

ECOSYSTEM OPTIMIZATION

HOA PHAT GROUP
ANNUAL REPORT 2020



HOÀ PHÁT®

HARMONY FOR JOINT DEVELOPMENT

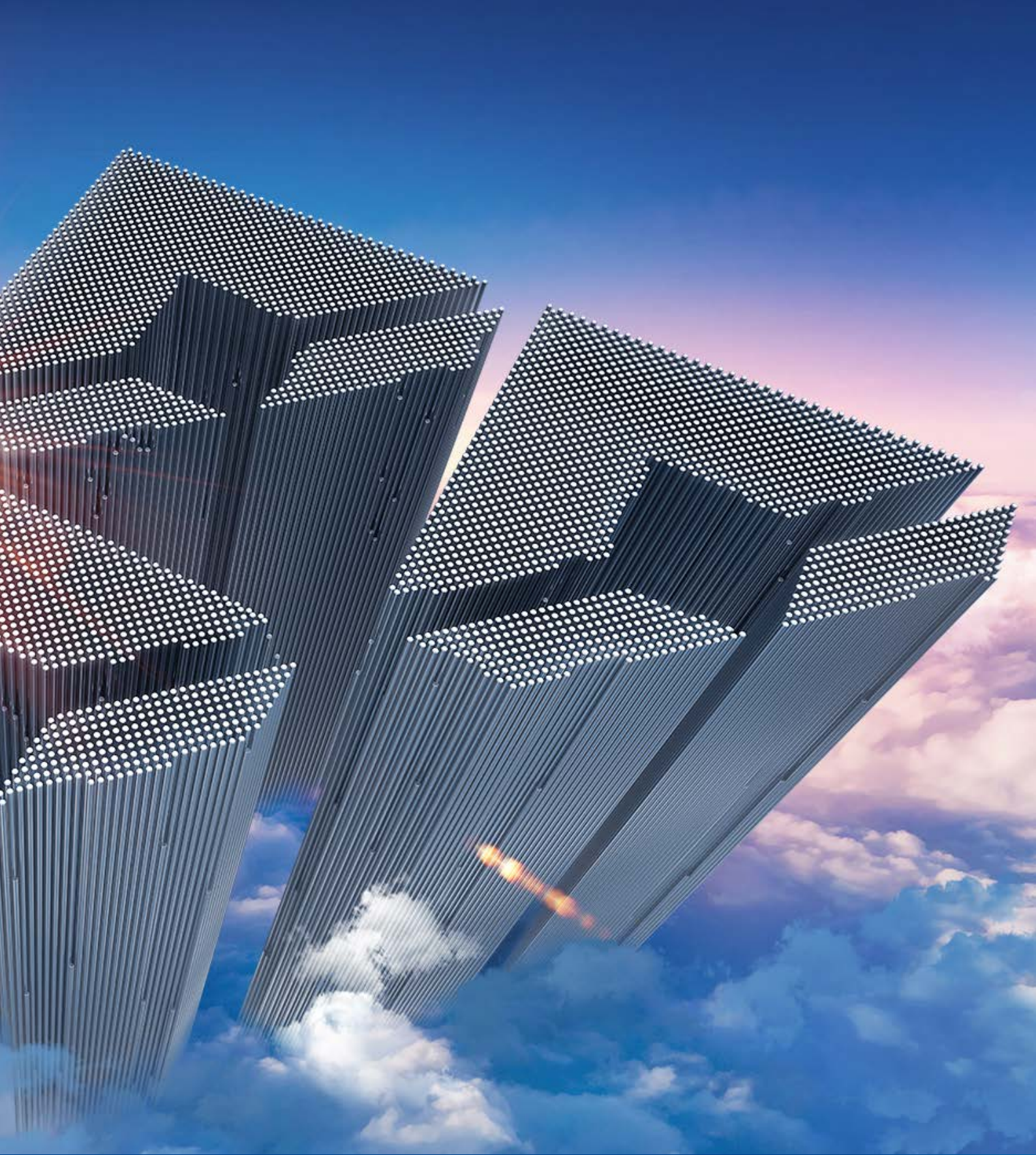


HOA PHAT®

HARMONY FOR JOINT DEVELOPMENT



Committing itself to leading in quality,
Hoa Phat rose to a new stature





CONTENT

ANNUAL REPORT 2020

1	Development orientation	09
2	Message from the Chairman of the Board of Management	10
3	10 Impressive milestones of Hoa Phat Group in 2020	12

1 GENERAL INFORMATION

1	BASIC INFORMATION	15
2	DETAILS OF SHARE	15
3	BUSINESS LINES	15
4	ORGANIZATION STRUCTURE	16
5	OPERATING MODEL	16
6	KEY FINANCIAL INDICATORS	17
7	SUBSIDIARIES & THEIR OWNERSHIP PERCENTAGE	18
8	BACKGROUND OF HOA PHAT GROUP	20
9	HISTORY OF DEVELOPMENT	22
10	OPERATIONAL RISKS	24

2 REPORT OF THE BOARD OF DIRECTORS

1	LIST OF MEMBERS OF BOD	29
2	REPORT OF BOD	30
3	OPERATING PERFORMANCE EVALUATION	31
4	FINANCIAL SITUATION	32
5	IMPROVEMENT OF MANAGEMENT STRUCTURE	36
6	BUSINESS PLAN FOR 2021	38

3 PERFORMANCE IN 2020

1	PERFORMANCE OF SUBSIDIARIES	41
	1.1. Iron and Steel	41
	1.2. Hoa Phat Steel Products	44
	1.3. Agriculture	47
	1.4. Real Estate	48
2	HUMAN RESOURCE MANAGEMENT	49
3	POLICIES FOR EMPLOYEES	50
4	INVESTMENT STATUS OF KEY PROJECT	51
5	STRUCTURE OF SHAREHOLDERS	51
6	SHAREHOLDER RELATIONS	55

4	CORPORATE GOVERNANCE	
1	LIST OF MEMBERS OF BOM AND OWNERSHIP PERCENTAGE	57
2	BOM'S ASSESSMENT OF OPERATION	60
3	MAIN ACTIVITIES OF BOM DURING THE YEAR	62
4	PLANS AND ORIENTATION	63
5	REPORT OF SUPERVISORY BOARD	
1	LIST OF PERSONNEL AND OWNERSHIP PERCENTAGE	65
2	REPORT OF SUPERVISORY BOARD	66
3	REPORT OF INTERNAL CONTROL BOARD	67
6	SUSTAINABLE DEVELOPMENT	
1	"GREEN" STEEL PRODUCTION SOLUTIONS	69
2	INITIATIVES AND TECHNICAL IMPROVEMENTS	72
3	HOA PHAT WITH DIGITAL TRANSFORMATION	74
4	SOCIAL RESPONSIBILITY	76
7	AUDITED FINANCIAL STATEMENTS	
1	REPORT OF THE BOD	82
2	INDEPENDENT AUDITOR'S REPORT	85
3	CONSOLIDATED BALANCE SHEET	87
4	CONSOLIDATED STATEMENT OF INCOME	91
5	CONSOLIDATED STATEMENT OF CASH FLOWS	93
6	NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS	96





DEVELOPMENT ORIENTATION

Hoa Phat will be honored in the Top 50 largest steel enterprises with over VND 100,000 billion in annual revenue.

- ▶ **Vision:** To become an industrial manufacturer with top quality and core area of steel.
- ▶ **Mission:** To provide leading products, contribute to improving living conditions and gain customers' trust.
- ▶ **Position:** Hoa Phat – Vietnamese brand, global standard.
- ▶ **Core value:**
The core value of Hoa Phat Group is the philosophy of Harmony for Joint Development. This is reflected in the relationship among the employees, between the Group and its partners, agents, shareholders and the social community, ensuring the harmony of interests of stakeholders on the same boat, towards sustainable development.

Especially, Hoa Phat Group has built a long-term, sustainable and trusting partnership with the sales agents who have been with the Group since the beginning of its establishment.



Mr.

TRAN DINH LONG

CHAIRMAN OF THE BOARD OF MANAGEMENT

ECOSYSTEM OPTIMIZATION

In 2020, Covid-19 pandemic has spread across the globe and left a trail of crises of all business sectors, causing consequences of employment and economic losses. However, the year 2020 has recorded the proudest achievements of Hoa Phat. Hoa Phat ecosystem that built on the foundation of a closed production chain has shown its strong resilience.

RECORD PROFIT, THE 48TH LARGEST STEEL MANUFACTURER IN THE WORLD

Hoa Phat's after-tax profit for the whole year gained VND 13,506 billion, exceeding 50% of expected profit, an increase of 78% compared to the same period and the highest ever. Also, Hoa Phat achieved revenue of VND over 91,000 billion, increasing by 41% against 2019, 6.3 times higher after 10 years (since 2010). For a manufacturing company like Hoa Phat, this is a record number, especially set in a special year like 2020.

Iron and steel remained the core business sector of the Group, continuing to play a key role. Revenue of this sector increased by 81%, and profit from steel products increased by 94%. Hoa Phat construction steels and steel pipes continue to maintain the No. 1 market share in Vietnam of 32.5% and 31.7% respectively. Hoa Phat steel sheet continued to grow strongly by nearly 150% over the same period. Sales volume of drawn steel wire, wire coating, PC bar reached 100,000 tons, 30,000 tons exported, which was doubled against 2019. Number of HRC orders surpassed 300% over Hoa Phat's capacity.

By the billet refining plant with electric furnace technology of 300,000 tons/year, at the beginning of 2021, Hoa Phat's crude steel output reached 8 million tons per year which rose Hoa Phat to lead in crude steel production in Southeast Asia and became the 48th largest manufacturer in the Top 50 largest crude steel manufacturers globally (according to World Steel 2020).

The Group's agriculture sector also gained remarkable results with revenue growth of 32% and contributed 12% to the Group's revenue. Particularly, profit from Hoa Phat's agriculture tripled the same period in 2019. Australian cow still kept the No.1 market share in Vietnam, bio-safe pigs and clean chicken eggs of Hoa Phat also ranked on top.

Real Estate has exceeded after-tax profit target compared with the assigned plan. Pho Noi A, Hoa Mac and Yen My II Industrial Zone (IZ) of Hoa Phat Group gained occupancy rate up to 100%. In which, Hoa Phat was approved by the Prime Minister to expand Pho Noi A IZ to 100ha. Sales volume of freezers of Hoa Phat Refrigeration increased by 120% against the same period, which supported Hoa Phat Refrigeration's profit increase dramatically, surpassing nearly 60% of the plan set for the whole year 2020.

ECOSYSTEM OPTIMIZATION

By the end of 2020, Hoa Phat restructured its operating model with 4 main sectors including Iron and Steel, Steel products, Agriculture and Real estate which are under control of independent Corporations. However, they are developed with high interoperability in the product ecosystem of the Group.

High-quality rolled steel coil is used for production of drawn steel wire, PC bar, PC Strand, core wire, and etc. HRC is the raw material source for steel pipes and galvanized steel sheet. Steel pipes and steel sheet are used in the fabrication of interior, refrigeration products. In addition to selling to the market, Hoa Phat Feed Plant also provides a large amount for the Group's pig and chicken farms nationwide.

On Feb 20, 2021, the 1 millionth ton of HRC was officially launched at Hoa Phat Dung Quat Steel Integrated Complex, which is a memorable milestone, showing the maturity, ability to master technology, and spirit of difficulties and struggles of Hoa Phat employees.

Self-control of HRC production technology is a perfect piece to create a solid foundation for the ecosystem of other high quality steel products to be manufactured such as mechanical steel, empty container shell, and etc. Hoa Phat's production chain is expanded and optimized gradually, which brings the highest value to its customers, shareholders and society.

Additionally, the Group's manufacturing ecosystem always focuses on sustainable development, solution implementation and investment in green manufacture. Each year, Hoa Phat has saved VND trillion by recovering heat and exhausted gas for power generation and re-using, which contributes to reduce greenhouse gas omission.

HARMONY FOR JOINT DEVELOPMENT

With the philosophy of "Harmony for Joint Development", Hoa Phat focuses on implementing social responsibility in the most practical way. Annually, Hoa Phat contributes a thousand of VND billions to the State Budget,

especially VND 7,300 billion paid in 2020, equivalent to the provinces in the Top 40 most typical taxpayers. The total amount spent by Hoa Phat for charity and social activities in 2020 reached VND 32 billion, focusing on 4 main groups of activities including: Health - Education - Transport - Community with many programs such as construction bridge, heart surgery for poor children, support against epidemics, storms, floods, Tet gifts to unlucky circumstances, scholarships for students..., and etc.

Hoa Phat created employment opportunities with high income for over 25,000 employees nationwide; provided high-quality, prestige products for a thousand of agencies level 1, 2; run effective operation to bring net value to nearly 60,000 shareholders.

In 2021, Covid 19 pandemic is still complicated. However, vaccines have been vaccinated and many major economies show signs of recovery after a series of stimulus packages. Hoa Phat Group still persists in its strategy of sustainable development, flexibly operates production and business according to the market situation to ensure the best business efficiency.

Hoa Phat is about to complete legal procedures so that Hoa Phat Dung Quat Steel Integrated Complex 2 is early commenced. The Company aims to manufacture 8 million tons of crude steel, consume all the produced products, and continues leading the national market share of construction steel and steel pipe and Australian cow. Hoa Phat strives to continue to hold its steady growth of agriculture and refrigeration products. In respect of real estate, the Group focuses on expanding in housing real estate by some projects in dynamic and high-liquidity areas. Regarding administration and investment projects in digital applications, training and improving the skilled employees are invested in depth.

Hoa Phat's missions in 2021 are expressly cleared with challenges, as well great chances for success. With the determination and unanimity of over 25,000 employees, Hoa Phat believes that we will overcome all difficulties and go ahead in despite of any struggles.

On behalf of the Board of Management, I would like to thank the confidence and support of the shareholders, thank the positive cooperation of customers and partners. In particular, I would like to express my sincere thanks to all employees of Hoa Phat Group, who have joined with us in the hearts and faithfulness for Hoa Phat's success and development to this day.

Yours sincerely,
The Chairman



TRAN DINH LONG



TOP 10 HIGHLIGHTS OF HOA PHAT GROUP IN 2020

1

After-tax profit broke its record of **VND13,506 billion**

2

5.8 million tons of raw steel output was gained, while steel billets and construction steel **output exceeded 5 million tons**

3

No. 1 market share in Vietnam for construction steel and steel pipes, respectively, **32.5% and 31.7%**

4

Approximately the first **700,000 tons** of Hoa Phat's hot-rolled coil was officially launched

5

Hoa Phat steel pipe output reached **820,000 tons**, simultaneously output of galvanized steel sheet **increased by 150%** compared to 2019



6

Output of drawn steel wire, PC bar increased **more than twice** over the same period

7

Profit from agriculture sector spiked, **3 times higher** than 2019

8

USD 700 million of goods imported from Australia, Hoa Phat became the largest Vietnamese client of the country

9

VND 7,300 billion was contributed to the State Budget by Hoa Phat, **increased by 10%** compared to 2019

10

Approximately **VND 32 billion** were spent on social and charity activities

1

GENERAL INFORMATION

1. BASIC INFORMATION
2. DETAILS OF SHARE
3. BUSINESS LINES
4. ORGANIZATION STRUCTURE
5. OPERATING MODEL
6. KEY FINANCIAL INDICATORS
7. SUBSIDIARIES & THEIR OWNERSHIP PERCENTAGE
8. BACKGROUND OF HOA PHAT GROUP
9. HISTORY OF DEVELOPMENT
10. OPERATIONAL RISKS



BASIC INFORMATION

Transaction name: Hoa Phat Group Joint Stock Company

Business Registration Certificate No.: 0900189284

Authorized capital: VND 33,132,826,590,000

Head office: Pho Noi A Industrial Zone, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam

Hanoi Office: 66 Nguyen Du, Nguyen Du Ward, Hai Ba Trung District, Hanoi City

Tel: 024. 6284 8666 | **Fax:** 024. 6283 3456

Da Nang Office: 171 Truong Chinh, An Khe Ward, Thanh Khe District, Da Nang City

Tel: 023. 637 21 232 | **Fax:** 023.637 22 833

Ho Chi Minh City Office: 643 Dien Bien Phu, 25 Ward, Binh Thanh District, Ho Chi Minh City

Tel: 028. 629 85 599 | **Fax:** 028. 629 87 799

Website: www.hoaphat.com.vn

DETAILS OF SHARE

Stock ticker: HPG

Stock exchange: HOSE

Initial offering date: 15/11/2007

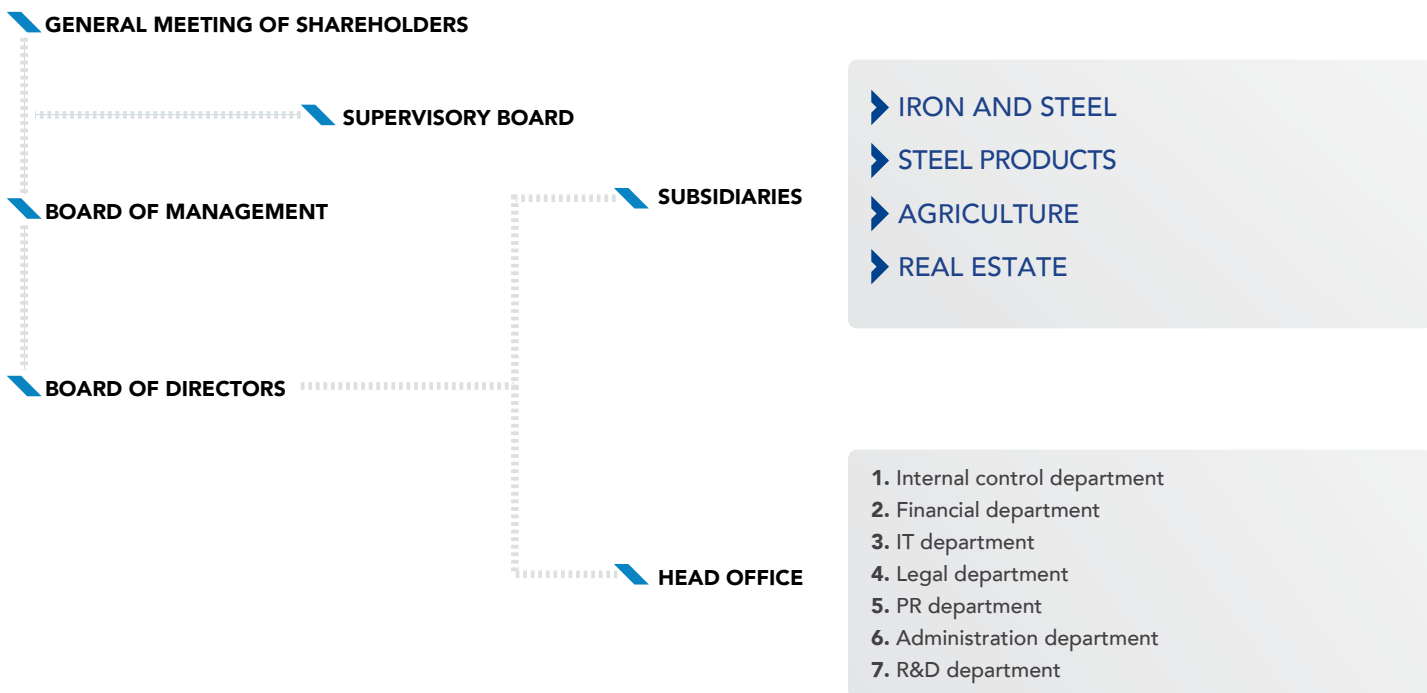
Par value: VND 10,000 /share

Outstanding shares: 3,313,282,659 shares

BUSINESS LINES

1. Manufacturing hot-rolled coils;
2. Wholesaling and importing, exporting iron and steel, materials and equipment for steel making and refining;
3. Producing rolled steel, roofing iron sheets, galvanized steel sheets, cold galvanized steel sheets, painted galvanized steel sheets;
4. Producing non-galvanized and galvanized steel pipes, stainless steel pipes;
5. Producing and trading non-ferrous metal and non-ferrous metal scrap;
6. Refining cast iron, steel; Casting cast iron, iron, steel;
7. Producing and wholesaling cokes;
8. Mining metal ores; Trading in metals, metal ores, scrap iron and steel;
9. Manufacturing, trading, assembling, installing, repairing, and maintaining electrical, electronic, refrigeration, civil electric products and air-conditioners;
10. Investing and constructing synchronously infrastructure for industrial zones and urban areas;
11. Investing and trading Real estate;
12. Producing and trading feeds for livestock and poultry, cattle breeding, processing meat and meat products, eggs, and etc;
13. Inland waterway, coastal and ocean transport.

ORGANIZATION STRUCTURE



OPERATING MODEL (2021)



IRON AND STEEL

- Hoa Phat Hung Yen Steel Co., Ltd
- Hoa Phat Hai Duong Steel JSC
- Hoa Phat Dung Quat Steel JSC
- An Thong Mineral Investment JSC

STEEL PRODUCTS

- Hoa Phat Steel Pipe Co., Ltd
- Hoa Phat Steel Sheet Co., Ltd
- Hoa Phat Metal Producing Co., Ltd
- Hoa Phat Container Production JSC
- Hoa Phat Refrigeration Engineering Co., Ltd

AGRICULTURE

- Hoa Phat Hung Yen Feeds Co., Ltd
- Hoa Phat Development of Livestock JSC
- Hoa Phat Trading Co., Ltd
- Hoa Phat Poultry Co., Ltd

REAL ESTATE

- Hoa Phat Urban Development and Construction JSC
- Hoa Phat Ha Noi Real Estate Development JSC
- Hoa Phat Sai Gon Real Estate Development JSC

KEY FINANCIAL INDICATORS

Indicators (Unit: billion dong)	2018	2019	2020
INCOME STATEMENT			
Revenue from goods sales & services rendering	56,580	64,678	91,279
Net revenue	55,836	63,658	90,119
Gross profit	11,671	11,185	18,904
Net financial expenses	(478)	(711)	(1,833)
Selling expenses	677	873	1,091
Administrative expenses	444	569	690
Other profits	(1)	66	65
Pre-tax profit	10,071	9,097	15,357
Corporate income tax	1,471	1,518	1,851
After-tax profit	8,601	7,578	13,506
Profit of shareholder as holding company	8,573	7,527	13,450
Depreciation and amortization	2,286	2,639	4,794
BALANCE SHEET			
Total assets	78,223	101,776	131,511
Current assets	25,309	30,437	56,747
Non-current assets	52,914	71,339	74,764
Liabilities	37,600	53,989	72,292
Owner's equity	40,623	47,787	59,220
Authorized capital	21,239	27,611	33,133
CASH FLOW STATEMENT			
Net cash from operating activities	7,642	7,715	11,587
Net cash from investment activities	(20,533)	(18,064)	(18,495)
Net cash from investment activities	11,143	12,378	16,054
Net cash flow during the period	(1,748)	2,029	9,146
Cash and equivalents at the beginning of the period	4,265	2,516	4,545
Cash and equivalents at the end of the period	2,516	4,545	13,696
KEY FINANCIAL INDICATORS			
Gross profit/Net sales rate	21%	18%	21%
After-tax profit/ Net revenue rate	15%	12%	15%
ROA	11%	7%	10.3%
ROE	21%	16%	23%
EBIT	10,549	10,278	18,194
EBITDA	12,835	12,918	22,988

SUBSIDIARIES AND OWNERSHIP PERCENTAGES AS OF 31/12/2020

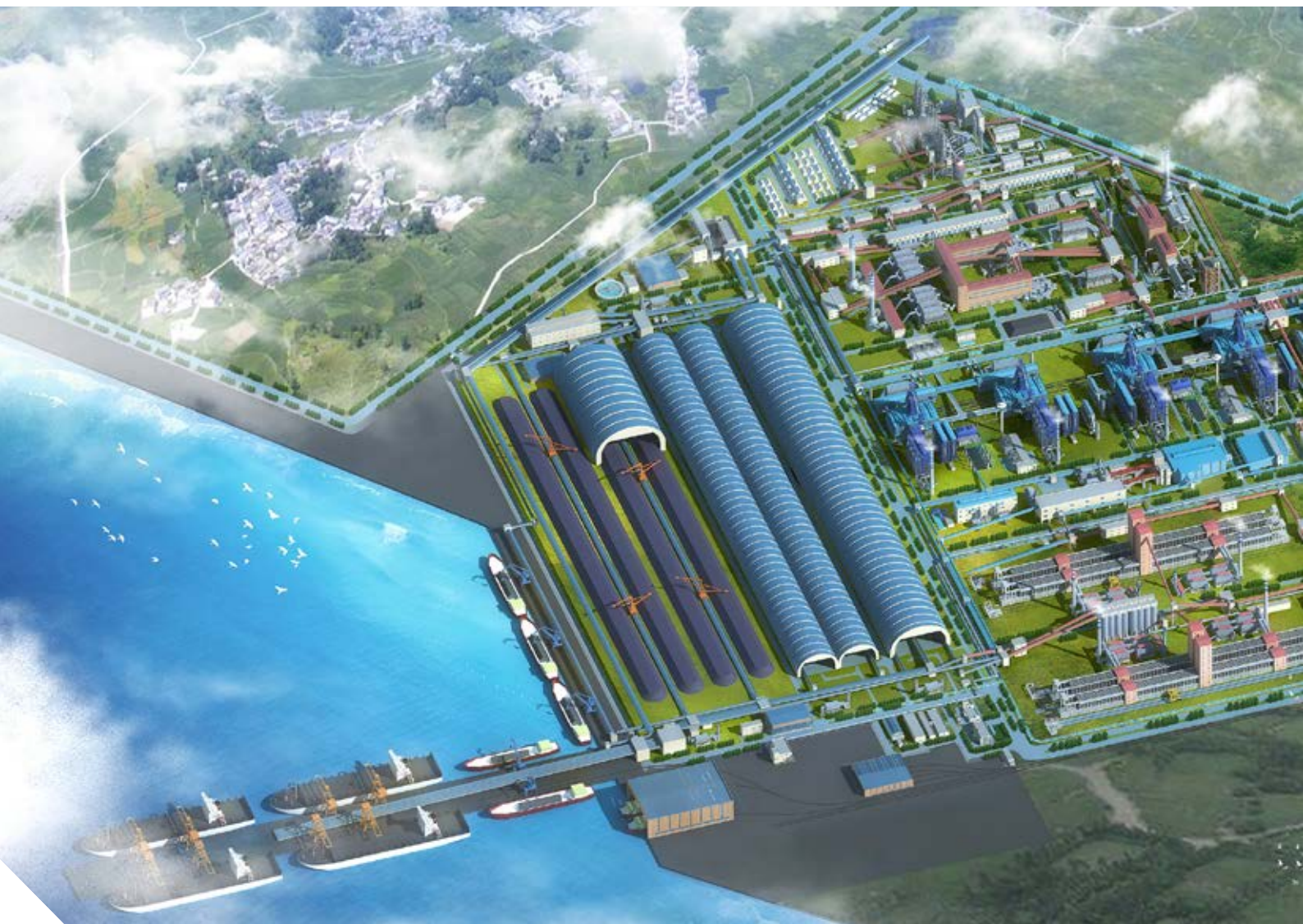
No.	SUBSIDIARIES	ADDRESS
1	Hoa Phat Hai Duong Steel JSC	Hiep Son Ward, Kinh Mon Town, Hai Duong Province, Hai Duong, Vietnam
2	Hoa Phat Dung Quat Steel JSC	Dung Quat Economic Zone, Binh Dong Commune, Binh Son District, Quang Ngai Province, Vietnam
3	Hoa Phat Hung Yen Steel Co., Ltd	Pho Noi A Industrial Zone, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam
4	Hoa Phat Metal Producing Co., Ltd	No. 39 Nguyen Dinh Chieu, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi City, Vietnam
5	An Thong Mineral Investment JSC	No. 415, Tran Phu Street, Tran Phu Ward, Ha Giang City, Ha Giang Province, Vietnam
6	Hoa Phat Steel Pipe Co., Ltd	No. 39 Nguyen Dinh Chieu, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi City, Vietnam
7	Hoa Phat Steel Sheet Co., Ltd	Road E1, zone E, Pho Noi A Industrial Park, Lac Dao Commune, Van Lam District, Hung Yen Province, Vietnam
8	Hoa Phat Agriculture Development JSC	Pho Noi A Industrial Zone, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam
9	Hoa Phat Furniture JSC (*)	Road B4, Zone B, Pho Noi A Industrial Zone, Lac Hong Commune, Van Lam District, Hung Yen Province, Vietnam
10	Hoa Phat Refrigeration Engineering Co., Ltd	Pho Noi A Industrial Zone, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam
11	Hoa Phat Urban Development and Construction JSC	No. 39 Nguyen Dinh Chieu, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi City, Vietnam

**Note: Since 2021, Hoa Phat Furniture JSC is no longer a subsidiary of Hoa Phat Group.*



PRINCIPAL BUSINESS ACTIVITIES	CONTRIBUTED AUTHORIZED CAPITAL (VND billion)	OWNERSHIP PERCENTAGE BY HPG
Producing steel and cast iron, exploiting iron ores, exploiting and collecting lignite; wholesale of metals and metal ores; producing and trading coke coal.	7,000	99.998%
Producing iron, steel, cast iron; producing, transmitting and distributing electricity; wholesaling solid, liquid, gas fuels and related products; coastal and ocean freight transportation, inland waterway transportation, etc.	30,000	100%
Producing iron, steel, cast iron; Wholesaling metals and metal ores.	1,000	100%
Manufacturing construction equipment; trading in construction machinery and equipment and exploiting small and medium-sized minerals.	400	99.875%
Exploring, exploiting, refining, processing, importing and exporting minerals in general, mainly iron ores.	500	99.960%
Producing and trading in steel pipes.	1,500	99.967%
Manufacturing roofing sheets made of galvanized steel, galvanized aluminum alloy, painted and coated with other alloys; manufacturing iron, steel, and cast iron.	2,000	100%
Producing fertilizers and nitrogen compounds; Pig, poultry husbandry, and livestock services; Processing and preserving meat and meat products. Producing feed for cattle, poultry and fisheries.	3,100	99.999%
Manufacturing and trading in furniture products.	400	99.600%
Producing and trading in refrigeration products.	150	99.667%
Civil construction; industrial construction, real estate business; investing and building technical infrastructure synchronously.	1,300	99.846%

BACKGROUND OF HOA PHAT GROUP



Hoa Phat is a leading industrial manufacturer in Vietnam. Originated from a company specialized in trading constructional machineries and equipment since 08/1992, Hoa Phat has constantly expanded its business into Furniture (1995), Steel pipe (1996), Construction steel (2000), Refrigeration (2001), and Real estate (2001). In 2007, Hoa Phat was reorganized in the model of a group structure, with Hoa Phat Group Joint Stock Company restructured as the Parent Company of its subsidiaries. Since November 15, 2007, Hoa Phat has been officially listed on the Stock Exchange under the stock ticker 'HPG'.

