,739	1,863,940,804	253,522,432,543
Additions	2,412,000,000	-	2,412,000,000
Other decreases	(151,870,850)	(45,716,023)	(197,586,873)
As at 30 September 2014	253,918,620,889	1,818,224,781	255,736,845,670
<b>Accumulated amortisation</b>			
As at 1 October 2013	17,537,217,237	1,530,667,842	19,067,885,079
Charge for the year	3,356,642,802	253,529,901	3,610,172,703
Other decreases	(12,961,103)	(45,716,023)	(58,677,126)
As at 30 September 2014	20,880,898,936	1,738,481,720	22,619,380,656
<b>Net book value</b>			
As at 1 October 2013	234,121,274,502	333,272,962	234,454,547,464
As at 30 September 2014	233,037,721,953	79,743,061	233,117,465,014

As at 30 September 2014, the cost of intangible fixed assets fully amortised but still in use was VND1,945,726,855 (As at 30 September 2013: VND424,934,120).

As at 30 September 2014, land use rights with net book value of VND175,838,557,866 (As at 30 September 2013: VND179,608,001,028) have been pledged as security for the bank loans.



## 8 FIXED ASSETS (continued)

## (d) Construction in progress

	Year ended 30 September	
	2014 VND	2013 VND
Opening balance	197,089,276,136	26,003,881,904
Additions	1,123,094,182,151	448,796,039,075
Transferred to long-term prepayments (Note 12)	(6,152,686,038)	(3,100,596,167)
Transferred to tangible fixed assets (Note 10(a))	(1,247,604,001,189)	(274,610,048,676)
Closing balance	66,426,771,060	197,089,276,136
Major projects include:		
	30.9.2014 VND	30.9.2013 VND
Machinery and equipment for Hoa Sen Building Materials One Member Co., Ltd.	25,843,570,212	-
Machinery and equipment for Hoa Sen Phu My Steel Sheet Plant	18,879,194,234	154,161,951,042
Hoa Sen Phu My Steel Sheet Plant Project	1,170,024,655	15,404,412,315

Borrowing costs capitalised in construction in progress for the year ended 30 September 2014 was VND14,407,589,760 (for the year ended 30 September 2013: VND6,815,357,992).

## 9 LONG-TERM INVESTMENTS

	% ownership and voting rights	Amount	
		30.9.2014 VND	30.9.2013 VND
<b>Investee</b>			
<b>Associates:</b>			
Hoa Sen-Gemadep Logistics and International Port Corporation (*)	45	44,456,331,634	44,456,331,634
<b>Other long-term investment:</b>			
Invest in listed and unlisted healthcare Vietnamese companies and projects in Vietnam.	3	8,640,000,000	15,000,000,000
<b>SUB-TOTAL</b>		<b>53,096,331,634</b>	<b>59,456,331,634</b>
Provision for diminution in value of long-term investments		(7,172,099,617)	-
<b>TOTAL</b>		<b>45,924,232,017</b>	<b>59,456,331,634</b>

**Business License**

Business Registration Certificate No. 3500751828 issued by Department of Planning and Investment of Ba Ria – Vung Tau Province on 20 June 2006 and amended on 13 October 2009.

Decision No. 08/TB-UBCK issued by State Securities Commission of Vietnam on 15 January 2008.

(\*) Investment in Hoa Sen – Gemadep Logistics and International Port Corporation is awaiting for disposal according to Resolution of The General Assembly of Shareholders No. 02/NQ/HĐCĐ/HSG/2011 dated 16 June 2011.

## 10 LONG-TERM PREPAYMENTS

	Year ended 30 September	
	2014 VND	2013 VND
Opening balance	57,767,508,898	61,094,031,932
Additions	68,141,157,631	38,681,223,302
Transferred from construction in progress (Note 10(d))	6,152,686,038	3,100,596,167
Transferred from tangible fixed assets	28,303,237	2,553,338,709
Other increases	-	127,200,500
Amortisation	(61,615,712,108)	(47,788,881,712)
Disposals	(2,824,808)	-
Closing balance	70,471,118,888	57,767,508,898

Long-term prepayments mainly comprise fixed assets overhaul, computers, and tools and equipment in use.