Currently, Hoa Phat Group runs its operations in four sectors: Iron and Steel (construction steel, hot-rolled coil) – Steel products (steel pipe, galvanized steel sheets, drawn steel wire, and pre-stressed concrete bar, pre-stressed concrete strand) – Agriculture – Real estate. Production of iron, steel and related products is the core, accounting for over 80% of the Group's revenue and profit. The crude steel output of Hoa Phat gained 8 million tons/year. In particular, Hoa Phat construction steel and hot-rolled coil reached 5 million and 3 million tons/year respectively, with production complexes located in Hai Duong, Hung Yen, and Quang Ngai. With its large output, Hoa Phat has become the largest manufacturer of construction steel and steel pipes in Vietnam with a market share of 32.5% and 31.7%, respectively.



Since 2020, the Group has officially launched a new strategic product, hot-rolled coil (HRC) with its output of 3 million tons/year. This is a potential product of Hoa Phat Dung Quat Steel Integrated Complex, closing and optimizing ecosystem of steel products such as billets, construction steel, high-quality steel, wire rods, pre-stressed bar, hot-rolled coil, steel pipe, galvanized steel sheet and container shell.

In the agriculture sector, the Group holds the largest market share of Australian cow supply with 50%, leading the North in production of clean chicken egg. For pig farming in biosafety methods, Hoa Phat is also in the list of the leading enterprises.

For years, Hoa Phat has been recognized as a National Brand, and honored Vietnam's the 50 largest and most efficient enterprises; Vietnam's the 10 largest private enterprises, the 30 most typical taxpayers, and etc.

In parallel with business and production development, Hoa Phat allocates its annual budget of dozens of billion dongs in order to exercise corporate social responsibilities to the community through various charity and social programs in different parts of the country where the Group and its subsidiaries are located.

OUR HISTORY AND DEVELOPMENT

- August 1992** • Establishing Hoa Phat Equipment Accessories Co., Ltd, (now Hoa Phat Metal Producing Co., Ltd) - the first company that bore brand of Hoa Phat.
- November 1995** • Establishing Hoa Phat Furniture JSC.
- August 1996** • Establishing Hoa Phat Steel Pipe Co., Ltd
- 2001** • Establishing Hoa Phat Steel JSC, now Hoa Phat Hung Yen Steel Co., Ltd; Hoa Phat Refrigeration Engineering Co., Ltd. and Hoa Phat Urban Development and Construction JSC.
- January 2007** • Reorganizing as a group with Hoa Phat Group Joint Stock Company being the Parent Company of its subsidiaries
- August 2007** • Establishing Hoa Phat Hai Duong Steel JSC to initiate the Hoa Phat Steel Integrated Complex in Kinh Mon District, Hai Duong Province.
- November 15, 2007** • Listing HPG shares on the Vietnam Stock Exchange.
- June 2009** • An Thong Mineral Investment JSC became a member of Hoa Phat Group.
- December 2009** • Finishing the first phase of Hoa Phat Steel Integrated Complex in Hai Duong.
- January 2011** • Structuring of operation model of the Parent Company by separating the steel production and trading sector.

- August 2012** • 20th anniversary of Hoa Phat development, Third Class Labour Order awarded by the President.
- October 2013** • Finishing the second phase of the Hoa Phat Hai Duong Steel Integrated Complex, raising the total capacity of Hoa Phat to 1.15 million tons per year.
- March 2015** • Hoa Phat Hung Yen Feeds Co., Ltd was officially launched, marking a new step in the Group's development history by investing the agricultural sector.
- February 2016** • Establishing Hoa Phat Agriculture Development JSC, which manages and coordinates the operations of all subsidiaries in the agriculture sector (including feed and breeding).
- February 2016** • Finishing the third phase of Hoa Phat Steel Integrated Complex in Hai Duong, raising the total capacity of Hoa Phat to 2 million tons per year.
- April 2016** • Establishing Hoa Phat Steel Sheet Co., Ltd, implementing the project of prepainted hot dipped galvanized steel sheet, galvanized steel sheet and galvalum steel sheet with the capacity of 400,000 tons per year.
- February 2017** • Establishing Hoa Phat Dung Quat Steel JSC, initiating Hoa Phat Dung Quat Steel Integrated Complex in Quang Ngai Province with the capacity of 4 million tons per year and the total investment of VND 52,000 billion, marking a turning point in Hoa Phat Group's development.
- 2019** • The first two blast furnaces of the Hoa Phat Dung Quat Steel Integrated Complex Project were officially put into operation, bringing the total construction steel output of Hoa Phat to 4.4 million tons per year.
- 2020** • **November 2020:** Hoa Phat Group has officially launched its commercial hot-rolled coil onto the market, which helps optimized Hoa Phat's steel ecosystem.

December 2020: Hoa Phat Group restructured its operating model with establishment of Corporations in charge of the Group's business sector. Accordingly, 04 Corporations under the Group have been established, including: Iron and Steel, Steel Products, Agriculture and Real Estate.
- 2021** • **January 2021:** the blast furnace No. 4 - Hoa Phat Dung Quat Steel Integrated Complex was put into operation, marking completion of the entire project, and bringing Hoa Phat's total crude steel output to 8 million tons/year.

OPERATIONAL RISKS

Hoa Phat is a multidisciplinary manufacturing Group, operating nationwide. On the other hand, in the socio-economic conditions in Vietnam that are easily influenced by outside, Hoa Phat Group's activities cannot avoid risks, both objective and subjective. In order to effectively prevent risks that may arise in the course of production and business, the Group sets out specific solutions for each key risk group, especially in preventing legal, policy and pandemic risks.

► Pandemic risk:

By 2020, the whole world spent 365 days to deal with SARS-CoV-2, caused by a new coronavirus. This pandemic not only pushed the global health system into crisis, but plunged the global economy into the most serious contraction since the Great Depression in the 1930s of the last centuries. In Hoa Phat, plants and farms are spread across the country, so the prevention and control of Covid-19 has become more difficult and urgent than ever.

Solutions:

At the office buildings, plants, and farms of Hoa Phat Group's member companies across the country, anti-epidemic measures against Covid-19 have been implemented synchronously with the temperature control of all employees and guests, spraying disinfectant, wearing facemasks at the workplace, keeping distance, dividing the shift meal, and etc. The plants have made available for contingency plans in case of lockdown such as preparing on-site facilities, accommodation, and medical services for workers to ensure their continuous production.

At the Group's offices, all employees are required, before entering elevators, to disinfect their hands, not talk in the elevator, and limit communication among companies in the building if not really necessary. It is imperative to wear a facemask when working/talking to others. The companies minimize meetings and crowded works, otherwise it is required for members attending the meeting to wear the facemask with hand washing and disinfection procedures before entering the meeting room.

► Disaster risk:

In 2020, many regions of the country were seriously suffered from unusual and extreme natural disasters. Annually, on average, there are about 5-8 storms; yet, by 2020, this number was nearly doubled. Only from mid-September to mid-November 2020, storms and floods occurred consecutively in the central region with very strong intensity, on a large scale, causing considerable damages to human and property. In particular, the super typhoon, Molave 9, the strongest storm in decades, slammed into the Central region with wind speed of level 12 to 15.

Solutions:

To be hit by the storm No. 9, Hoa Phat Dung Quat focused highly on implementing safety measures for all employees and its plants. Hoa Phat Dung Quat Steel Joint Stock Company also joined hands with the local government to welcome nearly 5,000 people into the dormitory of the employees to take shelter. Other member companies of Hoa Phat Group also urgently and seriously applied natural disaster prevention and control measures to ensure safety for employees and assets of the Company. As a result, the Group has minimized the effects and damages caused by the storm.

► Policy risk:

Since July 01, 2020, 12 laws have been officially enforced. Also, throughout 2020, 17 laws were passed at the 9th and 10th session of 14th National Assembly. They are important laws with great impacts on the social life of our country in general and on Hoa Phat's production and business in particular. Besides, the system of decrees and circulars has been and is to be issued, requiring Hoa Phat to always follow the changes in each regulation to promptly apply.

Solutions:

With the aim of a lean apparatus with intensive knowledge of works, Hoa Phat's member companies always make great efforts to improve their employees' legal skills by mean of training courses, or internal communications. Further, the Group also set up specialized departments such as Legal Department, Finance Department, and Internal Control Board under the Group to support the member companies in complicated and problematic cases. Additionally, the Group's specialized departments are to disseminate and update professional knowledge on legal, accounting and taxation to each unit, ensuring that they properly and fully apply the new effective law provisions.



► Risk of international trade:

Not only struggling with the pandemic, the steel export was also faced an increasing risk of trade defense lawsuits on the world market, which made difficulties of Vietnam's steel industry in 2020 be exacerbated doubly.

Particularly, low-priced steel imports from China is significantly affecting the domestic consumption. The trade protectionism on the international market has been badly concerned, and the domestic real estate as well as construction market have not revealed any signs of flourishes. Nonetheless, this is also a "test" for Hoa Phat to restructure, improve its competitiveness and dominate market share.

Solutions:

European Union-Vietnam Free Trade Agreement (EVFTA), taking effect on August 01, 2020, has paved the way for growth of the steel export market. Hoa Phat has already made carefull preparations to welcome opportunities as well as satisfy committed technical standards, understand deeply legal framework of the market and technical barriers to be more proactive in export, and avoid to be trapped in the trade defence lawsuits.

Hoa Phat is always proactive in accessing, enhancing its competitiveness by cost-saving, improving administration capacity, product quality and expanding the market. The Group has continuously reviewed and re-evaluated its sales policy and distribution system in

order to make proper adjustments, ensure boosting output, and build a stable and sustainable distribution system. Meanwhile, Hoa Phat also restructured its production and trading according to the market signals.

► Personnel risk:

With over 25,000 employees coming from all parts of the country at young working age, the personnel fluctuation is always a special matter to be resolved. While the steel production sector always needs a large amount of skilled workers, the training system of Vietnam in mechanical engineering has not yet met the actual requirement.

Solutions:

Considering human resources to be the core value of success, Hoa Phat consistently focuses on training knowledge and skills for employees. Subsidiaries regularly hold training courses, closely coordinate with universities, colleges, vocational schools in mechanical engineering to attract skilled workers satisfying requirements for business development. Development policies in terms of both quality and quantity are always implemented equally. Hoa Phat Group has deployed a rating system to standardize the human resource system on a group scale to be applied on a step by step basis in calculation and payment of salaries to motivate employees.



Committing itself to leading in quality,
Hoa Phat rose to a new stature



2 REPORT OF BOARD OF DIRECTORS

1. LIST OF MEMBERS OF BOD
2. REPORT OF BOD
3. OPERATING PERFORMANCE EVALUATION
4. FINANCIAL SITUATION
5. IMPROVEMENT OF MANAGEMENT STRUCTURE
6. BUSINESS PLAN FOR 2021



LIST OF MEMBERS OF BOD



TRAN TUAN DUONG

General Director



NGUYEN VIET THANG

Deputy General Director



**NGUYEN T.
THAO NGUYEN**

Deputy General Director



PHAM T. KIM OANH

CFO & Chief Accountant

• **Educational qualification:**
Bachelor of economics –
National Economics University

• **Joining date:** 1992

Before he became the Deputy Chairman of Management Board cum CEO of Hoa Phat Group since January 2007, Mr. Tran Tuan Duong held management position in subsidiaries such as: Hoa Phat Equipment & Accessories (now Hoa Phat Metal Producing), Hoa Phat Furniture and Hoa Phat Steel Pipe.

*Number of shares held at
March 22, 2021*

2.68%

• **Educational qualification:**
Bachelor of civil engineering,
National University of Civil
Engineers.

• **Joining date:** 2003

Mr. Nguyen Viet Thang had several years in the management position as the Deputy Director of Hoa Phat Urban Development and Construction JSC and Director of Hoa Phat Hung Yen Feeds Co.,Ltd before he was appointed as the Deputy General Director of Hoa Phat Group Joint Stock Company on 7th April 2012. He was appointed as the Director of Hoa Phat Hai Duong Steel JSC since March 2018.

*Number of shares held at
March 22, 2021*

0.32%

• **Educational qualification:**
Bachelor of economics – Hanoi
University of Finance and
Accounting

• **Joining date:** 1998

Ms. Nguyen Thi Thao Nguyen was the Chief Accountant of Hoa Phat Steel Pipe Co., Ltd. and the Head of Supervisory and Legal Board of Hoa Phat Group Joint Stock Company before she was appointed as the Deputy General Director of Hoa Phat Group Joint Stock Company on 1st September 2010.

*Number of shares held at
March 22, 2021*

0.02%

• **Educational qualification:**
Master of economics, National
Economics University

• **Joining date:** 2008

Ms. Pham Thi Kim Oanh was appointed as CFO & Chief Accountant of Hoa Phat Group Joint Stock Company on April 28 2016.

*Number of shares held at
March 22, 2021*

0.00%

REPORT OF BOD



The world's economy in 2020 dramatically declined on a large scale with the negative growth rate of 3.5% for the first time in decades. The picture of grey economy is caused negatively by a series of natural disasters, epidemics, conflicts covering many regions and especially the global pandemic SARS CoV-2. This is the biggest, unprecedented crisis the world has struggled since World War II and the biggest economic disaster since the Great Depression of 1930. 2020 has been an unforgettable year in the world history.

Vietnam became one of three countries in the world with positive growth rate, besides China and Egypt. Although the goal of 5%-6% set by the National Assembly was not satisfied, Vietnam economy has gained remarkable achievements with GDP of 2.91%. The Government of Vietnam is steadfast in its dual goal of epidemic prevention and economic development. Industrial and construction sector accounts for 33.72% in Vietnam's economic structure which has kept its growth of 5.6% against the last year. In which, the processing, manufacturing sector increased 5.82%, playing a key role in leading the whole sector's growth rate. (Source: VSA, Jan 2021).

2020 is a historic year that brought challenges to Vietnam's steel sector. Besides the shock called Covid-19, the price of iron ores strongly increased while the sale price of steel sharply declined, which contributed to decreases in the sector's profit margin. At the same time, Hoa Phat Group obtained outstanding achievements in other sectors. The Group's revenue reached VND 91,279 billion and its after-tax profit up to VND 13,506 billion, increasing by 41% and 78% respectively compared to 2019, exceeding 6% and 50% of the business plan.

Total payment to the State Budget for the year was VND 7,300 billion, increasing by 10% over the same period, of which, three provinces that contributed the most were Quang Ngai, Hung Yen and Hai Duong. Hoa Phat Group was honored the Top 10 Non-state enterprises, the Top 30 outstanding enterprises with the fulfillment of tax obligations over the course of 1990-2020 conferred by the Ministry of Finance.

INDICATORS	2019 (VND bn)	2020 (VND bn)	2020 plan (VND bn)	(%) Growth rate 2020/2019	% achieved compared to plan
Revenue	64,678	91,279	86,000	41%	6%
Profit	7,578	13,506	9,000	78%	50%

OPERATING PERFORMANCE EVALUATION

Despite many challenges, the revenue in 2020 was exceeded 6% compared to the plan and increased by 41% over 2019. The Group's growth rate increased 6.3 times after 10 years (since 2010). Additionally, the Group's profit exceeded 50% of the year plan and achieved an increase of 78% over the same period in 2019.

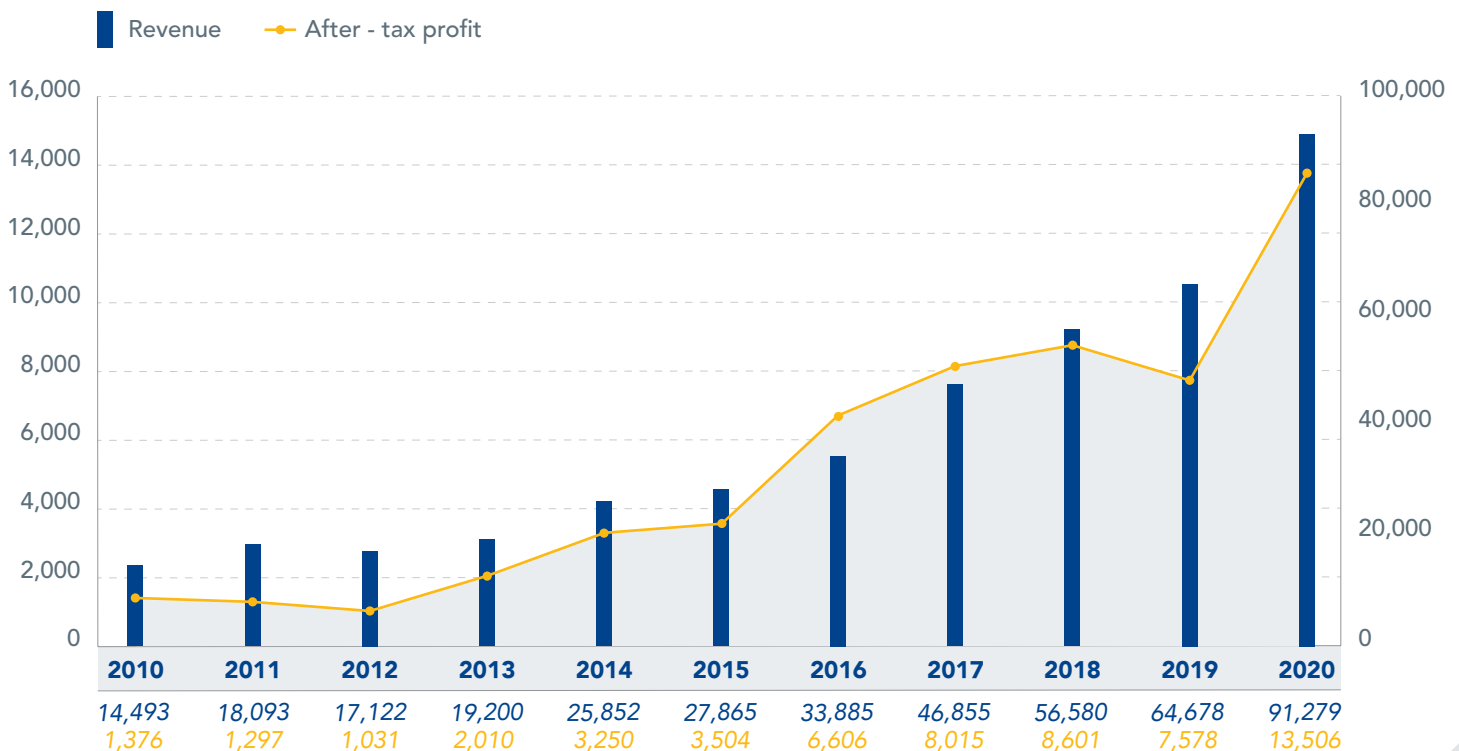
Steel production (including construction steel, hot-rolled coil, steel pipe, prepainted galvanized steel sheet, pre-stressed concrete bar, etc.) still played a key role and was the core business line of the Group with a growth rate of 81%, mainly contributed from the increase in output of Hoa Phat Dung Quat Steel Integrated Complex. While, the steel products obtained more noticeable profit with the increase of 94%.

Revenue and profit after tax of the steel sector respectively accounted for 84% and 82% of the Group's revenue and profit. In 2020, total output of billets, steel pipes and

steel sheet gained 6,770,000 tons, increased 1.2 times compared to 2019. Even though output of finished steel products of the whole market reached the negative growth rate of 1.18% over the same period of 2019, Hoa Phat's construction steel still gained 22.53% of the growth rate. Hoa Phat Group's construction steel and steel pipes continued to maintain the No. 1 market share in the market respectively 32.5% and 31.7%. Hot-rolled coil (HRC) was officially launched on the market in November 2020.

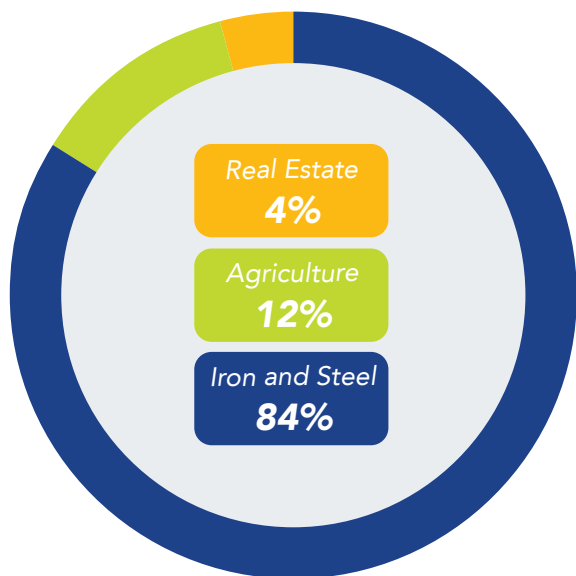
The Group's agriculture sector obtained striking developments with an increase of 32% in revenue and contributed 12% to the Group's revenue. Specially, Hoa Phat's profit in agriculture sector is 3 times higher than the same period of 2019 with the strong growth of the livestock and feeds. Hoa Phat's agricultural products such as Australian cow, pigs bred by biosafety technology, clean chicken eggs led the market, showing the high potential for the next year's development.

CHART OF THE GROUP'S REVENUE AND PROFIT AFTER TAX OVER THE YEARS (VND Billion)

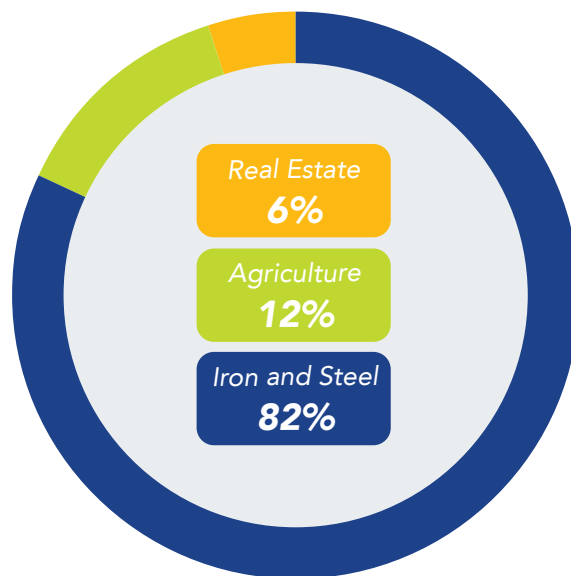


The real estate sector completed the after-tax profit target compared to the assigned plan. During the year, Hoa Phat Industrial Zones leased 23.5 ha of land, filled almost all areas invested in technical infrastructure. Hoa Phat is currently

carrying out investment procedures for expansion, site clearance compensation and infrastructure construction to meet the current high demand for industrial land lease.



SHARE OF REVENUE BY SEGMENTS IN 2020



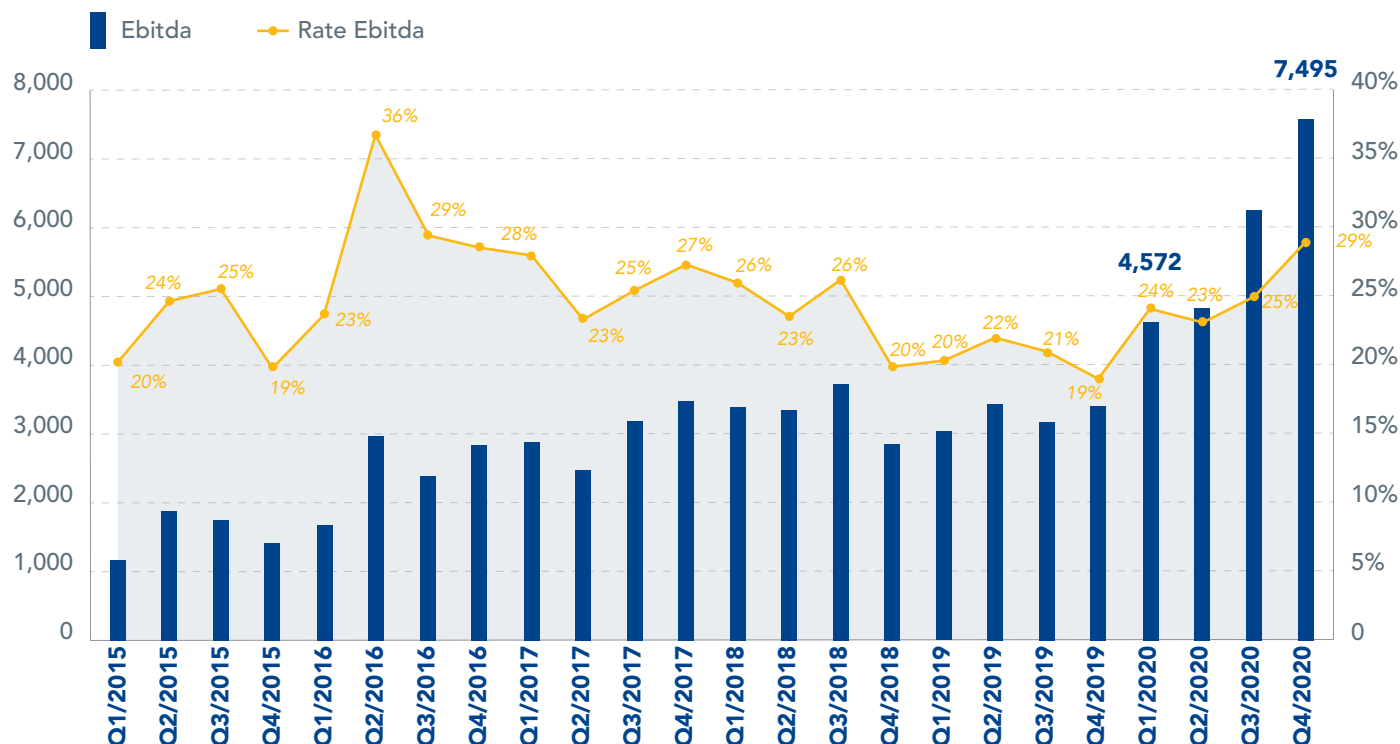
SHARE OF PROFIT BY SEGMENTS IN 2020

FINANCIAL SITUATION

Total after-tax profit of the Group exceeded 50% of the proposed plan, increased sharply by 78% compared to 2019, particularly reaching VND 13,506 billion, the highest recorded achievement. After-tax profit margin on net revenue in 2020 reached 15%. In the context of challenges and high ore price, the above profit margin shows the efficiency in managing the Group’s costs as well as the advantages from the closed production process from upstream.

In 2020, Ebitda (Earnings before interest, tax, depreciation and amortization) reached VND 22,988 billion, increasing by 78% against 2019, which showed net income from operating activities without corporate income tax expense, depreciation and amortization. The quarterly absolute value of Ebitda has greatly improved compared to previous years. In the 4th quarter of 2020, Ebitda was VND 7,495 billion, 6.4 times higher than VND 1,163 billion in the 1st quarter of 2015. Ebitda increased quarterly, mainly contributed by Hoa Phat Dung Quat Steel Integrated Complex. The Ebitda rate increased markedly, currently maintaining 29%. Therefore, Hoa Phat has a much better growth rate of revenue and profit margin than steel companies globally.

EBITDA, EBITDA RATE 2015-2020



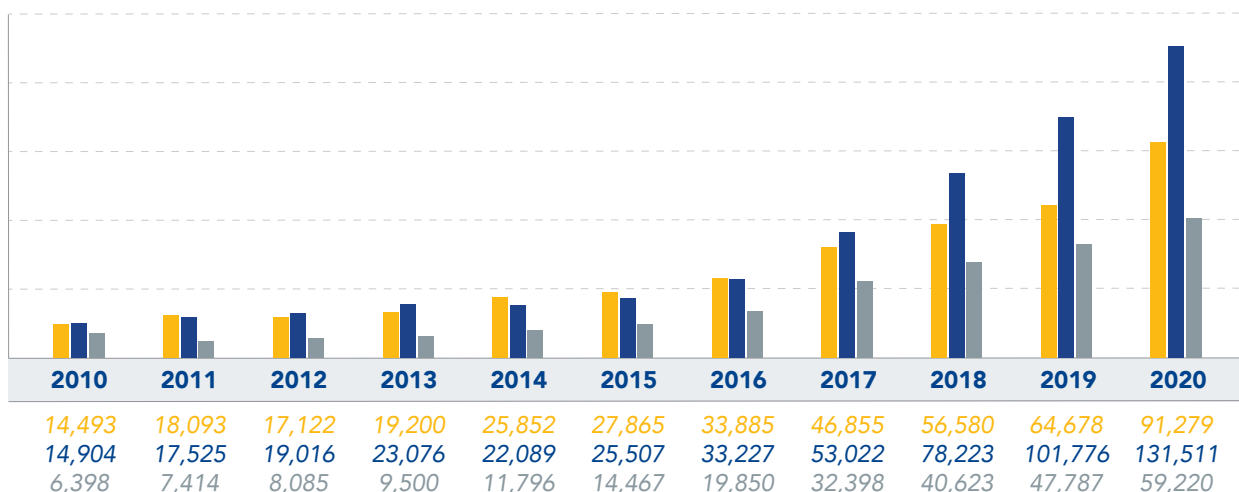
ASSET STRUCTURE

The Group's total assets increased sharply by about 30% over 2019. In particular, non-current assets still accounted for the majority with an increase of VND 3,425 billion, reaching VND 74,764 billion. The Group continued to increase fixed assets which resulted by the completion of major projects. In 2020, a sharp increase of VND 26,310 billion of current assets was recognized, equivalent to an increase of 86% compared to the same period in 2019. This sharp increase aims to supplement working capital

and rise production scale to a new stature. By the end of 2020, the asset structure has gradually balanced. Current and non-current assets accounted for 43% and 57% respectively. The total assets doubled after only 3 years, from 2017, the time to start investment in the construction of Hoa Phat Dung Quat Integrated Complex. This is still the appropriate and standard asset structure of the industrial production.

REVENUE, TOTAL ASSETS, EQUITY OF THE GROUP FROM 2010-2020

Revenue Total Assets Equity



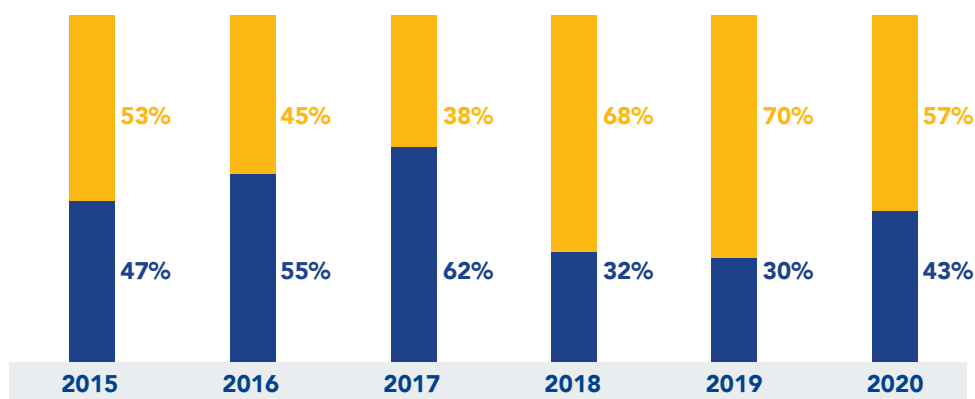
Current assets increased sharply, inventories accounted for 46%, and inventory turnover as at 31/12/2020 was 3.1 times. These figures show the high inventory turnover rate, and the Group's inventory management is always monitored and operated effectively.

Non-current assets increased slightly due to only a few assets were recorded during the year. Specifically, as of December 31, 2020, non-current assets reached VND 74,764 billion, an increase of 5% over the same period last year. Fixed assets, investment properties and long-term work in progress accounted for 97%.

ASSET STRUCTURE FROM 2015-2020

■ Current assets

■ Non-current assets

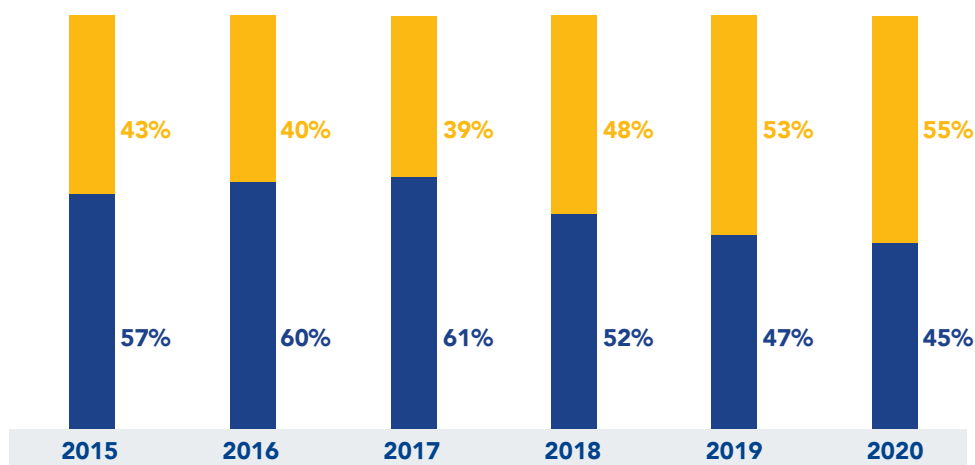


CAPITAL SOURCE STRUCTURE

CAPITAL SOURCE STRUCTURE FROM 2015-2020 (VND BILLION)

■ Liabilities

■ Equity

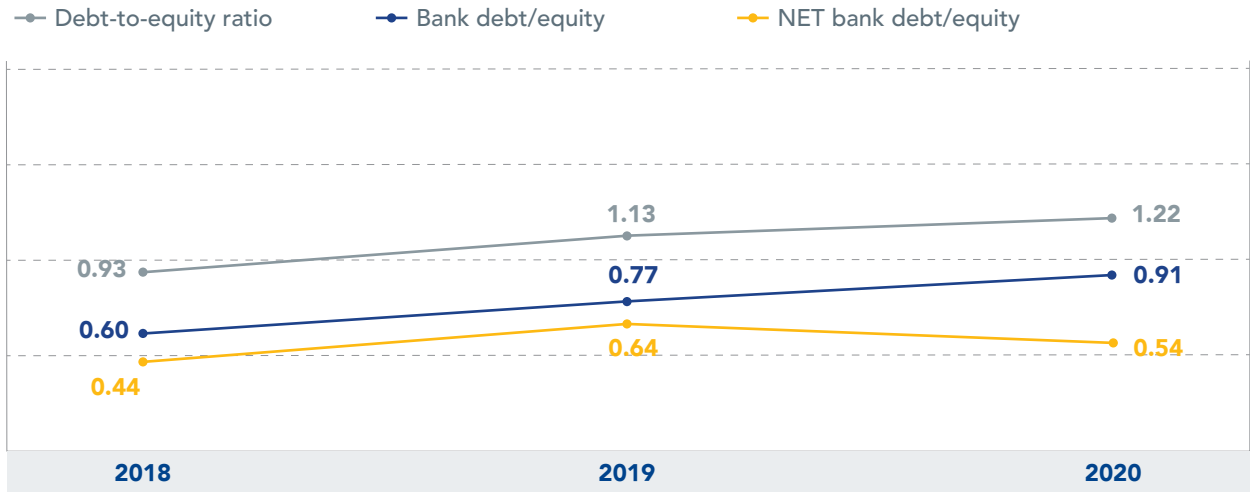


The Group's capital source structure, in 2020, was maintained stably. Equity increased by 24%, from VND 47,787 billion to VND 59,220 billion, originated from the profit generated during the year. Although the debt-to-equity ratio increased to above coefficient of 1, the ratio of bank debt to equity increased at 0.91 times.

After Hoa Phat Dung Quat Steel Integrated Complex was put into operation, the high debt ratio and strongly

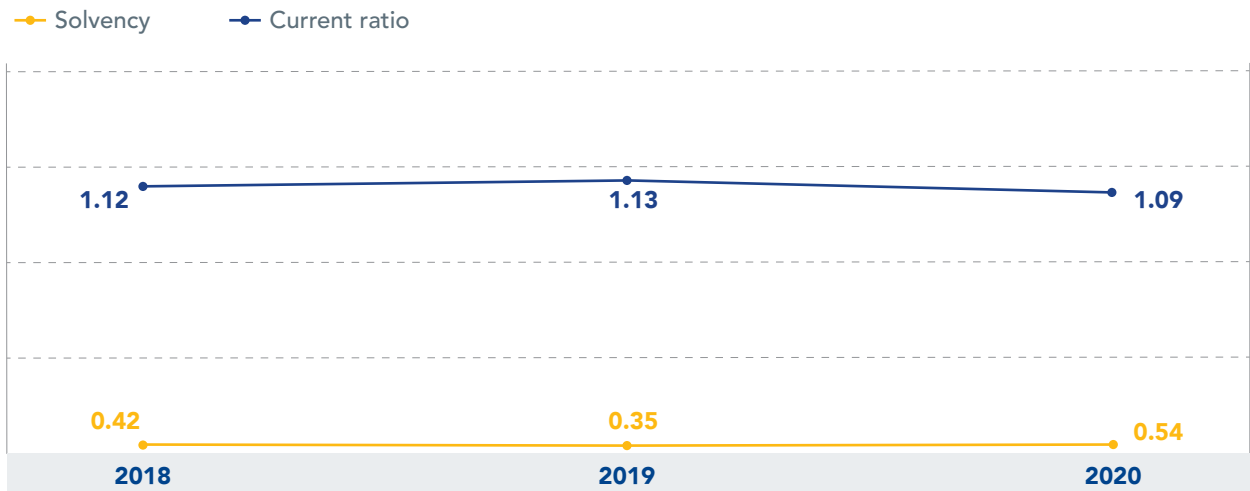
increased short-term loans are normal for a larger production cycle. On the other hand, the ratio of net debt-to-equity is currently at 0.54 times, a low average level in use of financial leverage. In spite of the year with the highest bank loan due to a strong increase in scale, it is still controlled rigidly, which helps the Group build its resilience to face the near future. Net cash flow from operating activities dawned better improvement with an increase of 17% over the last period, showing that Hoa Phat's financial health is enhanced.

DEBT RATIO



Current and quick ratio at the end of 2020 were at 1.09 and 0.54 times respectively, higher than the same period in 2019. The current ratio is always above 1, showing that the Group's liquidity ratio is stable.

QUICK RATIO AND CURRENT RATIO

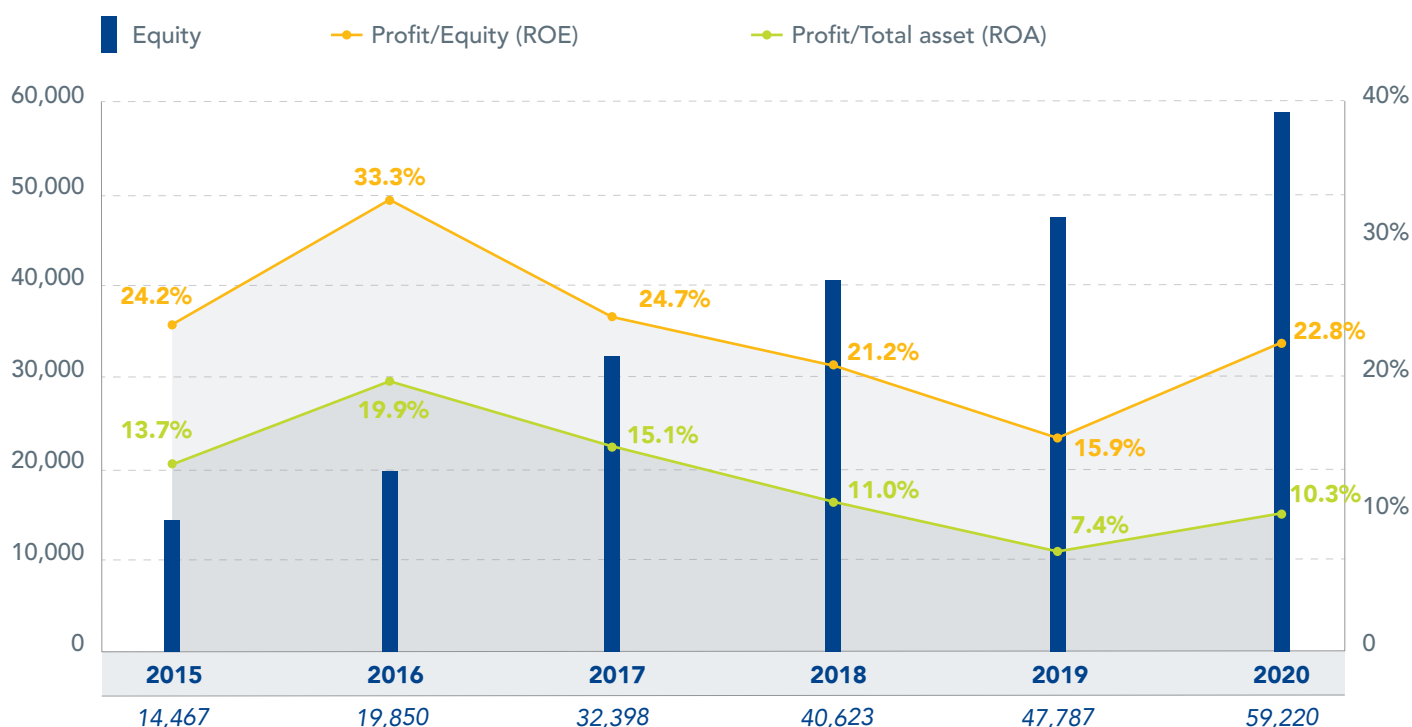


BUSINESS PERFORMANCE

Key indicators in evaluating performance are ROE (Return on Equity) and ROA (Return on Assets). In 2020, Hoa Phat's ROE reached 22.8%, significantly higher than the rate of 15.9% in 2019. Besides that, the Group's ROA also rebounded from 7.4% in 2019 to 10.3% in 2020.

While assets increased by 29.2%, ROA improved over the same period in 2019 mainly due to the sharp increase in profit after tax. In the future, it is certain that this index will be better because the investment assets will operate effectively.

EQUITY, ROE AND ROA OF THE GROUP OVER YEARS



IMPROVEMENT OF MANAGEMENT STRUCTURE

As part of the strategy of organizational restructuring, Hoa Phat Group has decided to restructure the operating model by capital divestment at furniture sector and establishment of specialized Corporations instead. Hoa Phat also researched to apply modern management solutions such as ERP, e-office and other software for better management, towards digital transformation.

Regarding organization restructure, in December 2020, Hoa Phat Group's BOM approved resolutions on establishment of 04 corporations to manage each sector. In which, Hoa Phat Iron and Steel Joint Stock Company is the legal entity managing the entire sector of iron and steel production and business of the Group with subsidiaries including: Hoa Phat Hai Duong Steel JSC, Hoa Phat Dung Quat Steel JSC, Hoa Phat Hung Yen Steel Co., Ltd, and An Thong Mineral Investment JSC. The charter capital of Hoa Phat Iron and

Steel JSC is VND 39,000 billion with its business lines in investment, production and trading of construction steel, hot-rolled coil and ancillary activities, sea transport.

Value-added products in Hoa Phat steel ecosystem including steel pipes, prepainted galvanized steel, drawn steel wire, prestressed concrete steel and other ancillary products will be produced, invested and managed by Hoa Phat Steel Products JSC (Steel Products Corporation). Its subsidiaries include Hoa Phat Steel Pipe Co., Ltd, Hoa Phat Steel Sheet Co., Ltd, and Hoa Phat Metal Producing Co., Ltd, Hoa Phat Refrigeration Engineering Co., Ltd.

Previously, on December 8, 2020, Hoa Phat Real Estate Development Joint Stock Company (Hoa Phat Real Estate Corporation) was incorporated with a charter capital of VND 2,000 billion which manages all investment, construction, real estate and ancillary activities. Thus, the Group has completed its restructure and established 04 corporations under the Group including: Iron and Steel, Steel Products, Agriculture and Real Estate Corporation.

In addition to restructuring the operation model, Hoa Phat also gradually carries out digital transformation with effective overall management solutions and application of information technology in organization and management. Hoa Phat Group has applied V-Office (Viettel) e-office

system in the management of office blocks. With this software, documents are stored synchronously, quickly searched, while minimizing the time for processing them. Additionally, the Group equips Microsoft Office 365 tools for the office block, which supports employees to access data anytime, anywhere, on multimedia, integrated messaging, conference meetings, and online calls.

In member companies, Hoa Phat Dung Quat Steel JSC has applied SAP S/4HANA in management of all production and business activities at Hoa Phat Dung Quat Steel Integrated Complex. SAP is applied in all operations: finance - accounting, product quality management, production management, purchasing, contributing to accurate, strict and consistent data processing, avoiding errors and uptime reduction.

Over the year, many appointments have been made in both the office block and the plant. Personnel appointed to the management level are usually those with rich experience in working at the Group, high qualifications and deep understanding in all business activities. A stable, friendly working environment, attractive remuneration policies and open promotion opportunities are key factors that make Hoa Phat's employees are always willing to devote to the company.



BUSINESS PLAN FOR 2021

Positive results in the Covid-19 vaccine research in many countries around the world, the success of Brexit trade agreement between the UK and EU, the US government's approval of the stimulus package, etc. have allowed the world economy in 2021 to see 'hope for a brighter future'. Vietnam has succeeded in realizing the dual goal of pandemic fighting and economic development. Last year, Vietnam was one of the few countries in the world with a positive growth rate of 2.91%. Vietnam's economy scale reaches USD 343 billion; the export surplus got a high record of USD 19.1 billion; foreign exchange reserves hit USD 100 billion; public debt decreased to 56% of GDP. This is an important foundation for Vietnam to continue its positive development in 2021 with the GDP growth target of 6 to 6.5%.

However, new variants of the SARS-CoV-2 virus have appeared in many countries while the pandemic is not under control. Prevention measures, the high unemployment index due to prevention measures, decline of consumer demand, and increased fuel prices, etc. are direct challenges for the economy in 2021.

Therefore, Hoa Phat concludes that 2021 still has many challenges for the Group. However, with the determination and unanimity of more than 25,000 officers and employees, Hoa Phat believes that the orientation and direction are right. The Group's leadership strives to achieve the following goals:

- ▶ *Completing construction investment items of Phase 2 and legal procedures for expansion of Hoa Phat Dung Quat Steel Integrated Complex;*
- ▶ *Consuming all the products produced. Continuing to lead the nationwide market share of construction steel and steel pipe - galvanized steel in the field of steel production and trading. Striving to continue to hold the No. 1 market share of Australian cow supply in the agricultural sector.*
- ▶ *Managing inventory well, keeping track of the price of raw materials, having a reasonable regulation policy.*
- ▶ *Updating fluctuations of the world and domestic economy, especially the exchange rate, interest rates to have effective cash flow management policies.*
- ▶ *Investing digital technology in business administration.*

Business target for 2021:

- **Revenue: VND120,000 billion**
- **Profit after taxes: VND18,000 billion**



3

PERFORMANCE IN 2020

1. PERFORMANCE OF SUBSIDIARIES

- 1.1. Iron and Steel
- 1.2. Hoa Phat Steel Products
- 1.3. Agriculture
- 1.4. Real Estate

2. HUMAN RESOURCE MANAGEMENT

3. POLICIES FOR EMPLOYEES

4. INVESTMENT STATUS OF KEY PROJECT

5. STRUCTURE OF SHAREHOLDERS

6. INVESTOR RELATIONS



PERFORMANCE OF SUBSIDIARIES

▶ IRON AND STEEL

With a charter capital of VND 39,000 billion, Hoa Phat Iron and Steel JSC (Hoa Phat Iron and Steel Corporation) is the legal entity managing the entire iron and steel production and supporting activities of the Group. By impressive business results, member companies in the iron and steel sector play a leading role in keeping the growth pace.



CHART OF HPG CONSTRUCTION STEEL OUTPUT AND MARKET SHARE

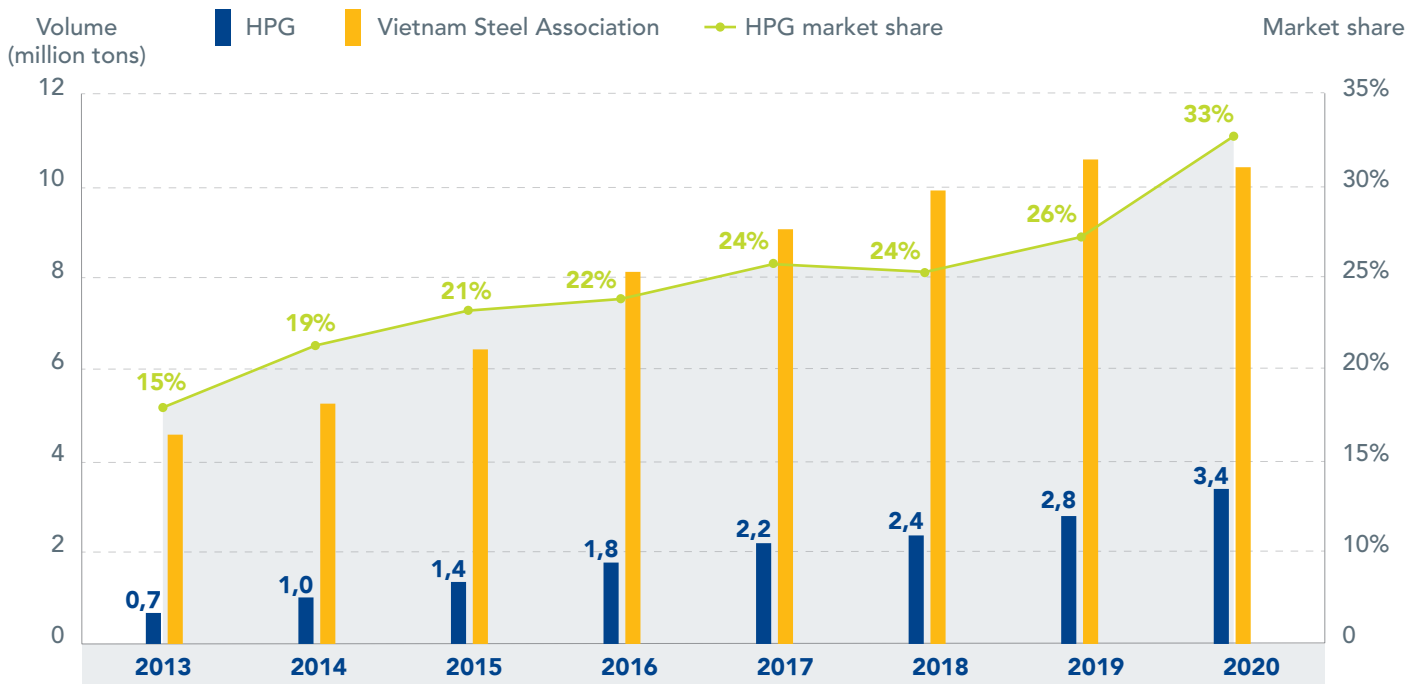
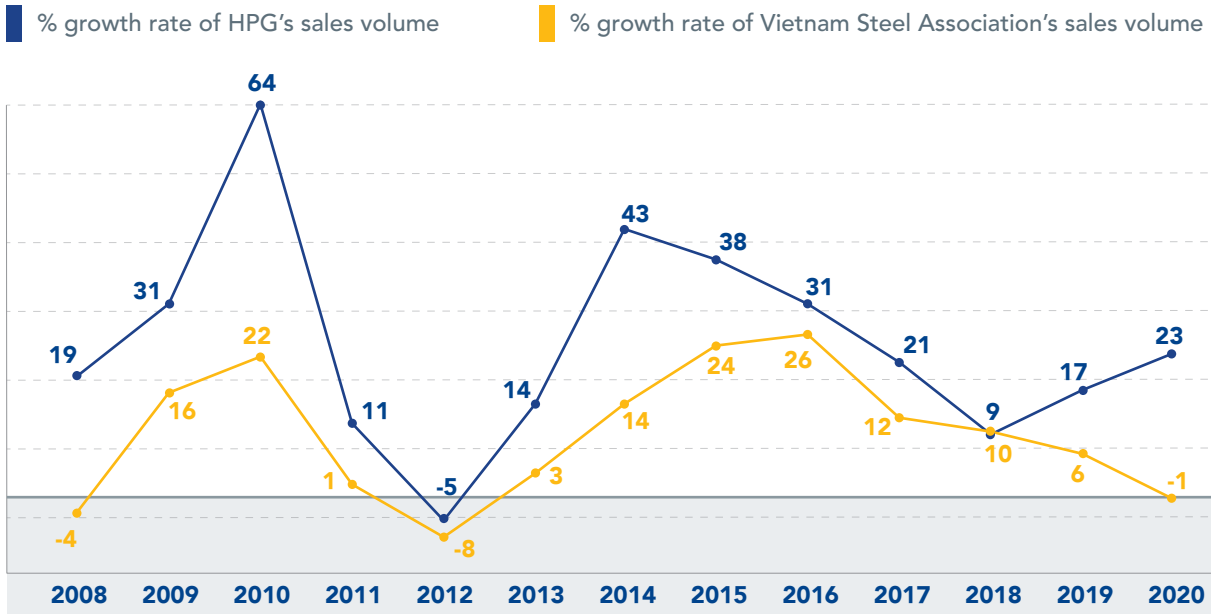


CHART OF % GROWTH RATE OF CONSTRUCTION STEEL SALES VOLUME IN 2007-2020



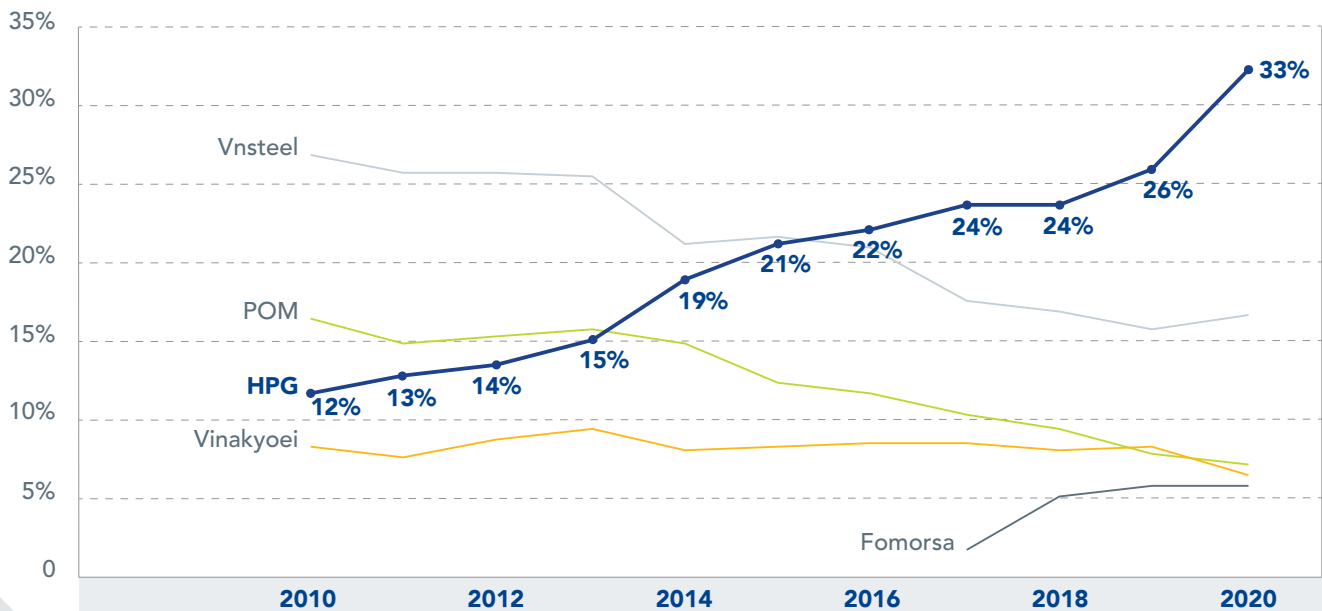
Hoa Phat's crude steel output reached 5.8 million tons for the first time

Hoa Phat's production capacity has increased to 26 times compared to the time Hoa Phat put its first step in construction steel in 2001. From the steel billet refinery used electric furnace technology with output of 300,000 tons/year, Hoa Phat has increased crude steel output up to 8 million tons/year at the beginning of 2021, mainly by blast furnace and oxygen furnace. With this capacity, Hoa Phat has risen to the No. 1 position in crude steel production in Vietnam in particular and Southeast Asia in general. Hoa Phat Steel equaled to the 48th position

in the Top 50 largest global crude steel manufacturers (according to World Steel 2020).

Hoa Phat owns two modern steel integrated complexes in Hai Duong and Dung Quat and a steel mill complex in Hung Yen. Accumulating the whole year of 2020, Hoa Phat Group achieved 5.8 million tons of crude steel output, doubled the same period in 2019. It surpassed Formosa for the first time to become the largest steel manufacturer in Vietnam throughout the last 4 months of 2020. High crude steel output is the basis for Hoa Phat to concrete and improve market share of construction steel, boost billet export, and provide hot rolled coil (HRC) to the market.