## 11 DEFERRED INCOME TAX ASSETS

The gross movement in the deferred income tax is as follows:

	Year ended 30 September	
	2014 VND	2013 VND
Opening balance	16,019,217,700	7,539,813,132
Credited to income statement	15,188,354,027	8,479,404,568
Closing balance	31,207,571,727	16,019,217,700

Deferred income tax assets arise mainly from the temporary differences relating to unrealised profits on internal sales to branches of the Company and the subsidiaries within the Group, accrued interest expense and other accrued expenses.

## 12 BORROWINGS

## (a) Short-term borrowings

		30.9.2014 VND	30.9.2013 VND
Bank loans	(*)	4,545,014,751,312	2,468,854,540,949
Current portion of long-term loans (Note 14(b))		184,033,020,160	298,642,575,600
Current portion of finance lease liabilities (Note 14(b))		26,962,731,277	20,616,608,220
Other short-term borrowings	(**)	-	26,300,000,000
		4,756,010,502,749	2,814,413,724,769

(\*) Detail of short-term bank loans is as follows:

No.	Currency	Annual interest	30.9.2014 VND	30.9.2013 VND
1	USD	2.8% – 4%	114,932,361,600	211,410,740,800
2	USD	1.7% – 3.6%	731,576,366,093	317,842,593,447
3	VND	5% – 7%	249,683,503,925	130,280,111,484
4	USD	1.8% – 4%	779,430,781,707	441,089,851,000
5	VND	5% – 7.25%	79,003,342,468	158,246,647,827
6	USD	1.75% – 3.5%	848,526,893,732	227,817,968,103
7	VND	5.85% – 7.06%	-	150,360,360,683
8	USD	2.3% – 3.8%	79,747,834,492	59,957,213,921
9	USD	3.7% – 3.8%	-	56,013,170,601
10	USD	2.3% – 3.4%	156,427,906,778	15,154,363,000
11	VND	4.7% – 6%	46,086,099,531	-
12	USD	2.2% – 3.8%	115,314,237,629	25,443,265,372
13	USD	2.2% – 3.3%	203,101,043,517	118,899,619,612
14	VND	5.8% – 8.6%	-	28,700,000,000
15	USD	3.1% – 3.8%	-	145,515,382,898
16	VND	5.2%	19,979,666,369	-
17	USD	2.3% – 3.8%	188,890,776,245	184,507,457,516
18	VND	5% – 7%	85,815,206,886	12,540,583,701
19	USD	3.5% – 4%	-	34,004,044,702
20	USD	2.15% – 2.3%	152,713,598,623	-
21	USD	3.25%	-	48,722,541,665
22	USD	1.8 – 3.8%	449,306,777,483	102,348,624,617
23	VND	5% – 6.5%	244,478,354,234	-
			4,545,014,751,312	2,468,854,540,949

Short-term borrowings are secured by certain fixed assets and inventories of the Group.

(\*\*) The loan balance of VND26,300,000,000 from an individual as at 30 September 2013 was fully repaid during the year ended 30 September 2014.



## 12 BORROWINGS (continued)

## (b) Long-term borrowings

		30.9.2014 VND	30.9.2013 VND
Bank loans	(*)	1,041,736,693,623	789,545,123,372
Finance lease liabilities	(**)	96,309,529,273	73,614,825,028
Other long-term debts	(***)	26,770,303,840	44,126,160,000
		1,164,816,526,736	907,286,108,400
Less: Current portion of long-term loans (Note 12(a))		(184,033,020,160)	(298,642,575,600)
Less: Current portion of finance lease liabilities (Note 12(a))		(26,962,731,277)	(20,616,608,220)
		953,820,775,299	588,026,924,580

(\*) Details of long-term bank loans as below:

No.	Currency	Repayment	Annual Interest	30.9.2014 VND	30.9.2013 VND
1	VND	25/9/2017	10% – 11.5%	162,350,000,000	326,339,516,000
2	USD	16/7/2019	3.9% – 4.15%	355,589,385,675	58,081,311,390
3	VND	16/7/2019	9.5% – 10%	203,927,766,824	52,220,357,395
4	USD	31/10/2018	3.8% – 4%	45,287,111,012	-
5	VND	14/8/2019	9.5% – 11.6%	135,530,421,695	212,001,916,695
6	USD	8/9/2018	1.7%	64,016,099,517	80,621,411,392
7	VND	25/9/2015	7.8%	10,660,000,000	21,280,000,000
8	VND	17/7/2017	9.5% – 11%	28,601,098,900	39,000,610,500
9	VND	16/9/2019	9% – 9.25%	7,334,810,000	-
10	VND	22/8/2018	9.5%	15,900,000,000	-
11	VND	11/2/2019	9.5%	12,540,000,000	-
				1,041,736,693,623	789,545,123,372

All long-term bank loans are secured by the assets financed by these loans.

## (\*\*) Finance lease liabilities

The minimum lease payments relating to non-cancellable finance lease agreements are as follows:

	30.9.2014		
	Total liabilities VND	Interest VND	Principal VND
Within 1 year	34,431,379,642	7,468,648,365	26,962,731,277
Between 1 and 5 years	65,039,338,838	8,385,507,694	56,653,831,144
	99,470,718,480	15,854,156,059	83,616,562,421

As at 30 September 2014, the principal of financial lease liabilities did not include two finance lease contracts with total value as VND12,692,966,852 because the detailed payment schedule was not determined.

	30.9.2013		
	Total liabilities VND	Interest VND	Principal VND
Within 1 year	27,224,643,135	6,608,034,915	20,616,608,220
Between 1 and 5 years	60,316,844,271	7,318,627,463	52,998,216,808
	87,541,487,406	13,926,662,378	73,614,825,028

(\*\*\*) A loan balance of EUR976,000 equivalent to VND26,770,303,840 (As at 30 September 2013: VND44,126,160,000) from a Company's supplier for purchases of fixed assets, bearing interest at the rate of 5.8% p.a and to be repaid in six-month instalments to May 2016.

**13 TAXES AND OTHER PAYABLES TO THE STATE BUDGET**

	<b>30.9.2014 VND</b>	<b>30.9.2013 VND</b>
VAT on imported goods	-	11,189,715,893
Output VAT	2,488,344,659	9,823,141,547
Import – export duties	-	94,673
Business income tax	43,843,685,867	25,104,924,169
Other taxes	861,535,594	5,522,522,172
	<u>47,193,566,120</u>	<u>51,640,398,454</u>

**14 ACCRUED EXPENSES**

	<b>30.9.2014 VND</b>	<b>30.9.2013 VND</b>
Electricity	9,362,335,924	117,193,240
Payable relating to construction in progress	10,317,543,485	334,545,454
Transportation fee	32,632,321	582,558,457
Audit fee	560,000,000	711,496,656
13 <sup>th</sup> month salary	16,229,395,000	14,993,297,000
Loan interest	2,917,954,261	2,227,290,276
Other accrued expenses	3,158,633,234	3,426,421,379
	<u>42,578,494,225</u>	<u>22,392,802,462</u>

**15 OTHER PAYABLES**

	<b>30.9.2014 VND</b>	<b>30.9.2013 VND</b>
Dividends	3.762.584.900	3.634.861.200
Social insurance, health insurance, unemployment insurance, and trade union fee	2.316.381.763	1.436.549.180
Tender deposits received	3.370.000.330	3.580.000.000
Other payables	14.037.938.850	7.862.311.730
	<u>23.486.905.843</u>	<u>16.513.722.110</u>

**16 BONUS AND WELFARE FUND**

This fund is established by appropriating from retained profits as approved by shareholders at the General Assembly of Shareholders. This fund is used to pay bonus and welfare to the Company's and subsidiaries' employees in accordance with the Group's bonus and welfare policies. Movements of bonus and welfare fund during the year were as below:

	<b>Year ended</b>	
	<b>2014 VND</b>	<b>2013 VND</b>
Opening balance	4,463,781,515	5,225,251,199
Appropriated from undistributed earnings	23,233,584,000	14,724,134,716
Utilisation	(18,449,849,057)	(15,485,604,400)
Closing balance	<u>9,247,516,458</u>	<u>4,463,781,515</u>