CHART OF TOP 5 MARKET SHARE OF ENTERPRISES IN MANUFACTURING CONSTRUCTION STEEL

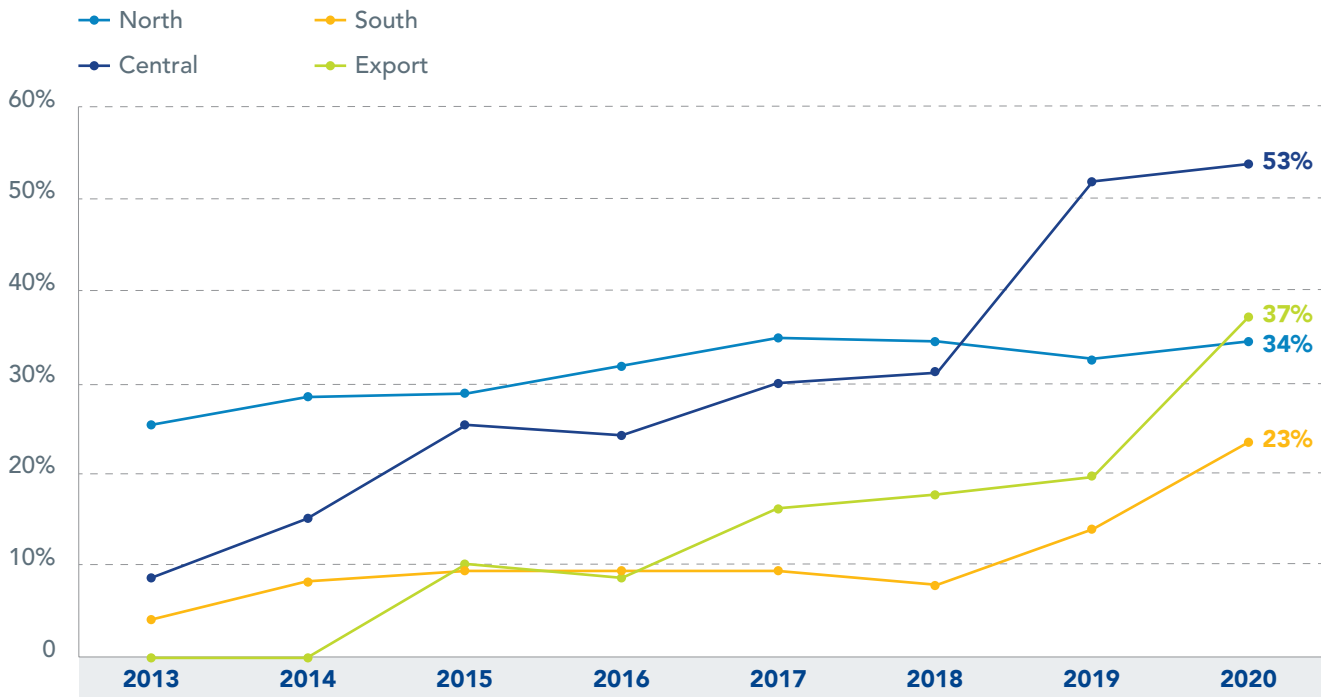


Consumption of billets and construction steel surpassed 5 million tons for the first time

Regarding consumption, in 2020, for the first time, Hoa Phat steel reaches a record of over 5 million tons. In particular, finished construction steel products reached more than 3.4 million tons, up 22.5% over the same period in 2019. Hoa Phat Steel solidified Vietnam's No. 1 market

share with 32.5%, increasing by 6.3% compared to 2019. In term of regions, the South recorded 784,000 tons, a remarkable increase of 70% compared to same period. In the Central region, despite the stressful Covid-19 epidemic and unfavorable weather conditions, consumption still grew slightly compared to 2019. Hoa Phat Steel in the North still maintained the largest position in consumption, accounting for 48% of Hoa Phat's total finished steel products.

MARKET SHARE OF HPG CONSTRUCTION STEEL IN REGIONS



In the export market, the amount of finished steel for export reached nearly 540,000 tons, a twice increase over the same period. Construction steel export markets consist of Japan, Korea, Canada, Australia, Cambodia, Laos, Malaysia, Taiwan, Indonesia, Ghana, and Kenya. In addition, Hoa Phat Group also exported 1.7 million tons of billet for construction steel production to countries such

as Thailand, China, Malaysia, Indonesia, Taiwan, Sri Lanka. Particularly, the output of billets exported to China is 12 times higher than in 2019.

Impressive steel consumption is the main contributor for Hoa Phat's record profitability in 2020, especially in the last 6 months.

Hoa Phat hot-rolled coil was officially launched to the market

In August 2020, the blast furnace No. 3 of Hoa Phat Dung Quat Steel Integrated Complex was officially put into operation. At that time, Hoa Phat's hot rolled coils (HRC) continuously attracted a large amount of domestic and foreign customers, but until November 2020, HRC products with Hoa Phat brand were officially offered outside markets.

HRC output of Hoa Phat Dung Quat Steel Integrated Complex in 2020 reaches nearly 700,000 tons. The Group aims for HRC output in 2021 to reach 2.7 million tons, meeting needs of enterprises specialized in steel pipe, galvanized sheet and other mechanical engineering industries. Vietnam steel industry also actively added input materials for domestic enterprises and promoting exports.

On February 20, 2021, the millionth ton of HRC was officially released at Hoa Phat Dung Quat Steel Integrated Complex. This is a memorable milestone in the development process of Hoa Phat Dung Quat Steel Joint Stock Company in particular and Hoa Phat Group in general.

The number of HRC orders delivered in the 1st quarter of 2021 exceeded 300% of the Group's production capacity.

Hoa Phat has self-control over 500,000 tons of iron ore domestically

With steel production using blast furnace technology and oxygen furnace, iron ore is the input material accounting for 30-40%. Therefore, the partial self-control of domestic ore resources is always given maximum priority. Last year, An Thong Mineral Investment JSC achieved an output over 500,000 tons of ore in exploiting and processing.

The refined iron ore and iron ore pellets of An Thong Company are mainly supplied to Hoa Phat Steel Integrated Complex in Kinh Mon, Hai Duong. Minh Son iron ore refining factory has actively researched and changed its technology to suit features of the original ore at Sang Than iron mine. The main goal is to produce high-quality refined iron ore, consistent with current steel production technology of Hoa Phat Hai Duong Steel Joint Stock Company.



▶ HOA PHAT STEEL PRODUCTS

As a part of the strategy for operating model completion, Hoa Phat Steel Products JSC (Hoa Phat Steel Products Corporation) was duly incorporated at the end of 2020 which takes responsibilities for managing and operating all investment, production and business activities of Hoa Phat steel pipes, prepainted hot dipped galvanized steel sheet, prestressed concrete steel and drawn steel wire and supporting activities. Its subsidiaries include Hoa Phat Steel Pipe Co., Ltd., Hoa Phat Steel Sheet Co., Ltd, Hoa Phat Metal Producing Co., Ltd and Hoa Phat Refrigeration Engineering Co., Ltd.

Hoa Phat Steel pipe sales volume surpassed 820,000 tons

Accumulated in 2020, Hoa Phat Steel Pipe Co., Ltd has provided over 820,000 tons of steel pipes to both domestic and foreign market, increasing by 10% compared to 2019, firmly at Vietnam's No.1 market share of 31.7%.

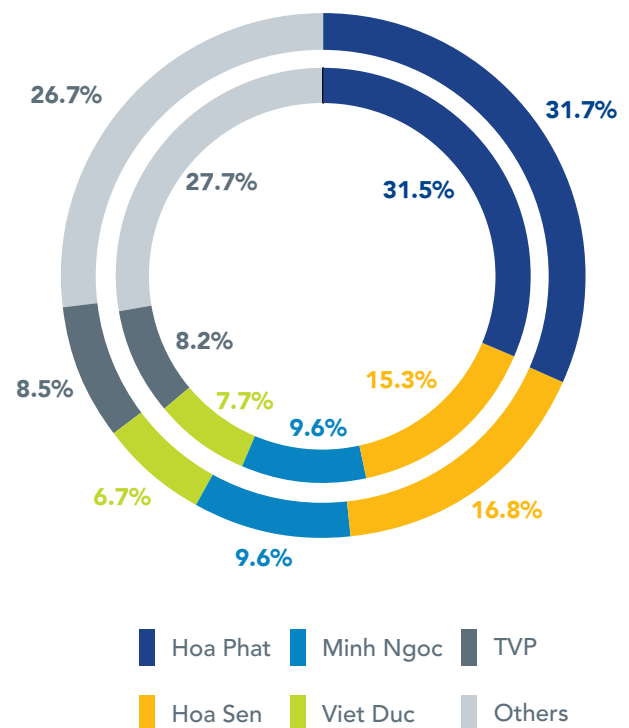


In the South, Hoa Phat's steel pipe output achieved the best growth rate of 15%, followed by the North with an increase of 11% over the same period, while the Central's output decreased slightly because of effects of storms, floods and Covid-19 pandemic. Steel pipe exports for the whole year reached over 21,000 tons, up 12% over the same period in 2019. Hoa Phat Steel Pipe's export markets include the US, Canada, Australia, Mexico, Southeast Asia, etc.

According to Vietnam Steel Association (VSA), global hot-rolled coil - HRC market has fluctuated, causing a shortage of HRC supply, and high input prices of cold rolled steels, galvanized steel coils and steel pipes. However, with the advantage of HRC input from Hoa Phat Dung Quat Steel Integrated Complex, material sources within the intra Group, Hoa Phat Steel Pipe still maintained an impressive output, especially in the fourth quarter of 2020.

Over the year, Hoa Phat's large-sized steel pipes have been increasingly welcomed by the market, replacing imported products with faster and timely response speed with superior quality products and applications better than equivalent categories. Customer-trusted products include large-sized round pipes with diameter of Ø273mm and Ø323.8mm, square pipes with dimension of 200x200mm, 250x250mm and 200x300mm rectangular pipes.

With a factory's nationwide capacity of 1 million tons/year, Hoa Phat Steel Pipe is the largest steel pipe producer in Vietnam. In 2021, the Company targets to achieve sales volume of 920,000 tons, an increase of 12% compared to 2020.



MARKET SHARE OF STEEL PIPES IN 2020 (OUTSIDE) AND 2019 (INSIDE)

Galvanized steel sheet with growth rate of 150% compared to 2019

After 3 years of official launch in Vietnam market, Hoa Phat steel sheet products has been spread widely, gaining a foothold in the domestic market. Hoa Phat steel sheet products continued to grow strongly by nearly 150% over the same period.

In 2020, Hoa Phat steel sheet products have been seen impressive results with a new product line – Premium since May 2020. This is a high-class line of steel sheets with AZ150 galvanized aluminum steel sheet layer and marble-patterned coating technology, creating the best aesthetic steel sheet line on the market.

Hoa Phat prepainted steel sheets are manufactured on a technological line imported from Europe, meeting JIS - Japan, ASTM - US, EN – Europe and AS - Australia standards. As a result, Hoa Phat steel sheet has gradually penetrated and promoted the export to many difficult markets around the world and highly appreciated by customers and partners for quality such as Americans, Mexican, Europeans, Australians, Malaysians, Indonesians, Thailand, Cambodians, etc.

Since 2021, Hoa Phat sets an annual production goal of 300,000 - 400,000 tons, of which maintaining the export ratio of 30-40%, diversifying export markets to maximize available advantages and effectively exploiting the FTAs to which Vietnam is a member.



Output of drawn steel wire, PC Bar of Hoa Phat has doubled

In 2020, Hoa Phat Metal Producing Co., Ltd's sales volume of drawn steel wire, wire coating and prestressed concrete steel bar (PC Bar) reached about 100,000 tons, nearly doubling that of 2019. In addition, 30,000 tons of products were also exported to many countries around the world, 2 times higher than last year, with markets such as USA, Canada, Korea, Malaysia, Cambodia, Myanmar, Taiwan, Laos, etc.

The company has put the second galvanized drawn steel wire line into production in Hung Yen, contributing to double the capacity of drawn steel wire products. Besides, PC bar has been delivered to the market since the first quarter of 2019. In 2021, the Company expects to import more lines to double the PC bar output compared to 2020, and at the same time, launch the prestressed concrete steel cable (PC Strand) to the market.

Hoa Phat Refrigeration exceeded profit target, its freezers ranked first in output

In 2020, Hoa Phat Refrigeration's sales volume of freezers increased by 120% over the same period which contributes to Hoa Phat Refrigeration's profit increase dramatically, surpassing nearly 60% of the plan for the whole year 2020.

To prepare for the recent New Year's Eve, the company has promoted research and continuously released new products to the market with lines of household freezers including 100 liters, 150 liters and 200 liters. This product line's advantage is the ability to divide into separate compartments, easy to classify as well as take foods.

By the modern production line, Hoa Phat freezer has designed to meet standards in attractive appearance, energy-saving, with wheel bases easy to move. The freezer body and doors are made of thick power-coated steel, making the surface attractive and aesthetic. Polyurethane insulation layer with thickness of 50 to 62mm helps the freezers keep heat well, while foam insulation uses Cyclopentane system, friendly to the environment, ensuring food safety and health of users. Hoa Phat freezer is your "companion" to help preserve food for a long time.

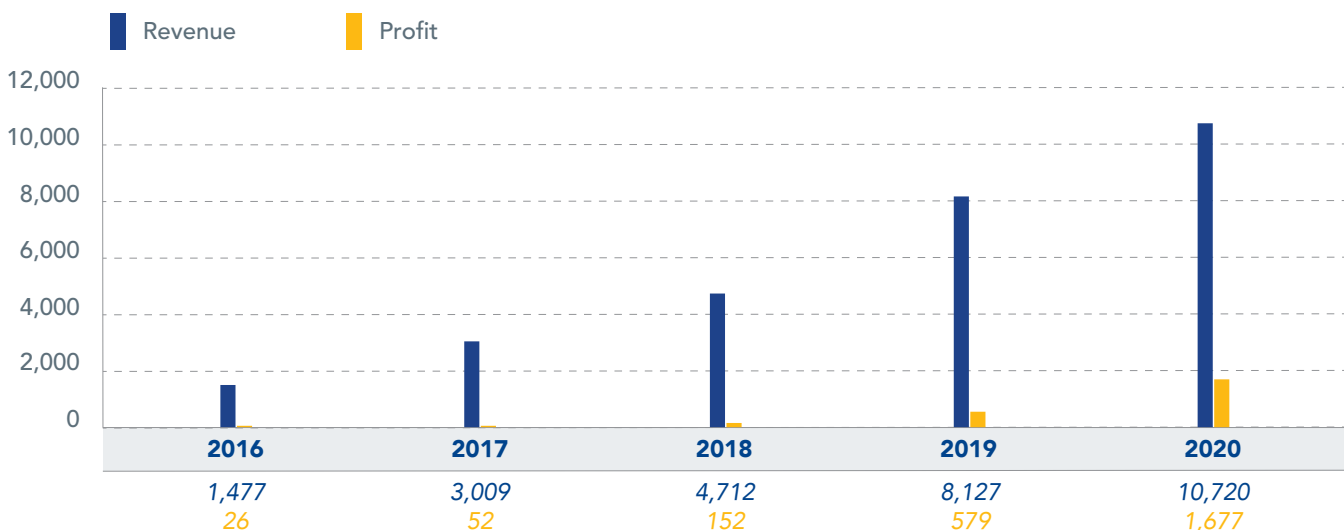


Hoa Phat entered into the sector of high-tech agriculture, biosafety from the mid-2015 by feeds production, pig, cow and poultry farming. Hoa Phat Agriculture Development Joint Stock Company is the legal entity managing and operating all agricultural production and business activities of Hoa Phat Group. By 2020, the agriculture's revenue and profit contribution were 12%. Particularly, after-tax profit tripled in 2019.

In a speech delivered at the 5th anniversary of the establishment and development of Hoa Phat Agriculture Development Joint Stock Company in November 2020, Chairman of Hoa Phat Group, Mr. Tran Dinh Long said: "For 5 years in agriculture, we have done a lot of things and created position for Hoa Phat's agriculture in the market. Currently, one in every two Australian cows in Vietnam is of Hoa Phat, taking the lead in the country. This has been clear evidence that Hoa Phat Group has always been doing well in any sector."

In fact, Hoa Phat's agriculture sector has achieved proud achievements. Hoa Phat's Australian cow takes the leading position in the country with market share of more than 50% while clean chicken eggs are also leading in production in the North with 700,000 eggs/day. In 2020, Hoa Phat delivered 150,000 Australian cows and about 385,000 pigs to the market.

CHART OF REVENUE AND PROFIT GROWTH OF AGRICULTURE SECTOR IN 2016-2020 PERIOD (Unit: vnd billion)



By 2022, the company goals to reach maximum output of 600,000 tons of feeds per year; 500,000 commercial pigs/year; 250,000 cows and 300 million clean chicken eggs a year, contributing to promoting the development of Vietnam's agriculture towards a large, modern, biosafe

and more efficient scale. Hoa Phat simultaneously aims to develop 3F chain (Feed - Farm - Food), improve product quality, ensure to provide consumers with the best products.



Hoa Phat's real estate sector includes real estate in industrial zones (IZ) and urban areas. Since December 2020, the entire real estate business was undertaken by Hoa Phat Real Estate Development Joint Stock Company (Real Estate Corporation).

IZ Real Estate: Welcoming investment waves, increasing occupancy rates

The shift of investment capital flows from China and some other countries has created new development opportunities for industrial zones in Vietnam. In that context, the industrial zones (IZs) including Pho Noi A, Hoa Mac, Yen My II of Hoa Phat Group have continuously welcomed new investors to lease land for plants or production expansion.

Currently, Hoa Phat has been investing and exploiting technical infrastructure in 3 industrial zones, including Pho Noi A IZ (600ha) and Yen My II IZ - Hung Yen (phase 1: 97.5ha); Hoa Mac IZ - Ha Nam (131ha). Hoa Mac IZ has increased its occupancy rate to 75% of the area, while Pho Noi A and Yen My II IZ have reached 100% of invested technical infrastructure area.

Therefore, Pho Noi A IZ has been investing in expanding in the East, while Yen My II IZ will also be expanded in phase 2 by more than 200 hectares. It is expected that the IZs complete their investments in infrastructure for the extension to be leased from 2021. This is an important foundation for Hoa Phat to continue the expansion of business and exploiting infrastructure in the IZs, welcoming more domestic and foreign investors to rent land in the near future.

Hoa Phat Group plans to promote the development of housing residential real estate projects, focusing in high liquidity markets such as Hanoi, Da Nang, and Ho Chi Minh City. It is expected that, in 2021, Hoa Phat will deploy one or two M&A projects in these markets.

HUMAN RESOURCE MANAGEMENT

No.	COMPANY	TOTAL	QUALIFICATION						GENDER	
			Above university degree	University degree	College	Vocational	Technical worker	Unskilled worker	Males	Females
	Total	25,428	63	4,440	3,996	3,504	5,139	8,286	21,996	3,432
A,	LABORS IN VIETNAM	25,419	60	4,434	3,996	3,504	5,139	8,286	21,993	3,426
	Hoa Phat Group JSC	111	1	53	11	9	7	30	56	55
	Iron and Steel	16,759	29	2,764	3,116	2,674	4,321	3,855	15,316	1,443
1	Hoa Phat Hung Yen Steel Co., Ltd	793	4	132	89	134	211	223	664	129
2	Hoa Phat Hai Duong Steel JSC	5,217	10	742	850	844	1,751	1,020	4,781	436
3	Hoa Phat Dung Quat Steel JSC	10,460	11	1,838	2,156	1,676	2,286	2,493	9,638	822
4	An Thong Mineral Investment JSC	289	4	52	21	20	73	119	233	56
	Steel Products	4,016	13	707	555	556	502	1,683	3,545	471
1	Hoa Phat Steel Pipe Co., Ltd	2,622	9	354	409	394	337	1,119	2,381	241
2	Hoa Phat Steel Sheet Co., Ltd	570	3	207	90	68	59	143	495	75
3	Hoa Phat Metal Producing Co., Ltd	489	1	82	22	33	62	289	420	69
4	Hoa Phat Refrigeration Engineering Co., Ltd	335	0	64	34	61	44	132	249	86
	Agriculture	2,034	12	539	182	134	161	1,006	1,439	595
1	Hoa Phat Agriculture Development JSC	2	0	2	0	0	0	0	1	1
2	Hoa Phat Hung Yen Feeds Co., Ltd	242	3	110	36	14	29	50	185	57
3	Hoa Phat Dong Nai Feeds Co., Ltd	288	0	93	47	45	7	96	240	48
4	Hoa Phat Development of Livestock JSC	821	7	213	59	31	48	463	569	252
5	Hoa Phat Trading Co., Ltd	382	0	72	13	23	64	210	251	131
6	Hoa Phat Poultry Co., Ltd	299	2	49	27	21	13	187	193	106
	Real Estate	622	2	175	37	22	51	335	446	176
1	Hoa Phat Urban Development and Construction JSC	622	2	175	37	22	51	335	446	176
	Others	1,877	3	196	95	109	97	1,377	1,191	686
1	Hoa Phat Furniture JSC (*)	1,877	3	196	95	109	97	1,377	1,191	686
B.	OVERSEA LABORS	9	3	6	0	0	0	0	3	6
1	Hoa Phat Trading International PTE LTD (Hoa Phat Singapore)	8	2	6	0	0	0	0	2	6
2	Dragon Trading & Investment PTY LTD (Hoa Phat Australia)	1	1	0	0	0	0	0	1	0

Note (*): By the end of 2020, Hoa Phat Group restructured its operating model and divested from Furniture sector. Since 2021, the Group has 04 corporations managing each field: Iron and Steel, Steel Products, Agriculture and Real Estate Corporation. Details are shown in Part II - Report of the Board of Directors, section "Improving organization structure and management", in this report.

POLICY FOR EMPLOYEE

Hoa Phat Group is large-scale industrial manufacturer with a wide range of factories located in provinces and cities from the North to the South of Vietnam. Therefore, the workforce is up to over 25,000. For the purpose of long-term attachment of its employees, the Group implemented encouragement and training policies, attractive welfare benefits and offered a working environment that promoted them to maximize their creative abilities.

Personnel Size & Training

The Group had 25,428 employees in 2020, an increase of 14.2% compared to 2019. Of which Hoa Phat Dung Quat Steel JSC had the highest number of employees of nearly 10,500, accounting for 40% of total employees in the Group. This Company's workforce is expected to increase in the years to come as the project of Hoa Phat Dung Quat Steel Integrated Complex No2 will be estimatedly started in 2022.

Currently, number of qualified employees (from vocational school or higher) was nearly 12,000, equivalent to 50% of total number of employees. As an industrial manufacturer, male employees made up the majority with 86.5%.

The Board of Management of the Group always considered the quality of human resources to be a core value determining its success. Professional training and personnel development were the first priorities. Subsidiaries and affiliates of the Group organized many training courses to improve employee's skills and qualifications on a regular basis.

During the year, Hoa Phat Dung Quat Steel JSC coordinated with the Hanoi University of Science and Technology and the Vietnam Korea Vocational College to hold the second bachelor's degree program and the inter-college program in Materials Engineering in Quang Ngai province for the Company's employees. As of December 2020, Hoa Phat Hai Duong Steel JSC organized nearly 100 courses for thousands of people.

Other affiliated companies of the Group regularly collaborated with relevant institutions to organize training courses in environmental safety, occupational health and safety, fire prevention and other incidents. Not only factory employees but also office employees attended training and professional courses to enhance their work efficiency.

Welfare policy

Employees in Hoa Phat received not only salary, 13th-month bonus, end-of-year bonus but also many other benefits such as unscheduled bonus for outstanding achievements or innovative initiatives applied to manufacturing process. As a result, they were always dedicated and maximized their creativity in order to improve work efficiency. Dozens of initiatives were given, contributing over 150 billion dong to the Group.

Particularly, Hoa Phat always complied with the Government's regulations on employment. All employees were entitled to social insurance, health insurance, etc.. Subsidiaries and affiliates coordinated with local trade unions to improve the spiritual and physical life of the employees through a large number of welfare programs. Those who have difficult situation, become ill or have close family members who become ill were shared, encouraged and helped with aids of cost of living and treatment.

When the Covid-19 epidemic broke out and has lasted from the beginning of 2020, the Group actively took many measures to prevent infection such as forced to wear a face mask, sanitizing hands, and measuring body temperature before entering workplace; and spraying antiseptics at office premises and factories. In addition, the Group also applied many support and propaganda measures such as sticking instructional posters at offices and factories, arranging hand washing water, and distributing free of charge face masks to customers and partners coming to work to ensure that all people worked in a safe environment.

At the end of 2020, the Board of Management decided to increase the unit price of salary for all employees of the Group. This was a great joy for them.

Extracurricular activities, culture and sport activities

Activities such as sightseeing, holiday, team building, exercise and sport were still organized in 2020. However, to prevent the Covid-19, they were only organized at a small size when the epidemic was basically controlled.

In response to the Government's policy of epidemic prevention in combination with economic development, Hoa Phat Group will maintain strict prevention measures and at the same time boost production and business. This is also a key solution for the Group to fulfill its targets in the coming time, thereby creating jobs and stable income, and implementing better welfare programs for its employees.

INVESTMENT STATUS OF KEY PROJECTS

▶ Hoa Phat Dung Quat Steel Integrated Complex Project

- Address: Dung Quat economic zone, Quang Ngai province
- Total investment: VND 60,000 billion;
- Designed capacity: 5.6 million tons per year
- First phase: 2.6 million tons of long steel per year
- Second phase: 3 million tons of hot-rolled coil (HRC) per year
- Progress: The first phase and the second phase of Hoa Phat Dung Quat Steel Integrated Complex were completed and put into operation. Hoa Phat manufactured the first hot-rolled coil in June 2020 and reached one million tons of hot-rolled coil after nine months of operation. The total accumulated amount of investment disbursed for the project at the end of 2020 was 56,000 billion dong.

▶ North Pho Noi Urban Area Project in Hung Yen Province

- Address: Phan Dinh Phung commune, Nhan Hoa commune, Ban Yen Nhan town, My Hao District, Hung Yen province.
- Area: 262 ha.
- Size: Complex of urban area and social infrastructure, including trading centers, office services, high-rise and low-rise apartment buildings, townhouses, villas.
- Total investment: The project is divided into two phases. Total investment of the first phase is about 6,500 billion dong. Upon completion of the first phase, the second phase will be invested in.
- Progress: Land clearance, tree growing and infrastructure were completed. Sale of goods is expected to start in 2021.

STRUCTURE OF SHAREHOLDER

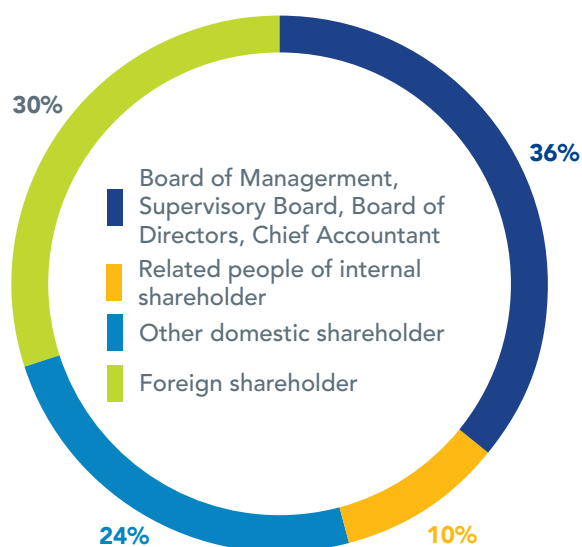
▶ Details of shares information

- Stock sticker symbol: HPG
- Initial offering date: 15/11/2007
- Outstanding shares: 3,313,282,659 shares
- Market capitalisation (as at 31/12/2020): VND 137,335,566,215,550

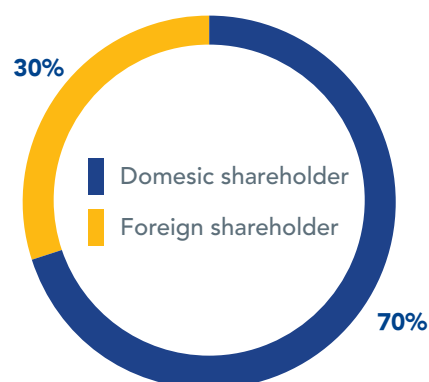
▶ Changes in owner's equity during the year

- On August 05, 2020, HPG changed the number of outstanding shares as a result of share issuance to pay dividend for 2019:
 - Authorized capital before issuance: **VND 27,610,741,150,000**
 - Authorized capital after issuance: **VND 33,132,826,590,000**
- Treasure share: The Group has no treasury share

CHART OF SHAREHOLDER STRUCTURE



STRUCTURE OF SHAREHOLDER BY GROUP



STRUCTURE OF SHAREHOLDER BY GEOGRAPHICAL REGION

Share transaction of insiders and their related people From 01/01/2020 to 31/12/2020

No.	Trader	Relation to Insider	Shares held at the beginning of period		Shares held at the end of period		Reason
			Shares	Rate (%)	Shares	Rate(%)	
1	Ta Thi Hang	Younger sister of Mr. Ta Tuan Quang, Member of BOM	28,252	0.00	0.00		Sale
2	Tran Vu Minh	Son of Mr. Tran Dinh Long - Chairman of BOM	-	0.00	48,000,000	1.45	Purchase
3	Tran Dinh Thang	Elder brother of Mr. Tran Dinh Long - Chairman of BOM	450,361	0.02	150,361	0.00	Transferring shares to wife and children
4	Ta Tuan Quang	Member of BOM	3,591,369	0.13	4,369,642	0.13	Sale, purchase
5	Doan Gia Cuong	Vice Chairman of BOM	54,608,837	1.98	41,530,604	1.25	Sale, dividend
6	Tran Dinh Long	Chairman of BOM	700,000,000	25.35	864,000,000	26.08	Purchase, dividend
7	PENM III Germany GMBH & CO.KG	Fund related to Mr. Hans Christian – Member of BOM	63,773,811	2.31	66,520,003	2.01	Sale, dividend
8	Nguyen Ngoc Quang	Member of BOM	53,108,837	1.92	62,730,604	1.89	Sale, dividend

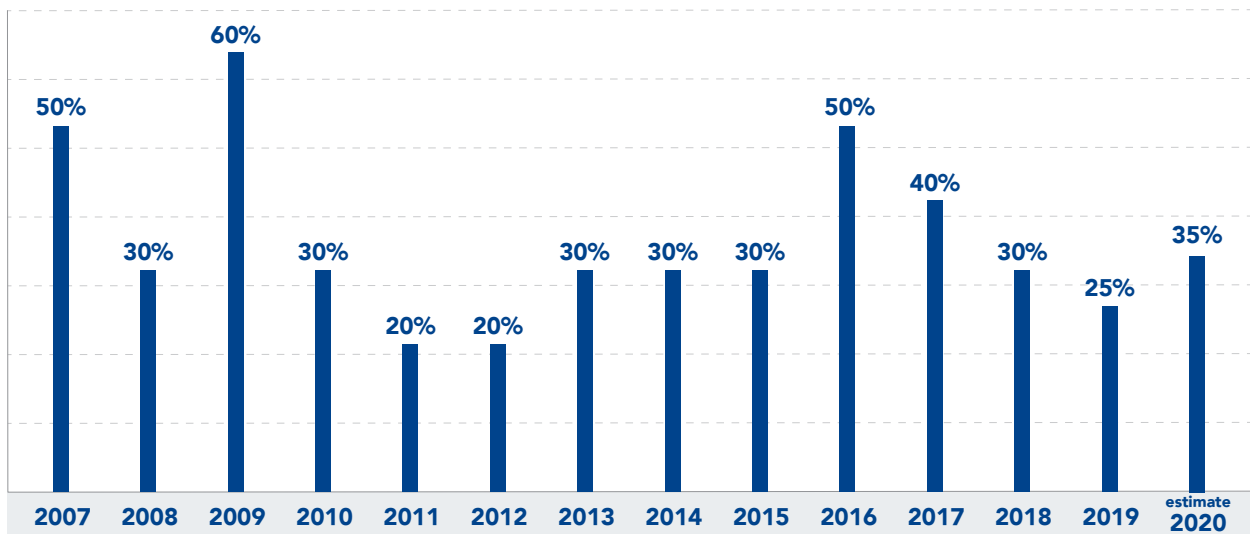


List of major shareholders as at 22/3/2021

No.	Shareholder	Address	Shares	Ownership %
1	Tran Dinh Long	119 Bui Thi Xuan, Hai Ba Trung district, Ha Noi City	864,000,000	26.08%
2	Vu Thi Hien	119 Bui Thi Xuan, Hai Ba Trung district, Ha Noi City	243,060,000	7.34%
3	Dragon Capital	1501 Me Linh Point Tower, 2 Ngo Duc Ke, Dist 1, Ho Chi Minh City	197,807,852	5.97%
Total			1,304,867,852	39.39%

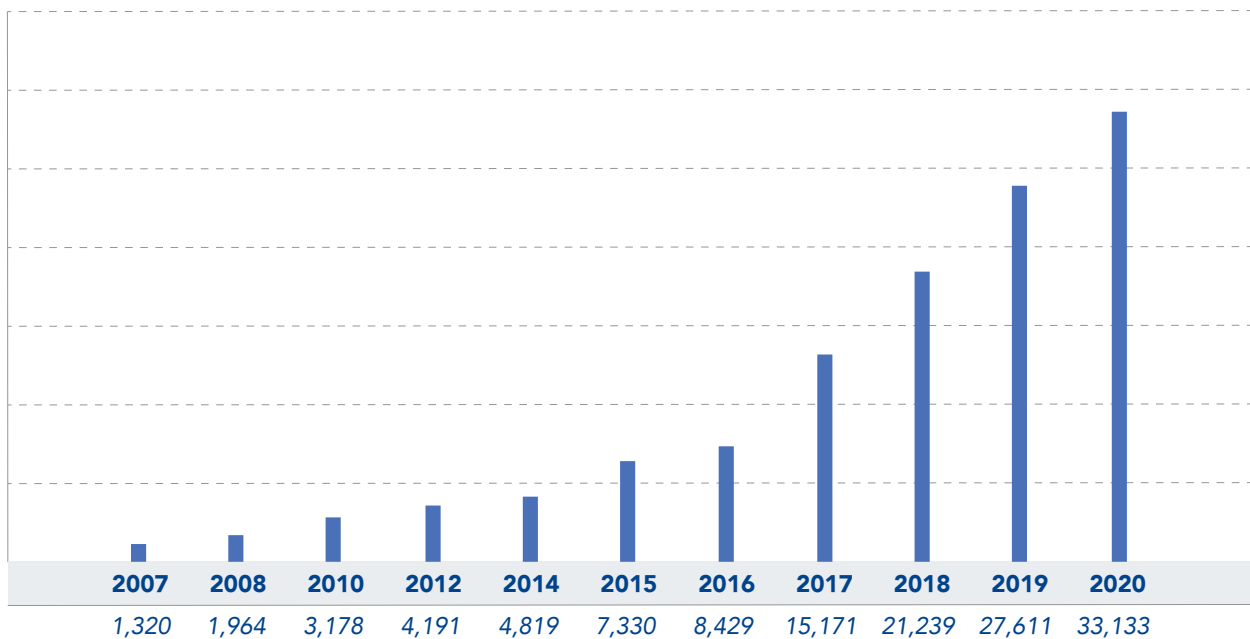
Payment of dividends and bonus shares

HOA PHAT DIVIDEND PAYOUT RATIO FOR 2007 - 2020



Hoa Phat increase of authorized capital for 2007-2020

HOA PHAT INCREASE OF AUTHORIZED CAPITAL FOR 2007-2020



SHAREHOLDER RELATIONS



Due to the effect of Covid 19, IR activities in 2020 were mainly held online using email or telephone. Thanks to these tools, the IR department still maintained relation and exchange with shareholders, analysts and domestic and foreign investors on the regular and daily basis. Information about the production and sale of main articles such as steel, agricultural products and real estate and the schedule of Dung Quat Steel Integrated Complex was always updated on the Group website and other public media.

The General Meeting of Shareholders was held at the end of June 2020 with the participation of 333 delegates representing 78% of outstanding voting shares. At the event, the Group's Leaders reported in detail the production and business, the revenue and profit from all lines of business to all shareholders.

Noticeably, Mr. Tran Dinh Long, as Chairman of the BOM, frankly responded to shareholders' questions related to the Group's segment of business, especially the Hoa Phat Dung Quat Steel Integrated Complex Project and the area of agriculture. He also answered questions in relation to payment of dividends in 2020, future development orientation and other key issues.

During the year, the Group had virtual meetings with many investment funds such as Dragon Capital, VOF, PENM, Consilium, Truck Capital, Sumitomo Mitsui DSAM, RWC, etc. Hoa Phat also took part in face-to-face meetings with domestic and foreign investors with a view to exchanging opinions and updating the status of the Group.

HPG remained as one of the strongest shares drawing investors' attention. With its good intrinsic value and high liquidity, Hoa Phat is called as "national share", which is always included in Top 10 highest value shares and exerts positive effect on stock exchange indicators.

On October 15, 2020, Hoa Phat was honored by Forbes Vietnam as one of the 50 best listed companies in 2020. This was the eighth time in a row HPG was included in this list and the second time Hoa Phat was in the top 5 listed companies in terms of revenue and top 10 in terms of profit. Additionally, Hoa Phat was also one of the 10 listed companies with the largest market capitalization on the Ho Chi Minh City Stock Exchange. These results reflect an outstanding development of Hoa Phat in a fruitful year. Its profits continuously set new milestones even though Vietnam faced unprecedented challenges caused by the Covid-19 pandemic.

In the upcoming years, IR department will continue to promote IR activities in order to obtain and provide exact information to and promptly respond to all queries from investors. Hoa Phat will always comply with legal regulations on disclosure and publicity to create equal investment opportunity to all investors. The Group aims to step by step professionalize IR activities in various forms. Please contact us at ir@hoaphat.com.vn.

4 CORPORATE GOVERNANCE

1. LIST OF MEMBERS OF BOM AND OWNERSHIP PERCENTAGE
2. BOM ASSESSMENT OF OPERATION
3. MAIN ACTIVITIES OF BOM DURING THE YEAR
4. PLANS AND DIRECTIONS



LIST OF BOM MEMBERS AND OWNERSHIP PERCENTAGE



TRAN DINH LONG

Chairman of BOM



TRAN TUAN DUONG

Vice Chairman of BOM



NGUYEN MANH TUAN

Vice Chairman of BOM

- **Educational qualification:**
Bachelor of economics
- National Economics University
- **Joining date:** 1992

As founding shareholder and holding Chairman position of member companies, Mr. Long was the first person setting up the foundation for Hoa Phat Equipment & Accessories, "currently is Hoa Phat Metal Producing Co., Ltd the earliest member in the Group. Mr. Long employed a lot of experts who had consensus ambition and responsibilities. During the establishment and development of Hoa Phat, Mr. Long was the person who oriented business strategy for each subsidiary.

*Number of shares held at
March 22, 2021*

26.08%

- **Educational qualification:**
Bachelor of economics
- National Economics University
- **Joining date:** 1992

Mr. Duong held management position in subsidiaries such as: Hoa Phat Equipment & Accessories Co., Ltd, Hoa Phat Furniture JSC and Hoa Phat Steel Pipe Co., Ltd; before he became the Deputy Chairman of Management Board cum CEO of Hoa Phat Group since January 2007. With his in deep experience, Mr. Duong has contributed greatly to strengthen the position of Hoa Phat steel and Hoa Phat Group as a whole.

*Number of shares held at
March 22, 2021*

2.68%

- **Educational qualification:**
Bachelor of economics
- National Economics University
- **Joining date:** 1996

In 1996, Mr. Tuan was a Vice Director of Hoa Phat Steel Pipe Co., Ltd cum Head of trading department. Since 10/2004, being Director of Hoa Phat Steel Pipe Company, Mr. Tuan has helped the Hoa Phat steel pipe become a top steel pipe maker.

*Number of shares held at
March 22, 2021*

2.63%

LIST OF BOM MEMBERS AND OWNERSHIP PERCENTAGE



DOAN GIA CUONG
Vice Chairman of BOM



NGUYEN NGOC QUANG
Member of BOM



TA TUAN QUANG
Member of BOM

• **Educational qualification:**
MBA, National Economics University

• **Joining date:** 1999

Mr. Cuong was appointed first in the position of Vice Director before promoting as a Director of Hoa Phat Furniture JSC. From 01/2007, he additionally held the Deputy Chairman position of Hoa Phat Group JSC. With his straight forward orientation in achieving realistic goals, Mr. Cuong has helped Hoa Phat Furniture becoming familiar to every Vietnamese consumer. From April 2016, he held the position of Director of Hoa Phat Agricultural Development Joint Stock Company, responsible for managing the whole agricultural segment of Hoa Phat Group.

Number of shares held at March 22, 2021

1.25%

• **Educational qualification:**
Vocational training

• **Joining date:** 1992

Mr. Nguyen Ngoc Quang had been Director of Hoa Phat Equipment & Accessories in Ho Chi Minh subsidiary for 4 years (1992-1996). He has been Director of the Company (currently as Hoa Phat Metal Producing Co.,Ltd) since 1997. As one of the top construction equipments producer in Vietnam, products of Hoa Phat Equipment & Accessories under his management have been successfully persuading customers in domestic and foreign country on their qualities, prices and after sales services.

Number of shares held at March 22, 2021

1.89%

• **Educational qualification:**
National Economics University

• **Joining date:** 1995

Mr. Quang was among founders of Hoa Phat Furniture, he was Director of Hoa Phat Furniture for 11 years. Since December 2006, he has been Director of Hoa Phat Refrigeration Engineering where he has contributed significantly to its success and brand name of Funiki position.

Number of shares held at March 22, 2021

0.13%



HOANG QUANG VIET

Member of BOM



NGUYEN VIET THANG

Member of BOM



HANS CHRISTIAN JACOBSEN

Member of BOM

• **Educational qualification:**

Graduated from People's Security University

• **Joining date:** 2001

Joining the Group since 2001, Mr. Viet has been elected as a Director of Hoa Phat Urban Development and Construction Jsc. He was successful in real estate, initially with constructings trading for industrial infrastructure starting with Pho Noi A industrial park. Mr. Viet and Board of Directors are now going to deploy other housing and urban areas after the success of Pho Noi A.

Number of shares held at March 22, 2021

0.49%

• **Educational qualification:**

Bachelor of Civil Engineering

• **Joining date:** 2003

Mr. Nguyen Viet Thang had several years in the management position as the Deputy Director of Hoa Phat Urban Development and Construction JSC before he was appointed as the Deputy General Director of Hoa Phat Group Joint Stock Company on 7th April 2012. In March, 2015, he has been assigned as Director of Hoa Phat Feeds Co., Ltd. Inst March 2018, he has been assigned as Director of Hoa Phat Hai Duong Steel JSC.

Number of shares held at March 22, 2021

0.32%

• **Educational qualification:**

Master of Business, Denmark

• **Joining date:** 2012

Being appointed as a member of the Management Board in 2012, Mr. HANS CHRISTIAN has held many important responsibilities of the Industrialization Fund for Developing Countries (IFU), Denmark (1983-1989); Regional Director, Investment Fund for the Europe Central and East, Denmark (1989 - 1991); CEO of array of agriculture, the European Bank for construction and development (EBRD), London (1991-2006); CEO of PENM I, PENM II, PENM IV (2006 - present).

Number of shares held at March 22, 2021

0%

BOM'S ASSESSMENT OF OPERATION

2020 was seen as a year of great difficulties and challenges. Nevertheless, the Group still achieved outstanding results with a wide range of new records in terms of production and business, especially the area of steel.



IRON AND STEEL

Experiencing an unpredictable year for the global steel industry and with the impact from the epidemic, the demand for steel was declined as countries fell into a state of shutdown and faced great loss in steel production, resulting in the imbalance of steel demand and supply. With the unpredictable fluctuation and increase of iron ore and coal prices in final months of 2020, the Board of Management was forced to be very careful in making decisions.

As a result, Hoa Phat Group's productivity of raw steel in 2020 reached 5.8 million tons, doubling the same period of 2019. This was the first time Hoa Phat surpassed Formosa to become the largest steel manufacturer in Vietnam during the four final months of 2020.

The Blast Furnace No. 3 of Hoa Phat Dung Quat Integrated Complex was put into operation in August 2020 and HRC product under Hoa Phat brand was officially launched to markets in November 2020. The Group aims to reach 2.7 million tons of HRC in 2021 to meet the demand of enterprises of steel pipe, galvanized steel coil and other mechanical industries, helping the Vietnamese steel industry take initiative in providing input materials to domestic enterprises as well as exporting to other countries.

STEEL PRODUCT

(Steep Pipe - Prepainted Galvanized Steel Sheet – Drawn steel wire and Prestressed concrete steel)

In 2020, Hoa Phat Steel Pipe completed its production plan with output of more than 820,000 tons, a 10% increase compared with 2019. The Southern Region hit the best growth rate of 15%, followed by the Northern Region with 10% over the same period. The Central Region saw a slight decline due to unfavorable weather conditions and complexity of Covid-19. During the year, Hoa Phat Large-Sized Steel Pipe was officially launched and has welcomed positively by market.

Three years after launching its product in the Vietnamese market, Hoa Phat Steel Sheet has been so far popular and obtained a firm position in the local market. Hoa Phat Iron continued to grow strongly, nearly 150% over the same period. At the same time, it was also exported to fastidious markets around the world and highly appreciated by customers and partners for quality such as the United States, Mexico, EU, Australia, Malaysia, Indonesia, Thailand, Cambodia and so on.

The output of Hoa Phat drawn steel wire and Prestressed concrete Bar was 100,000 tons, twice as high as 2019. Not only being consumed strongly in the local market, these steel products were exported to countries such as the United States, Canada, Korea, Malaysia, Cambodia, Myanmar, Taiwan and Laos.

AGRICULTURE

With Hoa Phat Agriculture, 2020 is a year to be proud of. Experiencing five years of operation in agriculture, Hoa Phat has attained achievements and shaped the position of Hoa Phat Agriculture in the market.

Agriculture was also the first area which the Board of Management decided to invest in under the model of corporation. The parent company (Hoa Phat Agriculture Development JSC) devised the Group's common policies and supervised the implementation of such policies but still ensured the independence in operation model of each affiliated company. Thanks to this flexibility, at the end of 2020, Hoa Phat Australian Cow won the first share market with over 50% and clean chicken egg led in output in the Northern Region with 700,000 eggs per day.

The company's goal by 2022 is to reach maximum output design capacity of 600,000 tons of feeds per year; 500,000 commercial pigs per year; 250,000 cows cattles and 300 million clean chicken eggs per year, contributing to promoting the development of Vietnamese agriculture towards a large-scale, modern, biosafe and more efficient model. At the same time, Hoa Phat tends to develop a 3F chain (Feed - Farm - Food), improve product quality and ensure to provide consumers with the best products.

REAL ESTATE

During the year 2020, the COVID-19 epidemic broke out in our country and influenced the economic development, and the field of real estate was not an exception. The supply was insufficient. Real estates did not have new projects or was unable to perform projects due to licensing problems.

However, in another aspect, the Board of Management recognized that the movement of investment and production capital flows from China and some other countries has offered new development opportunities for industrial zone (IZ) in Vietnam. In such context, Pho Noi A IZ, Hoa Mac IZ, Yen My II IZ of Hoa Phat Group still welcomed a lot of new investors coming to lease land to build factories or expand their production.

In addition, Pho Noi A IZ is implementing investment procedures to expand to the East while Yen My II IZ will also be expanded more than 200ha in the second phase. The expansion of these industrial parks is expected to be completed to lease land from 2021. This is an important foundation for Hoa Phat to continue leasing industrial park infrastructure as well as welcoming many domestic and foreign countries in the time to come.

SOCIAL RESPONSIBILITY

With the strong growth of production and business, the amount paid to the State Budget by Hoa Phat is increasingly high. Revenue of Hoa Phat Group in the 2015-2020 period reached 321,000 billion dong, of which the amount paid to the state budget in this period was more than 31,000 billion dong. Particularly the amount paid in 2020 was 7,300 billion dong, equivalent to amount of one province listed in Top 40 provinces and cities having the highest amount paid to the state budget.

Not only positively contributing to the State Budget, Hoa Phat also joined hands in implementing social responsibility under the motto "Harmony for Joint Development". With focus on four main activities of Health, Education, Traffic and Community, the total fund for social and charity activities in 2020 was approximately 32 billion dong.

With the desire to join hands with the Government and Ministries coping with the Covid 19 in Vietnam, Hoa Phat Group donated 11 billion dong in cash to the Fund of the Ministry of Health, the National Hospital of Tropical Diseases and the Fatherland Fronts in Da Nang, Quang Nam and Quang Ngai provinces. Affiliated companies of Hoa Phat Group also provided practical support in cash or by medical equipment to provinces such as Hai Duong, Bac Giang, Thai Binh, etc. At the same time, Hoa Phat also gave 9 billion dong to the Fatherland Fronts in Quang Binh, Quang Tri and Quang Ngai provinces to overcome storm and flood consequences.





BOM ASSESSMENT OF BOD OPERATION

In the last year, the Board of Management realized that the BOD of the Group and the BODs of affiliated companies made great efforts to implement operating activities and internal control successfully. The year 2020 recognized the revenue of 91,279 billion dong equivalent to 106% of the plan approved by the General Meeting of Shareholders and the profit of 13,506 billion dong equivalent to 150% of the plan set forth by the General Meeting of Shareholders. Each segment of business made strong improvement, as a solid foundation for development in the following years. The BOD of the Group implemented many flexible and prompt solutions in line with the BOM orientation as well as market developments.

The Board of Management carried out the following supervisions in accordance with the Articles of Incorporation, Regulations, Internal Control Regulation and Applicable Law:

- The Board of Management assigned its members to undertake major projects and strengthened the inspection and supervised of these projects;
- Regularly giving directions to the BODs of affiliated companies in relation to production, sale and investment;
- Directing seriously the preparation of Quarterly Financial Report, Interim Financial Report, Annual Financial Report and Annual Report;
- Supervising and directing the disclosure of information to ensure the transparency and timeliness as specified;
- Supervising the realization of Resolutions promulgated by the General Meeting of Shareholders and the Board of Management and inspecting the BOD control of production and business activities;
- Financing for implemented and ongoing projects under progress by affiliated companies.

MAIN ACTIVITIES OF BOM DURING THE YEAR

In 2020, the Board of Management promulgated 12 Resolutions and approved key contents:

- Approving the Group's production and business plan for 2020 and submitting it to the General Meeting of Shareholders;
- Approving the detailed method of dividend payment for 2019;
- Approving the formation of Companies of Iron and Steel, Steel Product, Real Estate;
- Other important decisions.

PLAN AND ORIENTATION

Due to the extensive economic integration, although the Vietnamese economy was heavily affected by the COVID-19 epidemic, it exhibited considerable resistance. Initial impact of the epidemic was not as serious as in many other countries as a result of proactive countermeasures at both central and local levels. With GDP in 2020 increasing by 2.91% over the previous year, Vietnam was in the group of countries with the highest growth in the world. This was deemed as a great success while the COVID-19 epidemic has adversely influenced all socio-economic elements.

With its good foundation, the Vietnamese economy will be recovered in 2021 if the COVID-19 epidemic in Vietnam and in the world is controlled. The COVID-19 pandemic also requires stronger renovations to recover the economy in medium-term such as improvement of business environment, enhancement of investment effectiveness and development towards digital transformation. These issues must be taken into account for faster and stronger renovation.



From the above assessment and forecast, the orientation of the Board of Management for 2021 is as follows:

- Restructuring with a focus on four main areas of Iron and Steel; downstream Steel Products (including Steel pipe, prepainted galvanized steel sheet, drawn steel wire, PC Bar, PC Strand); Agriculture and Real Estate; Solidation of Governance Apparatus from Corporations to Affiliated Companies by upholding effectiveness of governance, management and control of the whole system.
- Closely monitoring and following and quickly grasp the market developments, especially in the context of price fluctuations to provide effective and timely response solutions.
- Promoting the implementation of important projects of the Group, and increasing the implementation of real estate projects.
- Strengthening and expanding the steel ecosystem of the Group in the direction of researching high quality steel project, container project, etc.
- Raising the workers' income, creating a stable environment for them, especially in the current epidemic progression period.
- Promoting charity and sponsoring activities, especially in difficult socio-economic situation due to pandemic, natural disaster, storm and flood.

5

REPORT OF SUPERVISORY BOARD

1. LIST OF PERSONNEL AND OWNERSHIP PERCENTAGE
2. REPORT OF SUPERVISORY BOARD
3. REPORT OF INTERNAL CONTROL BOARD



LIST OF PERSONNEL AND OWNERSHIP PERCENTAGE



BUI THI HAI VAN

Head of Supervisory Board



LE THI KIM ANH

Member of Supervisory Board



VU THANH THUY

Member of Supervisory Board

• **Educational qualification:**
Finance-Accounting Bachelor

• **Joining date:** 2008

Before coming Head of Supervisory Board, Ms Van held position Deputy Chief accountant - Hoa Phat Hai Duong Steel JSC (2008 - 2016) and currently she is also head of Internal control Board of Hoa Phat Group JSC (2016 - present).

*Number of shares held at
March 22, 2021*

0.00%

• **Educational qualification:**
Master of Business Administration

• **Joining date:** 2018

Before being voted as a member of Supervisory Board, Mrs. Le Thi Kim Anh held a number of position in: auditor of Pricewaterhouse Coopers Vietnam Co.,Ltd (2001 – 2004); manager of Portfolio Management Department, project manager of Vietfund Management (2008 – 2014), manager of Investment Department – PENM Partners ApS Fund (from 2017 – now).

*Number of shares held at
March 22, 2021*

0.00%

• **Educational qualification:**
Economic Bachelor

• **Joining date:** 2005

Before becoming a member of Supervisory Board, Ms Thuy held a number of position in: staff member in accounting department of Hoa Phat Hai Duong Steel JSC (2005-2006); staff member in Finance Department of Hoa Phat Group (2007-present)

*Number of shares held at
March 22, 2021*

0.00%

REPORT OF SUPERVISORY BOARD

The personnel of the Supervisory Board in 2020 remained unchanged. The Supervisory Board successfully implemented its role of supervision and control and other duties as regulated by Law and the Group's Charter.

Meetings of the Supervisory Board were mainly held online to prevent the epidemic. The Supervisory Board had two meetings to approve the appraisal result of the Financial Report 2019 and the appraisal result of the Interim Financial Report 2020 reviewed by KPMG Co., Ltd. and to agree on things to do in the year.

The inspection and supervision of the Company's operations in 2020 mainly focused on the following:

- Supervising the compliance of the Company's operations with the Charter, applicable laws
- Supervising the realization of Resolutions of the General Meeting of Shareholders in 2020 and Resolutions of the Board of Management.
- The Supervisory Board participated in all meetings of the BOM and the Executive Board to be aware of the production and business and the construction investment and submit its suggestions to the BOM and the Executive Board within its scope of responsibility and authority.
- Reviewing financial reports and operating expenses of the Company during the year; Evaluating effect of material problems as mentioned in audit report, and supervising enforcement of recommendations from audit company, thereby proposing proper suggestions and solutions to the Executive Board.
- Coordinating with the Internal Control Board to supervise the implementation of ongoing procedures. Promptly giving recommendations for Companies to adjust and comply with rules.

On the basis of the Group's business orientations and plans as well as collaboration mechanism among the BOM, the Executive Board and the Supervisory Board, in 2021, the Supervisory Board will focus on the following:

- Strengthening supervision of the compliance with Law;
- Appraising financial reports as specified;
- Enhancing role of Internal Auditor as the third protection level;
- Periodically reviewing and promptly updating internal rules of the Supervisory Board;
- Other duties as specified.

Recommendations:

Based on a result of the supervision, the Supervisory Board presents the following key recommendations to the Board of Management and the Executive Board:

- *Developing an internal audit system based on internal control, enhancing role and function and improving actual efficiency of independent inspection and control units which belong to the first and second protection levels;*
- *Strengthening training and development of human resources and building employee policy in line with current situation and development requirement of the Company.*
- *Facilitating the Supervisory Board to operate in compliance with regulations and on the principle of preventing and limiting any error in all activities, especially financial activities.*

REPORT OF INTERNAL CONTROL BOARD

According to the regulations and the operating charter, the Internal Control Board actively inspected the effectiveness in production and business activities and the compliance of companies under the Group. Specifically, the Supervisory Board carried out the following regular and irregular inspections:

- Conducting overall control at affiliated companies in respect to cash and advance management; receivable management; inventory management; accounting and tax declaration; etc. then giving consultancies or proposals as well as enhancing the operating activities of each Company.
- Reviewing quarterly, semi-annual and annual financial reports and coordinating with the Finance Board to ensure true and valid data in accordance with accounting standards and prevailing regulation before submitting them to the BOM and the General Meeting of Shareholders or publicizing them.
- Comparing prices on code look-up systems of the Group and affiliated companies on quarterly basis to optimize set of material codes and enable affiliated companies to easily look up codes during procurement. The Group's price look-up system has been becoming a useful information channel for companies to consult prices before selection of proper suppliers.
- Giving consultancy and solving problems in tax and accounting policies in favor of companies under the Group. At the same time, collaborating with the Legal Department to regularly update new policies influencing the Group.
- Reviewing and comparing pay scales of Companies under the Group to the salary and social insurance policy in accordance with the Group's policy and applicable law; proposing Companies to update pay scale and social insurance system based on latest regulations of law.
- Collaborating with relevant departments to conduct unscheduled inspections at kitchens and factories to ensure food hygiene and safety and fire prevention; receiving feedbacks from employees to ensure safe and effective working environment and improve benefits.
- Supervising the deployment of SAP software, coordinating with other departments to evaluate advantages and disadvantages in implementing process to give recommendations to solve any software problems.
- Coordinating with the IT Department to conduct a survey of the use of software at departments and the affiliated companies to complete, standardize and synchronize the software system of the Group.

After inspections, the Internal Control Board realized that Companies complied strictly with laws and the Group's regulations. For minor errors during the operation of affiliated companies, the Internal Control Board proposed measures to overcome.

In 2021 and the following years, the Internal Control Board aims to maintain effective control and collaborate with the Group's departments to enable Companies to effect production and business plan set out by the Board of Management. The operating direction for the coming years is as follows:

- Conducting regular and irregular overall control at affiliated companies.
- Finding out latest legal policies influencing the Group: updated legal documents, new tax policy, international accounting standard, etc. for Companies under the Group.
- Planning to carry out special subjects in relation to each specific control.

6

SUSTAINABLE DEVELOPMENT

1. "GREEN" STEEL PRODUCTION SOLUTIONS
2. INITIATIVES AND TECHNICAL IMPROVEMENTS
3. HOA PHAT WITH DIGITAL TRANSFORMATION
4. SOCIAL RESPONSIBILITY



"GREEN" STEEL PRODUCTION SOLUTIONS

Because the steel production is characterized by using a large amount of electricity, water, coal, etc., Hoa Phat valued the saving of these kinds of energy and natural resources as well as took environmental protection measures at all its sites throughout the country. Thanks to the implementation of measures and the investment in green steel production, each year Hoa Phat saved thousands of billion dong through waste heat recovery to generate electricity, contributing to the reduction of greenhouse emissions.

"Green" element in Hoa Phat's steel production

In the field of steel production, the investment in equipment and technologies aims to control environmental problems and radically treat all kinds of waste and exhaust gas. Of which the most important technology is environmentally-friendly closed-loop circulation which has been used at two Hoa Phat Steel Integrated Complex projects in Hai Duong and Quang Ngai. At the Dung Quat project, Hoa Phat poured up to 30% of the total investment of projects for the environmental protection in accordance with European, Japanese and Korean standards which require strict environmental protection.