**17 NUMBER OF SHARES**

	<b>30.9.2014</b>		<b>30.9.2013</b>	
	<b>Ordinary shares</b>	<b>Preference shares</b>	<b>Ordinary shares</b>	<b>Preference shares</b>
Number of shares capital authorised and issued	100,790,790	-	100,790,790	-
Treasury shares	(4,477,692)	-	(4,477,692)	-
Number of existing shares in issue	<u>96,313,098</u>	<u>-</u>	<u>96,313,098</u>	<u>-</u>

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at shareholders' meeting of the Group. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Group's residual assets. In respect of shares re-purchased by the Group, all rights are suspended until those shares are re-issued.



## 18 MOVEMENTS IN OWNERS' EQUITY

	Shareholders' capital VND	Share premium VND	Undistributed earnings VND	Other funds VND	Treasury shares VND	Financial reserves VND	Total VND
As at 1 October 2012	1,007,907,900,000	451,543,290,363	605,119,013,987	2,148,326,909	(56,716,723,982)	8,525,313,060	2,018,527,120,337
Net profit for the year	-	-	580,839,649,877	-	-	-	580,839,649,877
Dividends declared	-	-	(338,951,283,000)	-	-	-	(338,951,283,000)
Repurchase of treasury shares	-	-	-	-	(24,318,822,516)	-	(24,318,822,516)
Appropriated to bonus and welfare funds (Note 16)	-	-	(14,724,134,716)	-	-	-	(14,724,134,716)
Appropriated to other funds	-	-	(10,796,142,820)	10,796,142,820	-	-	-
Use of other funds during the year	-	-	-	(10,936,735,378)	-	-	(10,936,735,378)
As at 30 September 2013	1,007,907,900,000	451,543,290,363	821,487,103,328	2,007,734,351	(81,035,546,498)	8,525,313,060	2,210,435,794,604
Net profit for the year	-	-	410,342,366,234	-	-	-	410,342,366,234
Dividends declared (*)	-	-	(192,626,196,000)	-	-	-	(192,626,196,000)
Repurchase of treasury shares	-	-	-	-	(3,301,938)	-	(3,301,938)
Appropriated to bonus and welfare funds (Note 16)	-	-	(23,233,584,000)	-	-	-	(23,233,584,000)
Appropriated to other funds	-	-	(36,988,161,000)	36,988,161,000	-	-	-
Use of other funds during the year (**)	-	-	-	(25,717,883,234)	-	-	(25,717,883,234)
As at 30 September 2014	1,007,907,900,000	451,543,290,363	978,981,528,562	13,278,012,117	(81,038,848,436)	8,525,313,060	2,379,197,195,666

(\*) Pursuant to Resolution No. 01/NQ/ĐHĐCĐ/HSG/2014 dated 8 January 2014 issued by the General Assembly of Shareholders, Board of Management issued Resolution No. 02/NQ/HĐQT/2014 dated 8 January 2014 and Resolution No. 22/NQ/HĐQT/2014 dated 18 April 2014 to declare the dividends.

(\*\*) The amount includes performance bonus of VND10,850,378,000 that the Group has made to members of Board of Directors and Board of Supervisors for over achievement of the Group's earnings target for the year ended 30 September 2013 pursuant to Resolution No. 01/NQ/ĐHĐCĐ/HSG/2014 dated 8 January 2014 and Resolution No. 01/NQ/ĐHĐCĐ/HSG/2013 dated 6 March 2013 issued by the General Assembly of Shareholders.

## 19 REVENUE

## (a) Net sales

	Year ended 30 September	
	2014 VND	2013 VND
<b>Sales</b>		
Finished goods	12,515,189,659,910	10,487,450,517,931
Merchandises	2,488,094,369,488	1,282,248,639,458
Services	1,790,546,906	2,945,143,418
	15,005,074,576,304	11,772,644,300,807
<b>Sales deductions</b>		
Trade discounts	(1,072,761,848)	-
Sales returns	(11,726,618,268)	(10,075,592,636)
Sales allowances	(1,914,216,114)	(2,670,115,629)
	(14,713,596,230)	(12,745,708,265)
	14,990,360,980,074	11,759,898,592,542