Besides, Hoa Phat Steel was granted with the Certificate of Environmental Management System TCVN ISO14001: 2015 by the Certificate Centre (Quacert) under the Directorate for Standards, Metrology and Quality.

To ensure the "green" element in the steel production of Hoa Phat, water and air were treated using cutting-edge environmental protection equipment worth hundreds of millions of USD. Mr. Tran Tuan Duong, General Director of Hoa Phat Group said that the production of one ton of steel in Hoa Phat used less coal and electricity which contributing to the "green" production. When millions of tons of steel are produced at Dung Quat, a large amount of heat is generated. However, because Hoa Phat used the German technology, this huge amount of excess heat was converted to input energy used to generate electricity with 240MW plants. With this, Hoa Phat itself provides 80% of electricity for steel production and only needs to buy 20% from EVN.

The electricity generated by Hoa Phat is "green" because it does not use coal or any other materials, contributing to the saving of costs and the environmental protection. Thanks to this, Dung Quat steel products have strong competitiveness in Vietnam and in the world as well.

Heat and exhaust gas recovery technology to reduce greenhouse emissions

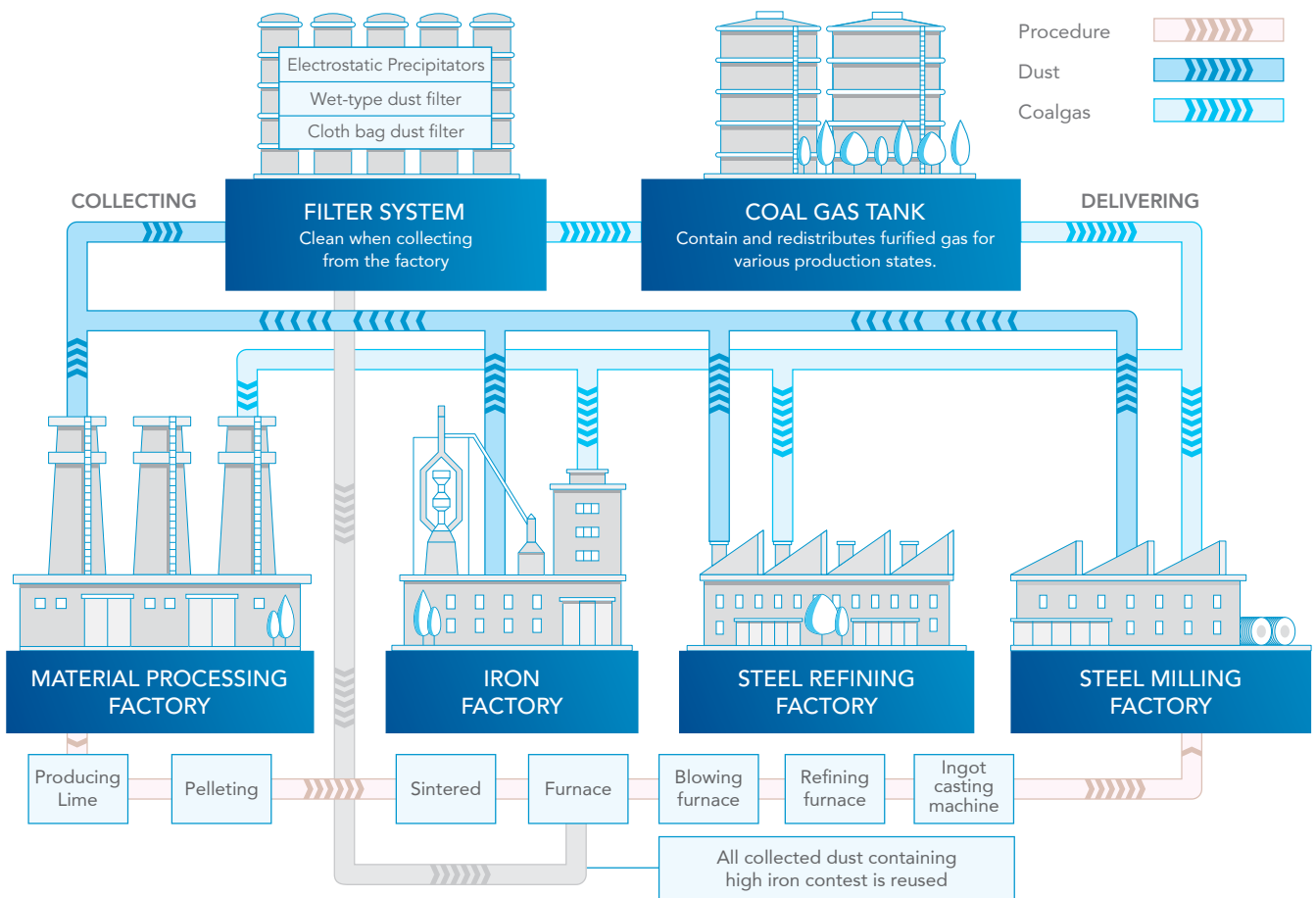
As mentioned above, the application of environmentally friendly energy-saving technologies which reuse water and exhaust gas generated from production has becoming the inevitable trend in modern steel industry. At Hoa Phat, technology is always the first priority. Upon operation of the first steel integrated complex in Hai Duong, the heat recovery technology using heat and gas generated from coke and coal blast furnace to generate electricity brought remarkable efficiency in making "green" and competitive Hoa Phat steel products.

With this solution, Hoa Phat became the first private steel manufacturer in Vietnam which was granted with ODA from Japan to invest in the second phase of the coke and thermoelectricity Plant at Hoa Phat Hai Duong Steel Integrated Complex (2009). The Group's steel integrated complexes produced clean coke using the heat recovery technology which meets environmental standards under CDM and reduces greenhouse emissions under the Kyoto Protocol. This technology eliminates all kinds of gases, smoke and harmful chemicals generated from the coking process, only recovers the heat to run generators used for steel production.

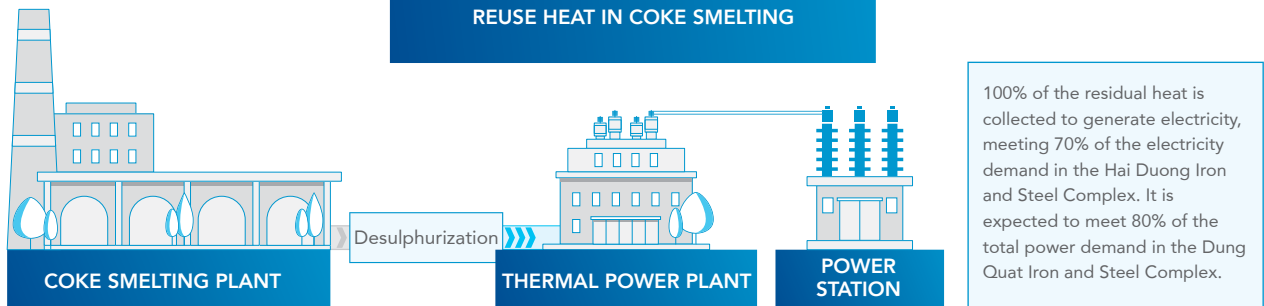
With the clean coking & heat recovery technology (Coke Dry Quenching using Nitrogen), the power of Hai Duong Steel Integrated Complex was 64MW. In 2020 alone, the power output of this Complex reached 478 million KWh, equivalent to 70% used for production. In comparison with current productive electricity, the Complex saved more than 800 billion dong. Furthermore, Hoa Phat treated and recovered the whole coal gas from the blast furnace to use for production, thereby saving additional hundreds of billion dong each year.

By using these solutions, the amount of saving at Hoa Phat Dung Quat Steel Integrated Complex was 2.5 times higher than Hai Duong Complex because of larger production size and more modern system. The power capacity of Hoa Phat Dung Quat is 240MW, three times higher than Hai Duong. In 2020, this Complex used nearly 1.6 billion KWh, of which the self-produced power was 1.2 billion KWh, equivalent to nearly 80%. Accordingly, the amount of saving from the heat and exhaust gas recovery at Hoa Phat's complexes from 2021 onwards is approximately 4,000 billion dong.

ENVIRONMENTAL FRIENDLY CLOSED STEEL PRODUCTION PROCESS



REUSE HEAT IN COKE SMELTING



Hoa Phat also applied many measures to treat dust generated from production such as electrostatic dust filter, cloth bag dust filter, wet dust collector, enclosure wall and green trees to prevent the spreading of dust and to absorb sound. Factory premises and surrounding roads were covered with trees, flower gardens, mini landscapes, contributing to create a green-clean-beautiful environment around Complexes. Every year, a wide range of initiatives was applied by relevant departments to radically treat dust. Iron dust collected from the cast iron

and steel production process and mill scales were reused in production stages, both saving costs and improving the working environment.

With the capacity of eight million tons of steel per year, the above solutions have made great contribution to the saving of costs, the enhancement of product competitiveness as well as the reduction of greenhouse emissions and the environmental protection. This is also the way Hoa Phat creates green and sustainable products.

Using Granulated Blast Furnace Slag as Construction Materials

Granulated blast furnace slag is a byproduct of the cast iron and steel production process using closed-loop blast furnace technology. Thanks to the ultra-fast cooling using high pressure water, granulated blast furnace slag is a good mineral additive used for cement and concrete production and has been used for a long time in the world and in Vietnam as well. S95 granulated blast furnace slag is used to radically treat solid waste in the process of green steel production, both protecting environment and creating stable income for Hoa Phat Group.

The quality of S95 complies with TCVN 11586:2016 and meets GGBS requirements under BS-EN 15167-1:2006. S95 can be used to product bulk concrete, heat-resistant concrete and seawater-resistant concrete, etc.

With two steel integrated complexes in Kinh Mon district, Hai Duong province and Dung Quat, Quang Ngai province, each year Hoa Phat can supply millions of tons of granulated blast furnace slag to domestic markets as well as export to foreign markets.



INITIATIVES AND TECHNICAL IMPROVEMENTS CONTRIBUTING TO SAVING HUNDREDS OF BILLION DONG

Hoa Phat always valued the saving of energy and natural resources and encouraged the application of initiatives and technical improvements throughout the Group. Therefore, the initiative and improvement movements took place very hotly at factories.

36 initiatives and improvements bringing a profit of nearly 160 billion dong to Hoa Phat Hai Duong Steel

Hoa Phat Hai Duong Steel JSC is leading itself in quantity as well as value of initiatives and improvements. Every six months, the Company collects initiatives, organizes review and rewards individuals and units having the most outstanding initiatives. In 2020, the Company had 36 initiatives bringing total profit of nearly 160 billion dong. The most outstanding initiative is the "Converting Furnace #1 End Point Temperature and Carbon Forecast System" proposed by Mr. Dong Xuan Van of the Electrical Equipment Department and Mr. Pham Tien Chien of the Technology Department, saving materials, reducing time of converting and increasing productivity of the converting furnace 1. This initiative brings annual profit of 39 billion dong.

Another initiative to be mentioned is the "Mixing materials on the drying line to use on the sintering line" proposed by Mr. Dang Viet Thanh of the Technology Department. This initiative was performed by the Materials Processing Factory and the Cast Iron Making Factory with the assistance of the Technology Department and the Warehouse section. When this initiative was applied, the Company added new materials at lower prices but still ensured the quality and reduced the consumption of coal. The profit earned from this initiative was more than 34 billion dong (for used batches).

Other initiatives are also beneficial to Hoa Phat Steel with tens of billion dong per year, such as the innovation of boiler #5 coal saving device of the coke production and thermal power plant; the upgrading of the materials sliding plate system from removable plate to fixed plate; the installation of Pinch roll and new construction of a conduit to the D20 rolling line at the Rolling Plant 3; the upgrading of the control system of generating turbines; the innovation of the slag container with new design, and so on.

In addition, the Company has some other important initiatives to serve production, ensure stable operation of machines, reduce cost of materials, ensure occupational health and safety, save electricity and water for Complexes and increase productivity and operational efficiency.



Hoa Phat Steel Pipe and solutions to save materials and reduce consumption

With a lot of proposed initiatives which have been efficiently applied, affiliated companies of Hoa Phat Steel Pipe saved billions of dong each year. More importantly, this movement has spread to officers, engineers and workers at all plants and factories of Hoa Phat Steel Pipe throughout the country.

At Hoa Phat Hung Yen Steel Pipe Factory, 16 initiatives were carried out in 2020. These initiatives are originated from actual production requirement, bring high efficiency, reduce materials consumption and contribute to environmental protection.

To increase productivity, Mr. Hoang Ngoc Thach, Factory Deputy Director proposed to upgrading equipment from manual removal of one pipe to automatic removal of two pipes. At the same time, this proposal contributed to the reduction in fuel consumption and the increase in labor productivity, with an increase of 35% in output compared to previous time with the same number of workers.

Other initiatives of Hoa Phat Hung Yen Steel Pipe focused on increasing productivity and quality, such as the theme



“Upgrading of pipe lifting struss to reach pipes less than four meters”. After new lifting trusses were installed, the period for handling pipe heads was shortened, thereby reducing personnel and enhancing productivity and quality. More importantly, this initiative bettered the export of powder coated short pipes.

Hoa Phat Cold Rolled Steel Factory also had many initiatives. Of which the remarkable ones include the waste water treatment and treated water re-use; the upgrading of materials cage of roller 1; the design of dry blowing system to make cast iron surface dry; the design of central air filter to provide clean air to one-way engine of roller.

At Hoa Phat Da Nang Steel Pipe Factory, many technical improvements were carried out. Of which the upgrading of washing device of roll line and roll axis lock; the manufacturing of wagon to transport 25 tons of galvanized steel coils; the manufacturing of high-frequency cooling fan for bending machine.

Hoa Phat Binh Duong Steel Pipe Co., Ltd contributed 10 initiatives of equipment improvement in 2020. With materials available in the Factory, the Technology Department and M&E Workshop completed the conversion of automatic coating to manual dip coating. At the same

time, components of zinc generator were changed to increase the fluidity for enhancement of high quality and reduction of zinc consumption. The project has been put into operation since October 2020. The conversion to manual dip was more suitable with larger pipes D168.3, resulting in better sale of the Company’s products.

Another to be mentioned is the storage method of galvanized steel pipes by coating chromate. This improvement completely changed the quality of galvanized steel pipe. The pipe has good resistance to mold caused by rain water, contributing to enhancing the quality of galvanized steel pipe and the brand value of the Company.

At Hoa Phat Long An Steel Pipe Factory, 11 initiatives were applied successfully, improving the product quality. Of which the most noticeable was the upgrading of weld line guide frame; the upgrading of progressive die; the manufacturing of polishing device.

HOA PHAT WITH DIGITAL TRANSFORMATION



With the development of information technology, digital transformation is a common trend all over the world. Vietnam in general and the business community in particular are not exceptions. At Hoa Phat, scientific and technological achievements, such as production management, sale and accounting software, have been applied for a long time. More specifically, they include modern corporate governance solutions such as ERP - SAP, ERP - Bravo, Smart MES, etc.

Over the last ten years, Hoa Phat Group has applied administration solutions and production, sale and accounting management software, especially Bravo. This tool is now upgraded to a master administration solution integrated with many functions relatively suitable with Hoa Phat. Almost affiliated companies of the Group has used this software.

With this solution, the monitoring and management of production, business and accounting activities have been smoothly carried out in the entire Group. Boards of Directors, Chief Accountants and Heads of Sales Departments of affiliated companies can easily review and make reports at the request by the Group's Leaders. This solution also can optimize the work efficiency of

employees, provide exact data and resolve financial problems especially the management of cash flow, production, inventory and so on.

Since early 2019, the Group has carried out the pilot application of the ERP- SAP solution at Hoa Phat Dung Quat. Mr. Mai Van Ha, Director of Hoa Phat Dung Quat Steel JSC resumed that with the capacity of more than 5 million tons a year, Hoa Phat Dung Quat Steel Integrated Complex has so far become the largest project of the Group. Hence, Hoa Phat has focused to provide this project with the best conditions and equipment with a view to increasing its operational efficiency.

The project has been performed using master solutions including applications in production management; quality control; purchase and sale; warehouse and barcode, financial accounting, management accounting, integrated electronic balance and equipment, etc. With this ERP solution, Hoa Phat Dung Quat Steel had an international standard management system with real-time production and business data and availability of performance indexes which help the executive board quickly make their decisions. This system also helped the Group cope with unscheduled situations and incidents and effectively use production tools in order to reduce prices and increase competitiveness.



After two years of applying the SAP ERP to Hoa Phat Dung Quat Steel, the Company's Leaders realized many benefits. The best efficiency was to easily control products, materials, supplies based on their specifications, to monitor and manage product quality and to certify quality for semi-finished products and finished products. This solution also helped the company cope with unscheduled situations and incidents and effectively use production tools in order to reduce prices and increase competitiveness. Hoa Phat Dung Quat is finishing the remaining functions, particularly the innovation of processes to meet additional requirements for production and business.

As an industrial manufacturer, Hoa Phat should have a proper roadmap, from pilot application to partial application then large-scale application if effective. After effective application of SAP at Hoa Phat Dung Quat Steel, the Group will implement this solution at other affiliated companies.

Apart from ERP, Hoa Phat Dung Quat Steel also carried out some other product optimization solutions such as EMS. It will ensure better collection and management of energy data (electricity, water, gas). Some fundamental advantages of the EMS include updating continuous data and making forecast for reasonable distribution of energy; supervising kinds of energy used at each factory for optimization of consumption items. The EMS can ensure production safety through detecting and issuing alarms, promptly fixing any trouble, etc.

Investment in automatic quality analysis system worth millions of USD

At Hoa Phat Dung Quat Steel Integrated Complex, Hoa Phat invested in the construction of two buildings with total value of more than 100 billion dong, one of which is functioned as iron and steel quality analysis area and the other is mechanical and physical testing area. The iron and steel quality analysis area is to check the quality of fluid cast iron and slag generated by blast furnace and the quality of steel in all segments of production including desulfurization, conversion, refining, degassing and casting.

This is the modest automatic sampling system in the world. Although factories are 1.5 to 1.7km far from the analysis area, it takes only 30 to 70 seconds to bring samples to the analysis area through modern sample conduits using compressed air. Then ABB robot (Switzerland) will receive samples and transfer them to analyzers then transmit results to senders through automatic system. The maximum time to transmit results for steel sample, cast iron sample and slag sample is 2 minutes 30 seconds, 5 minutes and 7-10 minutes, respectively.

Through sample analysis using robot, Hoa Phat will easily diversify steel grades and provide the market with high quality products.

SOCIAL RESPONSIBILITY



Hoa Phat always realizes corporate social responsibility under the motto “Harmony for Joint Development” through making increasingly high contributions to the State Budget, providing stable jobs to tens of thousands of people, carrying out the task of social security and a wide range of meaningful charity programs. Hoa Phat focuses on four main activities of Health, Education, Traffic and Community. The total amount for social and charity activities in 2020 reached approximately 32 billion dong.

In the last year, Vietnam was hit by natural disasters and epidemics affected the national economy and people’s life. With the desire to join hands with the Government and Ministries coping with the Covid 19 in Vietnam, Hoa Phat Group donated 11 billion dong in cash to the Fund of the Ministry of Health, the National Hospital of Tropical Diseases and the Fatherland Fronts in Da Nang, Quang Nam and Quang Ngai provinces. Affiliated companies of Hoa Phat Group also provided practical support in cash or by medical equipment to provinces such as Hai Duong, Bac Giang, Thai Binh, etc. At the same time, Hoa Phat also spent 9 billion dong to the Fatherland Fronts in Quang Binh, Quang Tri and Quang Ngai provinces to overcome storm and flood consequences.

“Heartbeat for Love”

One of the programs Hoa Phat is very passionate to perform is the “Heartbeat for Love”. Launched since 2015, it becomes a reliable destination for children with CHD who have difficult situation and need support. After five years of operation, the program has provided supports to 221 pediatric patients, many of them was sponsored in multi surgeries. In 2020 alone, Hoa Phat sponsored 83 patients, of which 62 cases underwent successful surgeries with total cost of 2.8 billion dong, 1.5 times higher than the same period of 2019. Hoa Phat wishes to expand the program in 2021, bringing the “Heartbeat for Love” to children with congenital heart disease who have difficult situation and need support nationwide.

Building bridges at rural area

Building bridges spanning canals in localities of the Mekong Delta are new projects performed by Hoa Phat since 2019. These projects aim to enhance the quality of people’s life, boost the development of local economy as well as ensure the safety for people and children in flood



season. In 2020, Hoa Phat completed the construction of three new bridges in Ben Tre province (Dinh Nhon village, Dinh Thuy commune, Mo Cay Nam district), Hau Giang province (Binh Hieu local market bridge, Vinh Trung ward, Long My town), Soc Trang province (Dac Thang village, Ho Dac Kien commune, Chau Thanh district). The Group confirmed two new positions in Ca Mau and Kien Giang which are prepared for construction.

Spring of Love

This is an annual activity carried out by Hoa Phat Group before Lunar New Year with an aim to bring a warm and happy "Tet" to families with difficult situations.

The "Spring of Love" presents Tet gifts to families with difficult situation and under preferential treatment policy in localities where Hoa Phat factories and breeding farms are situated nationwide. In 2020, Hoa Phat Group gave nearly 3,500 gifts worth 500,000 dong for each and more than 1.7 billion dong in total in 14 provinces and cities throughout the country.

The "Spring of Love" has become a tradition of Hoa Phat

Group. Before each Lunar New Year, affiliated companies of Hoa Phat organizes charity programs to present gifts to poor people in three regions of the country. These activities attract the participation of many employees with the spirit "the leaves protect tattered ones" to share difficult situations and bring a warm and joyful "Tet" to people.



Committing itself to leading in quality,
Hoa Phat rose to a new stature



7

AUDITED FINANCIAL REPORT 2020

1. REPORT OF THE BOD
2. INDEPENDENT AUDITOR'S REPORT
3. CONSOLIDATED BALANCE SHEET
4. CONSOLIDATED STATEMENT OF INCOME
5. CONSOLIDATED STATEMENT OF CASH FLOWS
6. NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

*The audited consolidated Financial Statement is posted on
Company's website at: www.hoaphat.com.vn*





HOA PHAT GROUP JOINT STOCK COMPANY REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Hoa Phat Group Joint Stock Company (“the Company”) presents this report and the consolidated financial statements of the Company and its subsidiaries (together referred to as “the Group”) for the year ended 31 December 2020.

The members of the Board of Management and the Board of Directors of the Company during the year and at the date of this report are as follows:

Board of Management	Mr. Tran Dinh Long	Chairman
	Mr. Tran Tuan Duong	Vice Chairman
	Mr. Nguyen Manh Tuan	Vice Chairman
	Mr. Doan Gia Cuong	Vice Chairman
	Mr. Nguyen Ngoc Quang	Member
	Mr. Ta Tuan Quang	Member
	Mr. Hoang Quang Viet	Member
	Mr. Nguyen Viet Thang	Member
	Mr. Hans Christian Jacobsen	Member
Board of Directors	Mr. Tran Tuan Duong	General Director
	Mrs. Nguyen Thi Thao Nguyen	Deputy General Director
	Mr. Nguyen Viet Thang	Deputy General Director

CORPORATE INFORMATION

The Company was originated from **Hoa Phat Steel Joint Stock Company** incorporated under the Law on Enterprise of Vietnam pursuant to the initial Business Registration Certificate No. 0503000008 issued by Hung Yen Department of Planning and Investment on 26 October 2001. In accordance with the 8th amendment of the Business Registration Certificate No. 0503000008 issued by Hung Yen Department of Planning and Investment on 9 January 2007, Hoa Phat Steel Joint Stock Company was transformed into **Hoa Phat Group Joint Stock Company**.

The Company’s Enterprise Registration Certificate has been amended several times, the most recent of which is by Enterprise Registration Certificate No. 0900189284 dated 1 September 2020. The Enterprise Registration Certificate was issued by the Hung Yen Department of Planning and Investment.

The registered office of the Company is located in **Pho Noi A Industrial Zone, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam**.

The subsidiaries of the Company are disclosed in Note 1.4 to the consolidated financial statements.

HOA PHAT GROUP JOINT STOCK COMPANY REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

OPERATING RESULTS AND DIVIDENDS

The consolidated net profit attributable to the shareholders of the Company for the year ended 31 December 2020 was VND13,450,300 million (2019: VND7,527,443 million).

On 25 June 2020, the Company's General Meeting of Shareholders passed the resolution on the distribution of 2019 dividends to the shareholders at the rate of 25% including 20% in the form of shares (shareholders will receive 2 additional shares for every 10 ordinary shares they own) and 5% in cash (shareholders will receive VND500 for every ordinary share they own). This dividend payment scheme was approved for execution by the Company's Board of Management in the resolution dated 29 June 2020 and implemented in the third quarter of 2020.

AUDITOR

The auditor of the Company and the Group is KPMG Limited.

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and presentation of the consolidated financial statements which give a true and fair view of the Group's consolidated financial position as at 31 December 2020, consolidated results of operations and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting. In preparing the consolidated financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- confirm that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Directors is also responsible for ensuring that proper accounting records are prepared and kept which disclose, with reasonable accuracy at any time, the financial position of the Group and to ensure that the accounting records comply with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting. The Board of Directors 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.

The Board of Directors confirms with the Company's Board of Management and Shareholders that they have complied with the above requirements in preparing the consolidated financial statements.

HOA PHAT GROUP JOINT STOCK COMPANY
REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements for the year ended 31 December 2020. These financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting.

On behalf of the Board of Directors



Tran Tuan Duong
General Director

Hung Yen, 16 March 2021

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS AND BOARD OF MANAGEMENT HOA PHAT GROUP JOINT STOCK COMPANY

We have audited the accompanying consolidated financial statements of Hoa Phat Group Joint Stock Company ("the Company") and its subsidiaries, which comprise the consolidated balance sheet as at 31 December 2020, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 16 March 2021, as set out on pages 6 to 76.

MANAGEMENT'S RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY

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

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

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

AUDITOR'S OPINION

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Hoa Phat Group Joint Stock Company and its subsidiaries as at 31 December 2020 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG LIMITED

Vietnam

AUDIT REPORT NO. 19-02-00184-21-2



WANG TOON KIM

Practicing Auditor Registration
Certificate No. 0557-2018-007-1
Deputy General Director

Hanoi, 16 March 2021

A blue ink signature of Doan Thanh Toan.