## (b) Financial income

	Year ended 30 September	
	30.9.2014 VND	30.9.2013 VND
Interest income from deposits	880,300,610	5,940,385,291
Interest from financial investments	1,139,560,000	-
Realised foreign exchange gains	28,470,745,966	33,746,847,075
	30,490,606,576	39,687,232,366

**20 COST OF SALES****Year ended 30 September**

	<b>2014 VND</b>	<b>2013 VND</b>
Cost of finished goods sold	11,090,002,610,791	9,070,323,972,296
Cost of merchandises sold	2,149,668,822,482	981,192,369,717
Cost of services provided	453,847,756	869,836,270
	<b>13,240,125,281,029</b>	<b>10,052,386,178,283</b>

**21 FINANCIAL EXPENSES****Year ended 30 September**

	<b>2014 VND</b>	<b>2013 VND</b>
Interest expense	183,558,980,466	167,862,447,942
Provision for diminution in value of long-term investments	7,172,099,617	-
Realised foreign exchange losses	57,171,214,511	72,770,497,366
Net loss from foreign currency translation at year-end	8,461,111,522	5,951,795,789
	<b>256,363,406,116</b>	<b>246,584,741,097</b>

**22 SELLING EXPENSES****Year ended 30 September**

	<b>2014 VND</b>	<b>2013 VND</b>
Staff costs	133,738,282,342	112,379,881,503
Depreciation and amortisation expenses	18,501,701,637	17,184,774,819
Material expenses	2,676,051,869	2,009,817,580
Transportation expenses	293,653,639,114	195,254,600,898
Outside service expenses	92,184,486,513	88,826,051,397
Other expenses	132,020,561,604	75,691,871,761
	<b>672,774,723,079</b>	<b>491,346,997,958</b>

**23 GENERAL AND ADMINISTRATION EXPENSES****Year ended 30 September**

	<b>2014 VND</b>	<b>2013 VND</b>
Staff costs	193,470,211,558	162,745,207,547
Office supplies	9,357,005,908	5,683,523,403
Depreciation and amortisation expenses	27,385,492,517	20,993,304,362
Outside service expenses	50,334,788,501	71,696,571,637
Other expenses	112,628,547,679	89,421,417,467
	<b>393,176,046,163</b>	<b>350,540,024,416</b>

**24 OTHER INCOME****Year ended 30 September**

	<b>2014 VND</b>	<b>2013 VND</b>
Sales of scraps	59,110,061,831	8,946,444,701
Proceeds from disposal of fixed assets	20,653,245,183	7,248,031,779
Others	16,676,345,548	20,983,326,054
	<b>96,439,652,562</b>	<b>37,177,802,534</b>

**25 OTHER EXPENSES****Year ended 30 September**

	<b>2014 VND</b>	<b>2013 VND</b>
Net book value of disposed fixed assets	24,619,874,992	10,177,993,053
Others	6,843,033,666	6,730,747,951
	<b>31,462,908,658</b>	<b>16,908,741,004</b>



## 26 TAXATION

### *Hoa Sen Group*

Under the terms of its Investment Incentives Certificate No. 108/CN-UB issued by the People's Committee of Binh Duong Province on 29 October 2001, the Company has an obligation to pay income tax at the rate of 25% on taxable profit. The provisions of the Company's Investment Incentive Certificate allow the Company to be exempt from business income tax for 3 years starting from the first year it generates a taxable profit (2004), and entitled to a 50% reduction in business income tax for the 7 thereafter years. Trading activities are subject to 25% tax rate and are not exempted for business income tax.

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate of 25% (for the period from 1 October 2013 to 31 December 2013) and 22% (for the period from 1 January 2014 to 30 September 2014).

### *Hoa Sen Building Materials One Member Co., Ltd.*

Hoa Sen Building Materials One Member Co., Ltd. has an obligation to pay income tax at the rate of 15% on taxable profit in 12 years since the first year of operation and of 25% for the following years. The provisions of the Business Registration Certificate allow this company to be exempt from business income tax for 3 years starting from the first year it generates a taxable profit (2007), and entitled to a 50% reduction in business income tax for the 5 thereafter years.