DOAN THANH TOAN

Practicing Auditor Registration
Certificate No. 3073-2019-007-1

HOA PHAT GROUP JOINT STOCK COMPANY
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020

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

	Code	Note	31/12/2020 VND	1/1/2020 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		56,747,258,197,010	30,436,936,909,894
Cash and cash equivalents	110	5	13,696,099,298,228	4,544,900,252,204
Cash	111		2,094,314,298,228	1,678,314,252,204
Cash equivalents	112		11,601,785,000,000	2,866,586,000,000
Short-term financial investments	120		8,126,992,675,380	1,374,340,352,910
Held-to-maturity investments	123	6.1	8,126,992,675,380	1,374,340,352,910
Accounts receivable – short-term	130		6,124,790,460,291	3,561,397,190,688
Accounts receivable from customers	131		3,949,486,943,250	2,699,937,350,329
Prepayments to suppliers	132	7	1,303,037,835,829	757,832,561,191
Other receivables	136	8.1	910,365,502,671	139,273,246,353
Allowance for doubtful debts			(39,336,197,606)	(37,145,790,132)
Shortage of assets awaiting resolution	137 139		1,236,376,147	1,499,822,947
Inventories	140	9	26,286,822,229,202	19,411,922,748,095
Inventories	141		26,373,360,826,788	19,480,666,530,260
Allowance for inventories	149		(86,538,597,586)	(68,743,782,165)
Other current assets	150		2,512,553,533,909	1,544,376,365,997
Short-term prepaid expenses	151	16.1	141,398,046,799	118,551,289,085
Deductible value added tax	152		2,357,338,685,110	1,400,159,900,793
Taxes and others receivable from State Treasury	153		13,816,802,000	25,665,176,119

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

HOA PHAT GROUP JOINT STOCK COMPANY
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020 (CONTINUED)

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

	Code	Note	31/12/2020 VND	1/1/2020 VND
LONG-TERM ASSETS (200 = 210 + 220 + 230 + 240 + 250 + 260)	200		74,764,176,191,827	71,339,093,190,006
Accounts receivable – long-term	210		305,165,547,431	27,717,594,984
Loans receivable – long-term	215	10	96,007,238,800	4,910,346,000
Other long-term receivables	216	8.2	209,158,308,631	22,807,248,984
Fixed assets	220		65,561,657,180,137	31,249,493,917,960
Tangible fixed assets	221	11	65,307,819,877,543	30,980,122,434,704
Cost	222		82,616,601,097,978	43,804,940,121,895
Accumulated depreciation	223		(17,308,781,220,435)	(12,824,817,687,191)
Intangible fixed assets	227	12	253,837,302,594	269,371,483,256
Cost	228		342,995,279,178	339,570,963,463
Accumulated amortisation	229		(89,157,976,584)	(70,199,480,207)
Investment property	230	13	564,296,973,801	576,616,510,917
Cost	231		681,931,844,756	663,239,742,390
Accumulated depreciation	232		(117,634,870,955)	(86,623,231,473)
Long-term work in progress	240		6,247,213,506,994	37,435,320,467,014
Long-term work in progress	241	14	918,470,731,946	750,146,398,723
Construction in progress	242	15	5,328,742,775,048	36,685,174,068,291
Long-term financial investments	250		171,085,206,311	45,794,216,642
Investments in associates	252		385,206,311	(1,431,313,615)
Equity investments in other entities	253	6.2	700,000,000	700,000,000
Held-to-maturity investments	255	6.1	170,000,000,000	46,525,530,257
Other long-term assets	260		1,914,757,777,153	2,004,150,482,489
Long-term prepaid expenses	261	16.2	1,646,094,518,464	1,650,738,623,090
Deferred tax assets	262	17	225,553,308,024	292,226,687,882
Goodwill	269	18	43,109,950,665	61,185,171,517
TOTAL ASSETS (270 = 100 + 200)	270		131,511,434,388,837	101,776,030,099,900

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

HOA PHAT GROUP JOINT STOCK COMPANY
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020 (CONTINUED)

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

	Code	Note	31/12/2020 VND	1/1/2020 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		72,291,648,082,726	53,989,393,956,205
Current liabilities	310		51,975,217,447,498	26,984,198,187,977
Accounts payable to suppliers	311		10,915,752,723,952	7,507,198,913,115
Advances from customers	312	19	1,257,272,765,123	408,691,837,688
Taxes and others payable to State Treasury	313	20	548,579,261,453	478,426,384,718
Payables to employees	314		313,099,678,402	247,936,926,136
Accrued expenses	315	21.1	640,129,684,182	429,777,297,411
Unearned revenue – short-term	318		34,564,307,818	27,406,111,996
Other payables – short-term	319	22.1	328,061,400,351	237,391,747,239
Short-term borrowings	320	23.1	36,798,465,672,104	16,837,653,470,387
Provisions – short-term	321	24	5,846,534,626	3,111,122,885
Bonus and welfare fund	322	25	1,133,445,419,487	806,604,376,402
Long-term liabilities	330		20,316,430,635,228	27,005,195,768,228
Long-term accounts payable to suppliers	331			
	333	21.2	2,637,987,658,239	6,652,492,138,554
Long-term accrued expenses	336		223,664,493,846	427,328,992,030
Long-term unearned revenue	337	22.2	16,127,650,192	3,369,818,100
Other payables – long-term	338	23.2	68,736,086,170	58,387,110,781
Long-term borrowings	341		17,343,247,551,512	19,842,099,219,720
Deferred tax liabilities	342	24	666,262,529	1,104,751,459
Provisions – long-term			26,000,932,740	20,413,737,584

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

HOA PHAT GROUP JOINT STOCK COMPANY
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020 (CONTINUED)

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

	Code	Note	31/12/2020 VND	1/1/2020 VND
EQUITY (400 = 410)	400		59,219,786,306,111	47,786,636,143,695
Owners' equity	410	26	59,219,786,306,111	47,786,636,143,695
Share capital	411	27	33,132,826,590,000	27,610,741,150,000
- Ordinary shares with voting rights	411a		33,132,826,590,000	27,610,741,150,000
Share premium	412		3,211,560,416,270	3,211,560,416,270
Foreign exchange differences	417		5,568,369,072	565,534,994
Investment and development fund	418		928,641,612,156	923,641,612,156
Retained profits	421		21,792,442,633,285	15,876,913,750,948
- Retained profits brought forward	421a		8,342,142,580,473	8,349,470,883,074
- Retained profits for the current year	421b		13,450,300,052,812	7,527,442,867,874
Non-controlling interest	429		148,746,685,328	163,213,679,327
TOTAL RESOURCES (440 = 300 + 400)	440		131,511,434,388,837	101,776,030,099,900

16 March 2021

Prepared by:



Tran Xuan Mai
General Accountant



Pham Thi Kim Oanh
Chief Accountant



Approved by:



Tran Tuan Duong
General Director

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

HOA PHAT GROUP JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

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

	Code	Note	2020 VND	2019 VND
Revenue from sales of goods and provision of services	01	30	91,279,041,771,826	64,677,906,575,644
Revenue deductions	02	30	1,160,538,345,109	1,019,713,901,853
Net revenue (10 = 01 - 02)	10	30	90,118,503,426,717	63,658,192,673,791
Cost of sales	11	31	71,214,453,522,563	52,472,820,451,654
Gross profit (20 = 10 - 11)	20		18,904,049,904,154	11,185,372,222,137
Financial income	21	32	1,004,789,766,270	471,053,832,011
Financial expenses	22	33	2,837,406,430,588	1,181,675,710,916
<i>In which: Interest expense</i>	23		2,191,680,923,417	936,710,218,359
Share of profit/(loss) in associates	24		1,964,631,764	(1,431,313,615)
Selling expenses	25	34	1,090,795,558,423	873,333,584,688
General and administration expenses	26	35	690,298,504,185	569,005,805,722
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		15,292,303,808,992	9,030,979,639,207
Other income	31	36	654,081,334,225	657,680,931,477
Other expenses	32	37	589,418,351,516	591,998,447,298
Results of other activities (40 = 31 - 32)	40		64,662,982,709	65,682,484,179
Accounting profit before tax (50 = 30 + 40)	50		15,356,966,791,701	9,096,662,123,386
Income tax expense – current	51	39	1,784,567,843,866	1,603,307,926,680
Income tax expense/(benefit)– deferred	52	39	66,234,890,928	(84,894,039,523)
Net profit after tax (carried forward to next page) (60 = 50 - 51 - 52)	60		13,506,164,056,907	7,578,248,236,229

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

HOA PHAT GROUP JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2020
(CONTINUED)

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

	Code	Note	2020 VND	2019 VND
Net profit after tax (brought forward from previous page) (60 = 50 - 51 - 52)	60		13,506,164,056,907	7,578,248,236,229
Attributable to:				
Shareholders of the parent company	61		13,450,300,052,812	7,527,442,867,874
Non-controlling interest	62		55,864,004,095	50,805,368,355
				Restated
Basic earnings per share	70	40	3,846	2,074

16 March 2021

Prepared by:



Tran Xuan Mai
General Accountant

Approved by:





Pham Thi Kim Oanh
Chief Accountant

Tran Tuan Duong
General Director

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

HOA PHAT GROUP JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020
(INDIRECT METHOD)

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

	Code	Note	2020 VND	2019 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		15,356,966,791,701	9,096,662,123,386
Adjustments for				
Depreciation and amortisation	02		4,775,781,721,269	2,566,183,420,309
Amortisation of goodwill	02		18,075,220,852	27,049,152,720
Allowances and provisions	03		28,314,185,442	(5,772,614,376)
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		52,078,870,772	24,183,514,856
Profits from investing activities	05		(490,559,694,590)	(286,185,193,464)
Interest expense	06		2,191,680,923,417	936,710,218,359
Operating profit before changes in working capital	08		21,932,338,018,863	12,358,830,621,790
Change in receivables	09		(3,374,026,162,649)	(288,519,564,021)
Change in inventories	10		(7,061,024,985,401)	(5,132,237,172,021)
Change in payables and other liabilities	11		4,251,742,399,296	3,556,649,268,254
Change in prepaid expenses	12		(89,041,139,127)	(8,476,974,345)
Interest paid	14		15,659,988,130,982	10,486,246,179,657
Income tax paid	15		(2,027,572,222,288)	(867,276,241,172)
Other payments for operating activities	17		(1,716,802,619,015)	(1,551,743,688,539)
Net cash flows from operating activities	20		11,587,249,912,974	7,715,168,694,116

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

HOA PHAT GROUP JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020
(INDIRECT METHOD - CONTINUED)

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

	Code	Note	2020 VND	2019 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(11,915,645,555,048)	(20,825,371,574,660)
Proceeds from disposals of fixed assets and other long-term assets	22		34,418,355,881	26,937,572,033
Payments for purchase of debt instruments of other entities	23		(11,971,173,251,594)	(4,467,553,072,509)
Receipts from collecting loans, sales of debt instruments of other entities	24		5,003,441,426,581	6,832,224,480,334
Receipts of interests on term deposits and loans	27		353,560,779,277	369,546,551,545
Net cash flows from investing activities	30		(18,495,398,244,903)	(18,064,216,043,257)

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

HOA PHAT GROUP JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020
(INDIRECT METHOD - CONTINUED)

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

	Code	Note	2020 VND	2019 VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from equity issued, capital contributed by non- controlling shareholders	31		2,700,000,000	85,000,000
Proceeds from borrowings	33		83,074,115,401,537	67,944,184,644,118
Payments to settle loan principals	34		(65,603,640,057,528)	(55,553,681,828,677)
Payments of dividends	36		(1,419,473,748,756)	(12,646,859,136)
Net cash flows from financing activities	40		16,053,701,595,253	12,377,940,956,305
Net cash flows during the year (50 = 20 + 30 + 40)	50		9,145,553,263,324	2,028,893,607,164
Cash and cash equivalents at the beginning of the year	60		4,544,900,252,204	2,515,617,135,457
Effect of exchange rate fluctuations on cash and cash equivalents	61		5,645,782,700	389,509,583
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	5	13,696,099,298,228	4,544,900,252,204

16 March 2021

Prepared by:



Tran Xuan Mai
General Accountant

Approved by:



Pham Thi Kim Oanh
Chief Accountant

Tran Tuan Duong
General Director

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

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

1. REPORTING ENTITY

1.1 Ownership structure

Hoa Phat Group Joint Stock Company (“the Company”) is incorporated as a joint stock company in Vietnam. The consolidated financial statements of the Company for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in associates.

1.2 Principal activities

The principal activities of the Group are as follows:

- Office leasing;
- Financial investments;
- Integrated investment and construction of infrastructures, industrial zones and urban zones;
- Manufacturing of furniture for offices, households and schools;
- Timber production and processing;
- Manufacturing of mechanical products (mainly construction machinery, office desks, chairs and cabinets);
- Leasing machines, equipment and motor vehicles;
- Dealing in automobiles, motorbikes, equipment, parts for transport and mining sectors, transport vehicles;
- Production and trading of construction and mining machineries;
- Dealing in electrical, electronic appliances, optical and medical equipment;
- Production, trading, assembly, installation, repair and maintenance of electrical, electronic, electrical refrigeration and civil electrical appliances and air-conditioners;
- Production and trading of raw materials and plastic products;
- Advertisement;
- Civil and industrial construction;
- Exploitation of sand, stones and gravel;
- Production, trading and assembly of furniture products and construction equipment;
- Real estate trading (excluding land price consultancy);
- Domestic and foreign investment advisory (excluding law advisory);
- Production and trading of non-ferrous metal and non-ferrous metal scraps;
- Trading and export and import of steel and supplies for steel making and rolling;
- Production of rolled steel products and roofing sheets;
- Exploitation of metal ores;
- Trading metals, metal ores, iron and steel scraps;
- Making cast iron and steel, and casting cast iron, iron and steel;
- Production of plated and non-plated steel pipes and inox pipes;
- Production and trading of galvanized steel sheet, color coated steel sheet and galvalum steel sheet;

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

- Rendering sports and gymnastics services (training, competition organisation, athlete transfer);
- Building and renting sports practice ground and competition ground;
- Entrusted export-import activities;
- Raising pigs;
- Raising cows;
- Raising poultry;
- Raising other animals;
- Provision of raising services;
- Processing and preserving meat and meat products;
- Producing feeds for cattle, poultry and aquaculture sector;
- Producing fertilizer and nitrogen compounds;
- Trading agricultural equipment, machineries and accessories.
- Coastal, inland waterway and ocean transportation;
- Export, import, trading and distribution of goods not included in the list of goods prohibited from trading in accordance with provisions of law.

1.3 Normal operating cycle

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

**HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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

1.4 Group structure

As at 31 December 2020, the Group's subsidiaries are as follows:

	Tier-1 subsidiaries	Principal activities	Percentage of ownership and voting rights of the Group 31/12/2020	1/1/2020
1	An Thong Mineral Investment JSC	Exploring, exploiting, processing, importing and exporting minerals (mainly iron ores).	99.96%	99.96%
2	Hoa Phat Hai Duong Steel JSC	Producing steel, iron, exploiting iron ores, exploiting and collecting lignite; wholesaling metals and metal ores; producing, trading coke coal.	99.998%	99.998%
3	Hoa Phat Dung Quat Steel JSC	Producing steel, iron, exploiting iron ores; wholesaling metals and metal ores; producing and wholesaling coke coal and other related business activities.	99.999%	99.999%
4	Hoa Phat Hung Yen Steel Co., Ltd.	Producing steel, iron, wholesaling metals and metal ores.	100%	100%
5	Hoa Phat Steel Pipe Co., Ltd.	Producing and trading various kinds of steel pipes.	99.967%	99.967%
6	Hoa Phat Steel Sheet Co., Ltd.	Production and trading of galvanized steel sheet, color coated steel sheet and galvalum steel sheet.	100%	100%
7	Hoa Phat Metal Producing Co., Ltd.	Producing construction equipment, trading construction machinery and equipment, exploiting small and medium-sized minerals.	99.875%	99.875%
8	Hoa Phat Furniture JSC	Producing and trading various kinds of furniture.	99.60%	99.60%
9	Hoa Phat Refrigeration Engineering Co., Ltd.	Producing and trading various kinds of refrigerant equipment.	99.67%	99.67%
10	Hoa Phat Urban Development and Construction JSC	Civil and industrial construction, development of real estate for sales and lease, leasing houses and offices, investing in and building technical infrastructure.	99.85%	99.85%
11	Hoa Phat Agriculture Development JSC	Raising livestock and poultry; farming; providing plantation, raising, post-harvest services; producing feeds for cattle, poultry and aquaculture sector.	99.999%	99.999%
12	Hoa Phat Iron And Steel JSC (i)	Investment, production and trading of construction steel and auxiliary activities.	99.998%	-
13	Hoa Phat Steel Pipe and Steel Sheet JSC (i)	Investment, production and trading of steel pipes, steel sheet and auxiliary activities.	99.99%	-
14	Hoa Phat Real Estate Development JSC (i)	Investment, construction and trading of real estates and auxiliary activities.	99.90%	-

**HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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

	Tier-2 subsidiaries	Principal activities	Percentage of direct ownership of tier-1 subsidiaries		Percentage of ownership of the Group	
			31/12/2020	1/1/2020	31/12/2020	1/1/2020
SUBSIDIARIES OF AN THONG MINERAL INVESTMENT JSC						
1	Binh Vang One Member Co., Ltd.	Exploiting iron ore, non-ferrous metal, producing non-ferrous metal and precious metal, exploiting precious and rare metal ore.	100%	100%	99.96%	99.96%
2	Hoa Phat Mitraco Mining JSC	Exploring and production of iron, bauxite and other rare ores; trading metal and metal ores.	98.42%	98.42%	98.38%	98.38%
SUBSIDIARIES OF HOA PHAT HAI DUONG STEEL JSC						
3	Hoa Phat Energy JSC	Producing and wholesaling coke coal, exploiting and collecting coal; producing refined petroleum products; wholesaling metals and metal ores; and trading various kinds of coal.	99.89%	99.89%	99.888%	99.888%
4	Hoa Phat Shipping JSC	Coastal, inland waterway and ocean transportation.	95.20%	100%	95.198%	99.998%
5	Northern Australia Mineral JSC (ii)	Exploiting iron ore and non-ferrous metal ore; and producing non-ferrous metal and precious metal.	99.972%	-	99.971%	-
SUBSIDIARIES OF HOA PHAT DUNG QUAT STEEL JSC						
6	Hoa Phat Dung Quat Ferro Alloy JSC	Production of iron, steel and cast iron products.	89.99%	89.99%	99.99%	99.99%
7	Hoa Phat Dung Quat Steel Pipe JSC	Production of iron, steel and cast iron products.	89.99%	89.99%	99.987%	99.987%
8	Hoa Phat Dung Quat Steel Sheet JSC	Production of iron, steel and cast iron products.	89.99%	89.99%	99.99%	99.99%
9	Hoa Phat Trading International Pte Ltd.,	Trading of iron, steel and cast iron products.	100%	100%	99.999%	99.999%
10	Hoa Phat Multi-Purpose Port JSC	Direct support services for waterway transportation.	98%	98%	99.999%	99.999%
11	Harmonia Co., Ltd.	Hospitality services.	100%	100%	99.999%	99.999%

**HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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

Tier-2 subsidiaries	Principal activities	Percentage of direct ownership of tier-1 subsidiaries		Percentage of ownership of the Group	
		31/12/2020	1/1/2020	31/12/2020	1/1/2020
SUBSIDIARIES OF HOA PHAT HUNG YEN STEEL CO., LTD.					
12 Hoa Phat - Binh Dinh One Member Co., Ltd.	Producing steel, iron, wholesaling metals and metal ores.	100%	100%	100%	100%
13 Nhon Trach Service Trading Co., Ltd.	Provision of warehouses, storage yards for rent; and storing, loading/unloading of goods.	99.97%	99.97%	99.97%	99.97%
SUBSIDIARIES OF HOA PHAT STEEL PIPE CO., LTD.					
14 Hoa Phat Cold Rolled Steel Co., Ltd.	Producing of cold rolled steel products.	100%	100%	99.967%	99.967%
15 Hoa Phat Binh Duong Steel Pipe One Member Co., Ltd.	Producing and trading various kinds of steel pipes.	100%	100%	99.967%	99.967%
16 Hoa Phat Da Nang Steel Pipe Co., Ltd.	Producing and trading various kinds of steel pipes.	99.98%	99.98%	99.944%	99.944%
17 Hoa Phat Long An Steel Pipe One Member Co., Ltd.	Producing and trading various kinds of steel pipes.	100%	100%	99.967%	99.967%
SUBSIDIARIES OF HOA PHAT METAL PRODUCING CO., LTD					
18 Hoa Phat Steel Wire Co., Ltd.	Producing and trading construction and mining machines; producing engines and turbines.	100%	100%	99.875%	99.875%
19 Hoa Phat Mechanical Manufacturing Co., Ltd.	Repairing and producing mechanical products; leasing machines, equipment and vehicles.	99.95%	99.95%	99.83%	99.83%
20 Hoa Phat Prestressed Concrete Steel Co., Ltd.	Production of iron, steel and cast iron products.	100%	100%	99.875%	99.875%
SUBSIDIARIES OF HOA PHAT URBAN DEVELOPMENT AND CONSTRUCTION JSC					
21 Hoa Phat Hung Yen Industrial Parks Infrastructure Development Co., Ltd.	Civil and industrial construction, freehold or leasehold real estate trading, workshop and office leasing, integrated	100%	100%	99.85%	99.85%

**HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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

	Tier-2 subsidiaries	Principal activities	Percentage of direct ownership of tier-1 subsidiaries		Percentage of ownership of the Group	
			31/12/2020	1/1/2020	31/12/2020	1/1/2020
	(previously known as Pho Noi A Industrial Zone Management and Operation Company)	investment and construction of infrastructure, clean water trading, waste collection, exploitation, treatment and supply of water and operation of restaurants	100%	100%	99.85%	99.85%
22	Hoa Mac Industrial Zone Management and Operation Co., Ltd.	Civil and industrial construction, freehold or leasehold real estate trading, workshop and office leasing, integrated investment and construction of infrastructure, clean water trading, waste collection, exploitation, treatment and supply of water.	100%	100%	99.85%	99.85%
23	Hoa Phat Hung Yen Urban Development and Construction Co., Ltd.	Trading of real estate, land use rights of landowners, land users or land lessees.	100%	100%	99.85%	99.85%
24	Golden Gain Vietnam JSC	Real estate trading.	99.99%	99.99%	99.84%	99.84%
25	Long Viet Construction JSC	Real estate trading.	99.80%	99.80%	99.65%	99.65%
SUBSIDIARIES OF HOA PHAT AGRICULTURE DEVELOPMENT JSC						
26	Hoa Phat Trading Co., Ltd.	Raising buffalos, cows; providing plantation, raising, post-harvest services.	99.90%	99.90%	99.899%	99.899%
27	Hoa Phat Development of Livestock JSC	Raising and providing breeding and market pigs.	99.975%	99.975%	99.974%	99.974%
28	Hoa Phat Hung Yen Feeds Co., Ltd.	Producing and trading feeds and materials for producing feeds for cattle, poultry and aquaculture sector.	100%	100%	99.999%	99.999%
29	Hoa Phat Dong Nai Feeds Co., Ltd.	Producing and processing feeds for cattle, poultry and aquaculture sector.	100%	100%	99.999%	99.999%
30	Hoa Phat Poultry Co., Ltd.	Raising poultry.	100%	100%	99.999%	99.999%
SUBSIDIARY OF HOA PHAT REAL ESTATE DEVELOPMENT JSC						
31	Hoa Phat Sai Gon Real Estate Development JSC (ii)	Trading of real estate, land use rights of landowners, land users or land lessees.	99.9%	-	99.8%	-

**HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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

	Principal activities	Percentage of direct ownership of tier-2 subsidiaries		Percentage of ownership of the Group	
		31/12/2020	1/1/2020	31/12/2020	1/1/2020
SUBSIDIARIES OF NORTHERN AUSTRALIA MINERAL JSC					
1	Dragon Resource Investment Pty Ltd. (iii) Import, export, trading and distribution of goods; transportation operator and agent.	100%	-	99.971%	-
SUBSIDIARIES OF GOLDEN GAIN VIETNAM JSC					
2	Hanoi Investment and Services JSC Sports, entertainment activities, including tennis, badminton, billiards, swimming, body-building, games and real estate trading.	95.27%	95.27%	95.111%	95.111%
3	Hanoi Transportation and Trading Services JSC Goods transport by automobiles, inter-provincial passenger transport by automobiles, machinery and equipment repair, domestic travel, petrol and oil trading agency, transport agency services and automobiles keeping services, office, warehouse and storage yard services and real estate trading.	99.90%	99.90%	99.736%	99.736%
SUBSIDIARIES OF HOA PHAT TRADING CO., LTD.					
4	Hoa Phat Quang Binh Breeding Co., Ltd. Raising livestock and poultry: providing plantation services.	72.72%	72.72%	72.647%	72.647%
5	Viet Hung Breeding One-member Co., Ltd. Raising livestock and poultry: providing plantation services.	100%	100%	99.899%	99.899%
6	Dong Phat Breeding One-member Co., Ltd. Raising livestock and poultry: providing plantation services.	100%	100%	99.899%	99.899%
7	Dragon Trading and Investment Pty Ltd. Import, export, trading and distribution of livestock, poultry, agricultural products, ore, coal, iron and steel.	100%	100%	99.899%	99.899%
8	Hoa Phat Dong Nai Poultry One Member Co., Ltd. (iv) Raising poultry, raising other animals.	100%	-	99.899%	-

**HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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

	Tier-3 subsidiaries	Principal activities	Percentage of direct ownership of tier-2 subsidiaries		Percentage of ownership of the Group	
			31/12/2020	1/1/2020	31/12/2020	1/1/2020
SUBSIDIARIES OF HOA PHAT DEVELOPMENT OF LIVESTOCK JSC						
9	Thai Thuy Breeding Co., Ltd.	Raising pigs, raising poultry, raising other animals.	100%	100%	99.974%	99.974%
10	Lac Thuy Breeding Co., Ltd.	Raising poultry, raising other animals.	100%	100%	99.974%	99.974%
11	Hoa Yen Breeding One Member Co., Ltd.	Raising pigs, raising other animals.	100%	100%	99.974%	99.974%
12	Son Dong Breeding Co., Ltd. (previously known as Hoa Phat Bac Giang Breeding One-member Co., Ltd.)	Raising pigs, raising poultry, raising other animals.	100%	100%	99.974%	99.974%
13	Hoa Phat Lang Son Breeding One-member Co., Ltd.	Raising pigs, raising poultry, raising other animals.	100%	100%	99.974%	99.974%
14	Hoa Phuoc Breeding Co., Ltd.	Raising breeding and market pigs.	99.998%	99.998%	99.972%	99.972%
SUBSIDIARIES OF HOA PHAT POULTRY CO., LTD.						
15	Hoa Phat Phu Tho Poultry One Member Co., Ltd.	Raising poultry, raising other animals.	100%	100%	99.999%	99.999%
16	Hoa Phat Dong Nai Poultry One Member Co., Ltd. (iv)	Raising poultry, raising other animals.	-	100%	-	99.999%
17	Van Thang Phu Tho JSC	Raising livestock and poultry, providing plantation services.	99.8%	100%	99.799%	99.999%

**HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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

	Tier-4 subsidiaries	Principal activities	Percentage of direct ownership of tier-3 subsidiaries		Percentage of ownership of the Group	
			31/12/2020	1/1/2020	31/12/2020	1/1/2020
SUBSIDIARIES OF HANOI INVESTMENT AND SERVICES JOINT STOCK COMPANY						
1	Ha Noi Security Services Business Co., Ltd	Security Services.	100%	100%	95.111%	95.111%

(i) These are tier-1 subsidiaries that were established during the year.

(ii) These are tier-2 subsidiaries that were established during the year.

(iii) These are tier-3 subsidiaries that were established during the year.

(iv) During the year, this tier-3 subsidiary was internally transferred from Hoa Phat Poultry Co., Ltd. to Hoa Phat Trading Co., Ltd.

The Group's subsidiaries are incorporated in Vietnam, except Hoa Phat Trading International Pte Ltd., which is incorporated in Singapore, and Dragon Resource Investment Pty Ltd. and Dragon Trading and Investment Pty Ltd. which are incorporated in Australia.

As at 31 December 2020, the Group had **25,428 employees (1/1/2020: 22,300 employees)**.

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting.

2.2 Basis of measurement

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

2.3 Annual accounting period

The annual accounting period of the Group is from 1 January to 31 December.

2.4 Accounting and presentation currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies that have been adopted by the Group in the preparation of these consolidated financial statements are consistent with those adopted in the preparation of the latest consolidated annual financial statements.

3.1 Basis of consolidation

(a) Subsidiaries

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

(b) Non-controlling interests

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

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

(c) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

gain or loss is recognised in the consolidated income statement. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investment in the consolidated financial statements adjusted for appropriate shares of changes in equity of the investee since the acquisition date, if significant influence in the investee is maintained, or otherwise stated at cost.

(d) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss of the associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. The carrying amount of investments in associates is also adjusted for the alterations in the investor's proportionate interest in the investees arising from changes in the investee's equity that have not been included in the income statement (such as revaluation of fixed assets, or foreign exchange translation differences, etc.).

When the Group's share of losses exceeds its interest in associates, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associates.

(e) Transactions eliminated on consolidation

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

(f) Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

3.2 Foreign currency

(a) Foreign currency transactions

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

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rates (for assets) and account transfer selling rates (for liabilities) at the end of the accounting period quoted by the commercial bank where the Group most frequently conducts transactions.

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

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to VND at exchange rates as at 31 December 2020. The income and expenses of foreign operations are translated to VND at exchange rates at the dates of transactions. Foreign currency differences arising from the translation of foreign operations are recognised in the consolidated balance sheet under the caption “Foreign exchange differences” in equity.

3.3 Cash and cash equivalents

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

3.4 Investments

(a) Held-to-maturity investments

Held-to-maturity investments are those that the Company’s and its subsidiaries’ management has the intention and ability to hold until maturity. Held-to-maturity investments represent term deposits at bank and bonds. These investments are stated at costs less allowance for doubtful debts.

(b) Investments in equity instruments of other entities

Investments in equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, except where such loss was anticipated by the Group’s management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment’s carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

3.5 Accounts receivable

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

Allowance for doubtful debts is established for amount of outstanding receivables at the balance sheet date which are overdue more than 6 months or are doubtful of recovery. Increases and decreases to the allowance for doubtful debts balance are recorded as general and administration expense in the consolidated statement of income.

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price of inventory items, less the estimated costs of

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

completion and direct selling expenses.

Allowance for inventories is established for the estimated losses arising due to the impairment of value (through diminution, damage or obsolescence) of inventories owned by the Group, based on appropriate evidences of impairment available at the balance sheet date. Increases and decreases to the allowances for inventories balance are recorded in cost of goods sold account in the consolidated statement of income.

Manufacturing, trading and production of goods

Cost in the case of finished goods and manufactured work in progress includes raw materials, direct labour and attributable production overheads.

The Group applies the perpetual method of accounting for inventories.

Real estate development for future sales

Cost is determined on a specific identification basis and includes land costs and other related development and infrastructure costs, other direct costs and attributable manufacturing overheads.

3.7 Tangible fixed assets

(a) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance cost, except overhaul and major maintenance expenses recognised in long-term prepaid expenses (Note 3.11(b)), is charged to the consolidated statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(b) Depreciation

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

- buildings 5 – 50 years
- machinery and equipment 1 – 25 years
- motor vehicles 1 – 30 years
- office equipment 2 – 12 years
- livestock 3 – 5 years
- others 2 – 12 years

3.8 Intangible fixed assets

(a) Land use rights

Land use rights comprise:

- those granted by the State for which land use payments are collected;

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

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

Land use rights are stated at cost less accumulated amortisation. The initial cost of land use rights comprise the purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. For land use rights with definite useful lives, amortisation is computed on a straight-line basis over 10 to 50 years. No amortisation is provided for land use rights with indefinite useful lives.

(b) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 3 to 8 years.

3.9 Investment property held to earn rental

(a) Cost

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its purchase price, cost of land use rights and any directly attributable expenditures of bringing the property to the condition necessary for it to be capable of operating in the manner intended by management. Expenditure incurred after the investment property held to earn rental has been put into operation, such as repairs and maintenance, is charged to the consolidated statement of income in the year in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property held to earn rental, the expenditure is capitalised as an additional cost of the investment property.

(b) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of investment property held to earn rental. The estimated useful lives are as follows:

- buildings 3 – 49 years

For land use rights with indefinite useful live, depreciation is not required.