Trading activities are subject to 25% tax rate and are not exempted for business income tax.

### *Hoa Sen Steel Sheet One Member Co., Ltd.*

Hoa Sen Steel Sheet One Member Co., Ltd. has an obligation to pay income tax at the rate of 15% on taxable profit in 12 years since the first year of operation and of 25% for the following years. The provisions of its Business Registration Certificate allow this company to be exempt from business income tax for 3 years starting from the first year it generates a taxable profit (2007), and entitled to a 50% reduction in business income tax for the 5 thereafter years.

Trading activities are subject to 25% tax rate and are not exempted for business income tax.

### *Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd.*

Hoa Sen Transportation and Mechanical Engineering One Member Co., Ltd. have an obligation to pay income tax at the rate of 25% on taxable profit.

According to Decree No. 218/2013/ND-CP dated 26 December 2013 providing details to the Law on CIT, standard tax rate is reduced from 25% to 22% in 2014, and further reduced to 20% from 2016.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the applicable tax rates of the Company and its subsidiaries as follows:

	Year ended 30 September	
	2014 VND	2013 VND
Net accounting profit before tax	523,388,874,167	678,996,944,684
Tax calculated at rates of the Group	151,786,294,428	169,749,236,171
Effect of:		
Income not subject to tax	(48,676,517,704)	(7,365,965,578)
Expenses not deductible for tax purposes	18,939,623,524	40,609,921,753
Impact of tax reductions	(10,048,705,916)	(91,737,371,901)
Impact of tax increases	1,056,475,694	-
Income tax on transfer of land use rights	-	986,723
Under provision from previous years	(10,662,093)	884,768,556
Other impacts	-	(13,984,280,917)
Business income tax charge	113,046,507,933	98,157,294,807
In which:		
Business income tax - Current	128,234,861,960	106,636,699,375
Business income tax - Deferred (Note 11)	(15,188,354,027)	(8,479,404,568)

The business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustment by the tax authorities.

## 27 EARNINGS PER SHARE

Basic earnings per share as at 30 September 2014 is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Year ended 30 September	
	2014 VND	2013 VND
Net profit attributable to shareholders (VND)	410,342,366,234	580,839,649,877
Weighted average number of ordinary shares in issue (shares)	96,313,098	97,766,865
Basic earnings per share (VND)	4,261	5,941

**28 COST OF GOODS MANUFACTURED BY FACTORS****Year ended 30 September**

	<b>2014 VND</b>	<b>2013 VND</b>
Raw materials	13.047.737.366.791	9,461,695,196,929
Labour costs	492.472.692.820	389,205,966,441
Depreciation and amortisation expense	255.898.067.354	203,258,305,042
Outside service expenses	1.140.070.851.867	903.045.565.648
Other expenses	652.049.041.026	482.435.036.033
	<b>15.588.228.019.858</b>	<b>11,439,640,070,093</b>

**29 FINANCIAL RISK MANAGEMENT***Financial risk factors*

The Group's activities expose it to market risk (including foreign exchange risk and interest rate risk), receivable risk and liquidity risk.

The Board of Management is responsible for setting the objectives and underlying principles of financial risk management for the Group. They establish the detailed policies such as risk identification and measurement, exposure limits and hedging strategies.

The finance department measures actual exposures against the limits set and prepares regular reports for the review of the Board of Management.

The information presented below is based on information received by the Board of Management.

**(a) Market risk****(i) Foreign exchange risk**

The Group's business is exposed to foreign exchange risk arising from United States Dollar ("USD") and Euro ("EUR") as certain purchases of raw materials and borrowings are denominated in these currencies. The Group manages this risk by promoting export sales to generate USD cash inflows to settle against USD-denominated creditors. In addition, from time to time, the Group reviews the market conditions to forecast the fluctuation of the interest rates in order to minimise the risk by appropriate actions.

The Group's foreign exchange exposure is as follows:

	<b>30.9.2014</b>		
	<b>Balance in USD Equivalent to VND</b>	<b>Balance in EUR Equivalent to VND</b>	<b>Total VND</b>
<b>Financial assets</b>			
Cash and bank	40,161,165,876	6,201,330	40,167,367,206
Trade accounts receivable	368,182,326,694	-	368,182,326,694
Prepayments to suppliers	8,553,399,186	2,983,298,020	11,536,697,206
	<b>416,896,891,756</b>	<b>2,989,499,350</b>	<b>419,886,391,106</b>
<b>Financial liabilities</b>			
Borrowings	(4,284,861,174,103)	(26,770,303,840)	(4,311,631,477,943)
Trade accounts payable	(1,634,519,228,727)	-	(1,634,519,228,727)
Advances from customers	(26,979,265,171)	-	(26,979,265,171)
	<b>(5,946,359,668,001)</b>	<b>(26,770,303,840)</b>	<b>(5,973,129,971,841)</b>
<b>Foreign exchange exposure</b>	<b>(5,529,462,776,245)</b>	<b>(23,780,804,490)</b>	<b>(5,553,243,580,735)</b>
		<b>30.9.2013</b>	
<b>Financial assets</b>			
Cash and bank	82,515,498,837	6,331,255	82,521,830,092
Trade accounts receivable	235,670,832,907	-	235,670,832,907
Prepayments to suppliers	87,218,736,948	-	87,218,736,948
	<b>405,405,068,692</b>	<b>6,331,255</b>	<b>405,411,399,947</b>
<b>Financial liabilities</b>			
Borrowings	(2,130,651,394,693)	(44,126,160,000)	(2,174,777,554,693)
Trade accounts payable	(1,081,691,062,033)	-	(1,081,691,062,033)
Advances from customers	(50,986,078,470)	-	(50,986,078,470)
	<b>(3,263,328,535,196)</b>	<b>(44,126,160,000)</b>	<b>(3,307,454,695,196)</b>
<b>Foreign exchange exposure</b>	<b>(2,857,923,466,504)</b>	<b>(44,119,828,745)</b>	<b>(2,902,043,295,249)</b>



## 29 FINANCIAL RISK MANAGEMENT (continued)

## (a) Market risk (continued)

## (i) Foreign exchange risk (continued)

The foreign exchange exposure represents the total net amount of financial assets and financial liabilities denominated in foreign currencies. Its expected value would change when the exchange rates of VND/USD or VND/EUR fluctuates.

As at 30 September 2014, if the USD had strengthened/weakened by 1% against the VND with all other variables being held constant the Group's profit after tax for the financial year would have been lower/higher by VND43,129,809,655 (year ended 30 September 2013: VND25,006,830,332).

As at 30 September 2014, if the EUR had strengthened/weakened by 1% against the VND with all other variables being held constant, the Group's profit after tax for the financial year would have been lower/higher by VND185,490,275 (year ended 30 September 2013: VND386,048,502).

## (ii) Price risk

The Group is not exposed to equity securities price risk arising from the investments classified as available-for-sale because the Group does not invest in listed securities.

## (iii) Interest rate risk

The Group is exposed to interest rate risk on its borrowings. The Group maintains balances of raw material, finished goods and spare part at appropriate level in order to minimise the demand for short-term loans and balance the VND and USD short-term loan structure, conformity with the fluctuation of interest and foreign exchange rates to have reasonable interest expenses. Most loans for which the interest rate has changes are in VND and USD.

As at 30 September 2014, if the VND interest rates had increased/decreased by 1% with all other variables being held constant, the profit after tax for the financial year would have been lower/higher by VND9,881,388,773 (year ended 30 September 2013: VND9,231,138,166).

As at 30 September 2014, if the USD interest rates had increased/decreased by 0.5% with all other variables being held constant, the profit after tax for the financial year would have been lower/higher by VND12,264,593,436 (year ended 30 September 2013: VND8,451,016,886).

## (b) Receivable risk

The Group manages receivable risk by taking the following actions:

- Establish a credit limit for each customer and require daily reports of payment progress for re-assessing credit limits, categorising as well as forcing the collection;
- Charge interest on debtors and establish the monthly average outstanding debt amount for each business unit and retail-distribution branch;
- Refuse credit sales for customers with over-90-day overdue debtors, except special cases as approved by the Board of Management;
- Involve the authorities when necessary.

## (c) Liquidity risk

Liquidation risk is the risk that the Group encounters difficulty in meeting the obligations associated with its financial liabilities that are paid by cash or other financial assets.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that the Group maintains sufficient reserves of cash to meet its liquidity requirement in short and longer term.

The table below categorises the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	30.9.2014			Total VND
	Less than 1 year VND	Between 1 and 5 years VND	Over 5 years VND	
Trade accounts payable	1,885,979,467,059	-	-	1,885,979,467,059
Short-term borrowings	4,545,014,751,312	-	-	4,545,014,751,312
Long-term borrowings	210,995,751,437	953,820,775,299	-	1,164,816,526,736
	6,641,989,969,808	953,820,775,299	-	7,595,810,745,107
30.9.2013				
Trade accounts payable	1,317,685,051,025	-	-	1,317,685,051,025
Short-term borrowings	2,495,154,540,949	-	-	2,495,154,540,949
Long-term borrowings	319,259,183,820	588,026,924,580	-	907,286,108,400
	4,132,098,775,794	588,026,924,580	-	4,720,125,700,374

**30 RELATED PARTY TRANSACTIONS**

Related parties include subsidiaries, associates, shareholders, members of Board of Directors, and key personnel.

**(a) Related party transactions**

During the year, the following transactions were carried out with related parties:

	Year ended 30 September	
	2014 VND	2013 VND
<b>Compensation of key management</b>		
Compensation for Board of Directors, Board of Advisors and Board of Supervisors	1,145,000,000	958,000,000
Bonus for Board of Directors, Board of Supervisors	10,850,378,000	5,705,000,000
Gross salary of Board of Management	8,110,590,009	7,474,632,000
Bonus for Board of Management	5,540,000,000	2,865,200,000

**(b) Year end balances with related parties**

	30.9.2014 VND	30.9.2013 VND
<b>Prepayments to suppliers (Note 4)</b>		
Mr Hoang Duc Huy (Deputy General Director)		
Advance for acquisition of land use rights	90,183,227,000	90,183,227,000

**31 SEGMENT REPORTING**

Segment information is presented in respect of the Group's geographical segment. The primary format, geographical segments, is based on the Company's management and internal reporting structure.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise assets and liabilities, financial income and expenses, selling, general and administration expenses, other gains or losses, and corporate income tax.

**Geographical segments**

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, which is located in Vietnam ("Domestic") or countries other than Vietnam ("Export").

	Domestic sales		Export sales		Total	
	30.9.2014 VND	30.9.2013 VND	30.9.2014 VND	30.9.2013 VND	30.9.2014 VND	30.9.2013 VND
Sales revenue	9,042,506,962,551	6,492,126,663,638	5,947,854,017,523	5,267,771,928,904	14,990,360,980,074	11,759,898,592,542
Cost of sales	(7,662,704,741,381)	(5,115,273,135,370)	(5,577,420,539,648)	(4,937,113,042,913)	(13,240,125,281,029)	(10,052,386,178,283)
Segment income	1,379,802,221,170	1,376,853,528,268	370,433,477,875	330,658,885,991	1,750,235,699,045	1,707,512,414,259



**32 COMMITMENTS UNDER OPERATING LEASES**

The future minimum lease payments under non-cancellable operating leases are as follows:

	<b>30.9.2014</b> <b>VND</b>	<b>30.9.2013</b> <b>VND</b>
Within 1 year	35,342,143,903	30,199,614,448
Between 1 and 5 years	103,819,767,860	78,858,214,022
Over 5 years	204,775,855,609	285,475,419,963
Total minimum payments	<u>343,937,767,371</u>	<u>394,533,248,433</u>

**33 CAPITAL COMMITMENTS**

Capital expenditure contracted for at the balance sheet date but not recognised in the consolidated financial statements is as follows:

	<b>30.9.2014</b> <b>VND</b>	<b>30.9.2013</b> <b>VND</b>
Buildings, machinery and equipment	<u>81,753,325,170</u>	<u>615,558,105,177</u>


The consolidated financial statements were approved by the General Director on 16 December 2014.



**Tran Cong Tien**  
Preparer



**Nguyen Thi Ngoc Lan**  
Chief Accountant



**Tran Ngoc Chu**  
General Director

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