3.10 CONSTRUCTION IN PROGRESS

Construction in progress represents (i) the costs of construction and machinery which have not been fully completed or installed and (ii) the costs directly attributable to raising breeding pigs which are growing and not mature enough for producing piglets. No depreciation is provided for construction in progress during the period of construction, installation and the period in which breeding pigs are not mature enough for producing piglets.

3.11 LONG-TERM PREPAID EXPENSES

(a) Tools and instruments

Tools and instruments include assets held for use by the Group in the normal course of business. Tools and instruments are labour materials not satisfying requirements pertaining to value and useful life

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

prescribed in regulations of fixed assets. Cost of tools and instruments are amortised on a straight-line basis over a maximum period of 3 years.

(b) *Overhaul and major maintenance expenses*

These comprise major overhaul and maintenance expenses incurred on a periodical basis during the use of assets. These expenses are initially stated at cost and are amortised to the consolidated statement of income on a straight line basis over 2 to 3 years.

(c) *Prepaid land costs*

Prepaid land costs comprise prepaid land lease rentals, including those for which the Group obtained land use rights certificate but are not qualified as intangible fixed assets under prevailing regulations and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the lease.

(d) *Site clearance costs*

Site clearance costs comprise compensation and clearance fee paid by the Group. These expenses are initially stated at cost and amortised on a straight-line basis over the useful lives of land lease period.

(e) *Pre-operating expenses*

Pre-operating expenses are recorded in the statement of income, except for establishment costs and expenditures on training, advertising and promotional activities incurred from the incorporation date to the commercial operation date. These expenses are recognised as long-term prepaid expenses, initially stated at cost, and are amortised on a straight-line basis over a period of no more than three years.

3.12 *Goodwill*

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

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

3.13 *Trade and other payables*

Trade and other payables are stated at their cost.

3.14 *Provisions*

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

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

the risks specific to the liability.

Warranties

The provision for warranties relates mainly to goods sold and services rendered during the year. The provision is based on estimates derived from historical warranty data associated with similar products and services.

3.15 Share capital

Ordinary shares

Ordinary shares are recognised at par value. The excess of proceeds from share issuance over the par value of shares issued is recorded as share premium. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognized as a deduction from share premium.

3.16 Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Group's consolidated financial position and consolidated results of operations and the nature and extent of risk arising from financial instruments, the Group classifies its financial instruments as follows:

(a) Financial assets

Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by the Board of Directors as held for trading. A financial asset is considered as held for trading if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as at fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Group has the positive intention and ability to hold to maturity, other than:

- Those that the Group upon initial recognition designates as at fair value through profit or loss;
- Those that the Group designates as available-for-sale; and
- Those that meet the definition of loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- That the Group intends to sell immediately or in the near term, which are classified as held for trading, and those that the Group on initial recognition designates as at fair value through profit or loss;

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

- That the Group upon initial recognition designates as available-for-sale; or
- For which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that are not classified as:

- Financial assets at fair value through profit or loss;
- Held-to-maturity investments; or
- Loans and receivables.

(b) *Financial liabilities*

Financial liabilities at fair value through profit or loss

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by the Board of Directors as held for trading. A financial liability is considered as held for trading if:
 - it is incurred principally for the purpose of repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as at fair value through profit or loss.

Financial liabilities carried at amortised cost

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

3.17 *Income tax*

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

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

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

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

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

3.18 Revenue and other income

(a) Goods sold

Revenue from the sale of goods is recognised in the consolidated statement of income 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. Revenue on sales of goods is recognised at the net amount after deducting sales discounts.

(b) Services rendered

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

(c) Revenue from sublease of leasehold land

Revenue from sublease of leasehold land is recognised in the consolidated statement of income when the following conditions are met:

- Sub-lease period is more than 90% of useful life of the land use rights;
- The lessee is not entitled to cancel the lease contract and the lessor has no obligation to repay the amount received in advance in any cases and in any forms;
- The amount received in advance for the lease is not less than 90% of the total lease payments expected to receive under the contract during the lease term and the lessee must pay the entire amount of lease payments within 12 months from the beginning of the lease;
- Substantially all the risks and benefits associated with ownership of the land use rights are transferred to the lessee; and
- The costs incurred or to be incurred in respect of the lease must be reliably estimated by the Group.

(d) Rental income

Except from those described in Item 3.18(c), rental income from leased property is recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(e) Sales of apartments

Revenue from the sale of apartments is recognised in the consolidated statement of income 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. The transfer of significant risks and rewards is determined to be at the time of completion and hand over of the apartments.

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

(f) *Interest income*

Interest income is recognised on a time basis with reference to the principal outstanding and the applicable interest rate. Interest income from deposits during the period of construction is set off with borrowing costs relating to borrowings in respect of the construction of qualifying assets, net of the remaining difference from adjustment to decrease the value of investment.

(g) *Dividend income*

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

3.19 **Lease**

Lease payments

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

3.20 **Borrowing costs**

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

3.21 **Earnings per share**

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company (after deducting any amounts appropriated to bonus and welfare funds for the accounting period) by the weighted average number of ordinary shares outstanding during the year. At the reporting date, the Group did not have any dilutive potential ordinary shares. Therefore, the presentation of diluted earnings per share is not applicable.

3.22 **Related parties**

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence.

Related parties may be individuals, directly or indirectly, having voting rights that give them significant influence over the Group, the Group's key management personnel, close family members of any individual considered to be a related party.

3.23 **Comparative information**

Comparative information in these financial statements is presented as corresponding figures. Under this method, comparative information for the prior year are included as an integral part of the current year financial statements and are intended to be read only in relation to the amounts and other

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

disclosures relating to the current year. Accordingly, the comparative information included in these financial statements is not intended to present the Company's financial position, results of operation or cash flows for the prior year.

4. SEGMENT REPORTING

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

- Production and trading of steel: refining steel; casting steel, iron; trading and import-export of steel, steel-producing machinery and equipment; production of industrial steel including steel sheet, hot rolled steel, cold rolled steel, steel pipe, steel scrap; production and trading of steel pipes; production of steel string machinery;
- Agriculture: raising pigs, cows, poultry; provision of raising services; processing and preserving meat and meat products; producing feeds for cattle, poultry and aquaculture sector; producing fertilizer and nitrogen compounds; trading agricultural equipment, machineries and accessories; and other relevant auxiliary sectors;
- Other industrial production: production and trading of construction equipment; producing and trading various kinds of interior furniture and refrigerant products; and
- Construction and development of real estate: civil construction, industrial construction, trading of real estate under its ownership or lease from others; leasing houses, offices and investing in construction of infrastructure;

The Group did not present geographical segment because the Board of Directors determines that the Group currently operates in a sole geographical segment which is Vietnam territory.

**HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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

	Production and trading of steels VND	Agriculture VND	Other industrial production VND	Real estates VND	Elimination VND	Consolidated VND
FOR THE YEAR ENDED 31 DECEMBER 2020						
Net external revenue	76,334,474,996,918	10,552,656,907,339	2,504,998,384,841	726,373,137,619	-	90,118,503,426,717
Net inter-segment revenue	42,544,569,455,245	1,284,031,840	153,719,133,088	70,106,130,158	(42,769,678,750,331)	-
Total segment revenue	118,879,044,452,163	10,553,940,939,179	2,658,717,517,929	796,479,267,777	(42,769,678,750,331)	90,118,503,426,717
Segment net operating profits	28,657,042,061,931	1,822,906,054,607	399,332,628,236	497,988,020,815	(16,086,929,588,361)	15,290,339,177,228
Other income	644,294,025,919	4,676,396,177	3,427,810,867	4,180,309,411	(2,497,208,149)	654,081,334,225
Other expenses	(548,515,585,353)	(35,909,688,381)	(3,863,882,182)	(2,252,866,517)	1,123,670,917	(589,418,351,516)
Share of profit in associates	-	1,964,631,764	-	-	-	1,964,631,764
Income tax expenses – current	(1,515,190,441,976)	(123,438,628,112)	(86,027,103,992)	(59,911,669,786)	-	(1,784,567,843,866)
Income tax (expenses)/benefit – deferred	1,292,727,824	6,675,417,414	4,053,235,681	(39,020,450,326)	(39,235,821,521)	(66,234,890,928)
Net profit after tax	27,238,922,788,345	1,676,874,183,469	316,922,688,610	400,983,343,597	(16,127,538,947,114)	13,506,164,056,907

**HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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

	Production and trading of steels VND	Agriculture VND	Other industrial production VND	Real estates VND	Elimination VND	Consolidated VND
AS AT 31 DECEMBER 2020						
Segment assets	137,591,518,586,036	7,182,405,136,476	1,464,515,369,989	3,753,721,908,201	(18,480,726,611,865)	131,511,434,388,837
Total assets	137,591,518,586,036	7,182,405,136,476	1,464,515,369,989	3,753,721,908,201	(18,480,726,611,865)	131,511,434,388,837
Segment liabilities	83,392,904,434,271	3,040,173,481,198	914,515,369,989	2,440,408,591,833	(17,496,353,794,565)	72,291,648,082,726
Total liabilities	83,392,904,434,271	3,040,173,481,198	914,515,369,989	2,440,408,591,833	(17,496,353,794,565)	72,291,648,082,726
FOR THE YEAR ENDED 31 DECEMBER 2020						
Capital expenditure	11,458,247,219,708	457,819,591,787	41,962,248,521	11,406,857,366	(53,790,362,334)	11,915,645,555,048
Depreciation of tangible fixed assets and investment properties	4,113,610,616,426	498,228,571,269	100,805,990,097	69,983,930,617	(42,748,467,800)	4,739,880,640,609
Amortisation of intangible fixed assets	17,252,704,951	830,833,886	1,943,942,533	136,415,237	(12,212,230)	20,151,684,377
Amortisation of long-term land prepaid expenses	13,623,836,208	6,884,072,387	1,922,056,122	-	(729,190,280)	21,700,774,437

**HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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

	Production and trading of steels VND	Agriculture VND	Other industrial production VND	Real estates VND	Elimination VND	Consolidated VND
FOR THE YEAR ENDED 2019						
Net external revenue	51,233,120,178,424	7,985,316,066,488	2,817,712,434,540	1,622,043,994,339	-	63,658,192,673,791
Net inter-segment revenue	34,507,078,536,582	2,095,876,750	108,085,621,241	36,560,304,199	(34,653,820,338,772)	-
Total segment revenue	85,740,198,715,006	7,987,411,943,238	2,925,798,055,781	1,658,604,298,538	(34,653,820,338,772)	63,658,192,673,791
Segment net operating profits	18,349,735,019,472	606,035,403,717	433,838,415,313	578,705,175,478	(10,935,903,061,158)	9,032,410,952,822
Other income	751,180,909,150	2,836,887,646	4,965,484,603	4,300,049,645	(105,602,399,567)	657,680,931,477
Other expenses	(582,603,733,733)	(5,402,833,606)	(601,653,980)	(7,400,744,172)	4,010,518,193	(591,998,447,298)
Share of loss in associates	-	(1,431,313,615)	-	-	-	(1,431,313,615)
Income tax expenses – current	(1,339,481,995,523)	(42,474,252,047)	(85,209,957,087)	(136,141,722,023)	-	(1,603,307,926,680)
Income tax (expenses)/benefit – deferred	5,289,924,979	(1,019,358,304)	4,456,555,534	5,175,725,890	70,991,191,424	84,894,039,523
Net profit after tax	17,184,120,124,345	558,544,533,791	357,448,844,383	444,638,484,818	(10,966,503,751,108)	7,578,248,236,229

**HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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

	Production and trading of steels VND	Agriculture VND	Other industrial production VND	Real estates VND	Elimination VND	Consolidated VND
AS AT 1 JANUARY 2020						
Segment assets	97,305,517,934,909	5,962,449,415,148	1,710,025,863,879	3,139,152,865,264	(6,341,115,979,300)	101,776,030,099,900
Total assets	97,305,517,934,909	5,962,449,415,148	1,710,025,863,879	3,139,152,865,264	(6,341,115,979,300)	101,776,030,099,900
Segment liabilities	55,469,885,069,405	2,059,970,080,875	920,714,227,148	899,017,552,839	(5,360,192,974,062)	53,989,393,956,205
Total liabilities	55,469,885,069,405	2,059,970,080,875	920,714,227,148	899,017,552,839	(5,360,192,974,062)	53,989,393,956,205
FOR THE YEAR ENDED 31 DECEMBER 2019						
Capital expenditure	19,993,459,899,558	644,812,426,291	36,481,789,960	494,067,552,518	(343,450,093,667)	20,825,371,574,660
Depreciation of tangible fixed assets and investment properties	2,082,192,603,443	314,171,386,862	105,097,946,084	58,605,925,717	1,343,588,304	2,561,411,450,410
Amortisation of intangible fixed assets	15,503,594,663	1,048,564,387	2,068,077,862	396,737,776	(12,212,229)	19,004,762,459
Amortisation of long-term land prepaid expenses	23,192,855,261	7,620,698,407	1,922,056,121	-	(729,190,280)	32,006,419,509

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

5. CASH AND CASH EQUIVALENTS

	31/12/2020 VND	1/1/2020 VND
Cash on hand	12,919,745,291	16,566,142,092
Cash in banks	2,081,394,552,937	1,661,725,195,112
Cash in transit	-	22,915,000
Cash equivalents	11,601,785,000,000	2,866,586,000,000
	<hr/>	<hr/>
	13,696,099,298,228	4,544,900,252,204

**HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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

6. INVESTMENTS

6.1 Held-to-maturity investments

	Quantity	31/12/2020 Cost VND	Fair value VND	Quantity	1/1/2020 Cost VND	Fair value VND
Held-to-maturity investments - short-term		8,126,992,675,380	8,126,992,675,380		1,374,340,352,910	1,374,340,352,910
• Term deposits (i)						
Held-to-maturity investments - long-term						
• Term deposits (ii)	2,000	150,000,000,000	(*)		26,525,530,257	(*)
• Bonds (iii)		20,000,000,000	(*)	2,000	20,000,000,000	(*)
		170,000,000,000	(*)		46,525,530,257	(*)

(i) These represent term deposits with a remaining term of no more than 12 months placed at financial institutions and with interest rates ranging from 3.30% to 7.40% (2019: from 3.80% to 7.80%) per annum.

As at 31 December 2020, deposits with remaining terms of no more than 12 months comprise VND196,700 million which were pledged with banks as security for L/C contracts of Hoa Phat Dung Quat Steel Joint Stock Company, a tier-1 subsidiary of the Group (1/1/2020: Nil).

As at 31 December 2020, deposits with remaining terms of no more than 12 months comprise VND46,100 million which were pledged with banks as security for loans granted to the Group (1/1/2020: Nil).

(ii) These represent term deposits with a remaining term of more than 12 months placed at financial institutions and with interest rates 6.00% (2019: from 7.40% to 7.80%) per annum.

As at 31 December 2020, deposits with remaining terms of more than 12 months comprise VND136,000 million which were pledged with banks as security for L/C contracts of Hoa Phat Dung Quat Steel Joint Stock Company, a tier-1 subsidiary of the Group (1/1/2020: Nil).

**HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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

(iii) These represent the bonds issued by Vietnam Joint Stock Commercial Bank for Industry and Trade, maturing in 2026 and earning annual interest rate at the reference interest rate plus 1%. The reference interest rate is the average of interest rates of individual 12-month saving deposits with interests paid at maturity announced on the websites of 4 banks: Vietnam Joint Stock Commercial Bank for Industry and Trade, Joint Stock Commercial Bank For Foreign Trade of Viet Nam, Joint Stock Commercial Bank for Investment and Development of Vietnam, and Bank for Agriculture and Rural Development.

(*) The Group has not determined fair values of these financial instruments for disclosure in the consolidated financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for Enterprises. The fair values of these financial instruments may differ from their carrying amounts.

6.2 Long-term financial investments

	Address	31/12/2020			1/1/2020				
		% of equity owned	% of voting rights	Carrying amount VND	Fair value VND	% of equity owned	% of voting rights	Carrying amount VND	Fair value VND
Equity investments in other entities									
• Bac Ha Noi Urban Development JSC	Hanoi, Vietnam	7.00%	7.99%	700,000,000	(*)	7.00%	7.99%	700,000,000	(*)

(*) The Group has not determined fair values of these financial instruments for disclosure in the consolidated financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for Enterprises. The fair values of these financial instruments may differ from their carrying amounts.

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

7. PREPAYMENTS TO SUPPLIERS

	31/12/2020 VND	1/1/2020 VND
Other parties		
Guangxi Pingxiang Futai Import & Export Trade Co., Ltd.	181,811,396,791	-
WISDRI Engineering & Research Incorporation Limited	110,979,849,600	-
Pingxiang City Holly Import & Export Trade Co., Ltd.	110,888,776,594	-
Cisdi Thermal & Environmental Engineering Co., Ltd.	-	76,483,806,000
Thien Truong Trading and Production Co., Ltd.	-	70,417,790,130
Other suppliers	899,357,812,844	610,930,965,061
	1,303,037,835,829	757,832,561,191

8. OTHER RECEIVABLES

8.1 Other receivables – short-term

	31/12/2020 VND	1/1/2020 VND
Interest income	198,851,101,719	33,200,395,079
Short-term deposits	582,845,456,264	30,757,172,310
Export tax paid	55,934,698,294	29,169,457,446
Materials lent to third parties	819,522,227	2,937,478,865
Materials issued for outside processing	397,211,760	460,791,004
Other receivables	71,517,512,407	42,747,951,649
	910,365,502,671	139,273,246,353

8.2 Other receivables – long-term

	31/12/2020 VND	1/1/2020 VND
Long-term deposits	208,726,314,243	22,700,090,991
Other receivables	431,994,388	107,157,993
	209,158,308,631	22,807,248,984

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

9. INVENTORIES

	31/12/2020		1/1/2020	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	4,175,588,558,243	-	2,871,139,551,905	-
Raw materials	11,876,280,307,410	(2,937,448,687)	7,381,248,359,674	(3,877,969,713)
Tools and supplies	1,768,683,803,585	(1,330,489,342)	2,101,425,673,044	(5,840,805,888)
Work in progress	2,355,242,940,255	(66,002,922,445)	1,573,282,308,451	(28,311,250,423)
Finished goods	5,509,190,782,455	(12,250,780,039)	4,489,362,757,309	(13,381,769,149)
Merchandise inventories	496,154,920,463	(4,016,957,073)	741,358,297,568	(17,331,986,992)
Goods sent for processing	-	-	1,777,303,715	-
Goods on consignment	192,219,514,377	-	321,072,278,594	-
	26,373,360,826,788	(86,538,597,586)	19,480,666,530,260	(68,743,782,165)

Included in inventories as at 31 December 2020 was VND361,690 million (1/1/2020: VND708,398 million) of inventories carried at net realisable value.

As at 31 December 2020, inventories with a carrying value of VND7,677,165 million (1/1/2020: VND4,220,685 million) were pledged with banks as security for loans granted to the Group.

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

10. LOANS RECEIVABLE – LONG-TERM

	Currency	Annual interest rate	31/12/2020 VND	1/1/2020 VND
Related parties				
Australian Cattle Enterprises (NT) Pty. Ltd.	AUD	6.00%	5,418,486,000	4,910,346,000
Other parties (*)				
Nguyen Thi To Hoai (i)	VND	5.50%	89,463,752,800	-
Others (ii)	VND	6.00%	1,125,000,000	-
			96,007,238,800	4,910,346,000

(*) These long-term loans receivable represent loans granted to individuals for investment in breeding facilities, infrastructure and premises to meet the requirements of the Group. Accordingly, loan principals and interests will be offset with the breeding facilities rental over the lease term. After the end of the lease term, the Group is required to transfer the leased properties after the individuals have fully repaid principals and paid interests incurred.

(i) The loan was unsecured.

(ii) The loan was secured over the land use right certificate of the landowner for the land lot of 43m² in La Tien Hamlet, Nguyen Hoa Commune, Phu Cu District, Hung Yen Province.

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

11. TANGIBLE FIXED ASSETS

	Buildings VND	Machinery and equipment VND	Motor vehicles VND
Cost			
Opening balance	13,113,467,453,926	29,212,039,947,941	1,021,786,574,335
Additions	18,650,762,220	216,311,326,561	173,119,419,198
Transfer from construction in progress	17,870,386,689,502	19,963,600,763,250	712,237,370,040
Transfer from long-term prepaid expenses	-	64,115,268,797	-
Transfer to investment property	(8,844,849,328)	-	-
Disposals and written off	(16,071,611,081)	(141,504,128,389)	(12,194,999,810)
Reclassifications	71,343,489,820	(72,440,145,976)	11,270,000
Other movements	(532,615,843)	2,919,295,645	-
Closing balance	31,048,399,319,216	49,245,042,327,829	1,894,959,633,763
Accumulated depreciation			
Opening balance	2,206,469,797,570	9,836,701,860,494	532,872,440,295
Charge for the year	1,212,905,477,908	3,213,196,770,096	163,342,521,443
Transfer to investment property	(2,021,220,404)	-	-
Disposals and written off	(15,514,625,189)	(110,890,974,662)	(10,303,833,034)
Reclassifications	71,040,914,409	(72,324,325,030)	-
Other movements	(168,134,482)	-	-
Closing balance	3,472,712,209,812	12,866,683,330,898	685,911,128,704
Net book value			
Opening balance	10,906,997,656,356	19,375,338,087,447	488,914,134,040
Closing balance	27,575,687,109,404	36,378,358,996,931	1,209,048,505,059

Included in tangible fixed assets were assets costing VND4,390,516 million which were fully depreciated as at 31 December 2020 (1/1/2020: VND2,499,266 million) but still in active use.

As at 31 December 2020, tangible fixed assets with a carrying value of VND55,980,946 million (1/1/2020: VND22,097,737million) were pledged with banks as security for loans granted to the Group.

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

Office equipment VND	Livestock VND	Others VND	Total VND
98,437,534,168	353,066,259,598	6,142,351,927	43,804,940,121,895
16,696,203,670	-	796,079,999	425,573,791,648
37,658,498,217	32,484,511,005	1,701,086,596	38,618,068,918,610
-	-	-	64,115,268,797
-	-	-	(8,844,849,328)
(433,784,771)	(119,280,188,140)	(154,121,255)	(289,638,833,446)
1,085,386,156	-	-	-
-	-	-	2,386,679,802
153,443,837,440	266,270,582,463	8,485,397,267	82,616,601,097,978
56,353,664,813	190,247,486,974	2,172,437,045	12,824,817,687,191
30,823,360,250	89,565,503,355	1,056,588,479	4,710,890,221,531
-	-	-	(2,021,220,404)
(401,641,284)	(87,472,137,977)	(154,121,255)	(224,737,333,401)
1,283,410,621	-	-	-
-	-	-	(168,134,482)
88,058,794,400	192,340,852,352	3,074,904,269	17,308,781,220,435
42,083,869,355	162,818,772,624	3,969,914,882	30,980,122,434,704
65,385,043,040	73,929,730,111	5,410,492,998	65,307,819,877,543

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

12. INTANGIBLE FIXED ASSETS

	Land use rights VND	Software VND	Others VND	Total VND
Cost				
Opening balance	267,408,028,099	70,662,025,700	1,500,909,664	339,570,963,463
Additions	-	2,312,010,500	-	2,312,010,500
Transfer from construction in progress	-	2,305,493,215	-	2,305,493,215
Write-off	-	-	(1,193,188,000)	(1,193,188,000)
Reclassification	(5,888,788,763)	-	5,888,788,763	-
Closing balance	261,519,239,336	75,279,529,415	6,196,510,427	342,995,279,178
Accumulated amortisation				
Opening balance	41,683,157,547	27,015,412,996	1,500,909,664	70,199,480,207
Charge for the year	4,490,134,946	15,505,642,834	155,906,597	20,151,684,377
Write-off	-	-	(1,193,188,000)	(1,193,188,000)
Reclassification	(3,280,896,654)	-	3,280,896,654	-
Closing balance	42,892,395,839	42,521,055,830	3,744,524,915	89,157,976,584
Net book value				
Opening balance	225,724,870,552	43,646,612,704	-	269,371,483,256
Closing balance	218,626,843,497	32,758,473,585	2,451,985,512	253,837,302,594

Included in intangible fixed assets were assets costing VND15,826 million which were fully amortised as of 31 December 2020 (1/1/2020: VND10,145 million), but which are still in active use.

At 31 December 2020, intangible fixed assets with a carrying value of VND87,757 million (1/1/2020: VND72,655 million) were pledged with banks as security for loans granted to the Group.

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

13. INVESTMENT PROPERTY

	Buildings VND	Land use rights VND	Total VND
Cost			
Opening balance	607,537,041,425	55,702,700,965	663,239,742,390
Transfer from construction in progress	9,847,253,038	-	9,847,253,038
Transfer from tangible fixed assets	8,844,849,328	-	8,844,849,328
Closing balance	626,229,143,791	55,702,700,965	681,931,844,756
Accumulated depreciation			
Opening balance	86,623,231,473	-	86,623,231,473
Charge for the year	28,990,419,078	-	28,990,419,078
Transfer from tangible fixed assets	2,021,220,404	-	2,021,220,404
Closing balance	117,634,870,955	-	117,634,870,955
Net book value			
Opening balance	520,913,809,952	55,702,700,965	576,616,510,917
Closing balance	508,594,272,836	55,702,700,965	564,296,973,801

Investment property of the Group and its subsidiaries includes:

- Land use rights and factories for rent in Pho Noi A Industrial Park, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam, some floors for rent of the building at 257 Giai Phong Street, Hai Ba Trung District, Hanoi, Vietnam.
- Land use rights and areas for commercial lease at Mandarin Garden Complex 1 at South-East Tran Duy Hung Urban Area, Trung Hoa Ward, Cau Giay District, Hanoi, Vietnam; Mandarin Garden Complex 2 at 493 Truong Dinh, Hoang Mai District, Hanoi, Vietnam and Apartment buildings at 70 Nguyen Duc Canh Street, Hoang Mai District, Hanoi, Vietnam.

As the investment property being land use right has an indefinite term, the Group did not depreciate it.

At the reporting date, the Group has not determined the fair value of its investment property as there was no active market for such property for reliable determination of the fair value.

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

14. LONG-TERM WORK IN PROGRESS

	Cost and recoverable amount	
	31/12/2020 VND	1/1/2020 VND
The Urban Area and Industrial Park Project in Hung Yen	913,306,321,947	730,370,717,352
Other projects	5,164,409,999	19,775,681,371
	918,470,731,946	750,146,398,723

At 31 December 2020, long-term work in progress with a carrying value of VND195,435 million (1/1/2020: nil) were pledged with banks as security for loans granted to the Group.

15. CONSTRUCTION IN PROGRESS

	2020 VND	2019 VND
Opening balance	36,685,174,068,291	37,196,900,023,418
Additions during the year	7,031,499,613,678	19,398,227,780,457
Interest expenses capitalised during the year	527,071,296,569	1,371,477,036,921
Transfer to tangible fixed assets	(38,618,068,918,610)	(20,696,904,584,940)
Transfer to intangible fixed assets	(2,305,493,215)	(29,351,367,152)
Transfer to investment properties	(9,847,253,038)	(416,472,681,847)
Transfer to long-term prepaid expenses	(247,972,063,577)	(126,351,414,583)
Transfer to short-term prepaid expenses	(36,810,573,249)	(5,248,613,116)
Disposals	-	(490,150,000)
Others	2,098,199	(6,611,960,867)
	5,328,742,775,048	36,685,174,068,291
Major constructions in progress were as follows:		
	31/12/2020 VND	1/1/2020 VND
Iron and Steel Production Complex Project in Dung Quat	3,487,288,552,867	33,097,995,330,249
Iron and Steel Production Complex Project in Hai Duong	1,327,612,767,875	244,430,685,541
Color Coating Steel Sheet Factory Project	9,838,075,445	2,471,423,149,154
Steel pipe Factory expansion Project	5,107,652,238	123,602,944,657
Agriculture projects	249,453,653,883	434,027,505,133
Other projects	249,442,072,740	313,694,453,557
	5,328,742,775,048	36,685,174,068,291

At 31 December 2020 constructions in progress with a carrying value of VND2,422,965 million (1/1/2020: VND 34,763,405 million) were pledged with banks as security for loans granted to the Group.

**HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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

16. PREPAID EXPENSES

16.1 Short-term prepaid expenses

	31/12/2020 VND	1/1/2020 VND
Tools and instruments	55,169,511,816	57,692,551,361
Maintenance and repair of assets	13,672,648,361	27,582,504,748
Other expenses	72,555,886,622	33,276,232,976
	141,398,046,799	118,551,289,085

16.2 Long-term prepaid expenses

	Tools and supplies VND	Overhaul and major maintenance expenses VND	Prepaid land costs VND	Site clearance costs VND	Pre-operating expenses VND	Others VND	Total VND
Opening balance	125,987,492,909	279,843,134,786	774,566,962,748	231,816,052,559	113,611,568,905	124,913,411,183	1,650,738,623,090
Additions	82,997,332,571	112,642,168,108	-	4,464,093,500	1,959,660,404	118,003,238,573	320,066,493,156
Transfer from construction in progress	20,533,309,213	68,665,082,327	23,747,408,457	81,306,811,244	14,920,072,008	38,799,380,328	247,972,063,577
Transfer to tangible fixed assets	-	(64,115,268,797)	-	-	-	-	(64,115,268,797)
Transfer to short-term prepaid expenses	-	-	-	-	-	(30,540,046,953)	(30,540,046,953)
Amortization for the year	(96,295,460,391)	(210,484,887,940)	(21,700,774,437)	(14,570,172,962)	(48,771,912,853)	(85,915,914,526)	(477,739,123,109)
Disposals and written off	(53,707,500)	-	-	-	-	-	(53,707,500)
Reclassifications	199,869,331	1,118,537,940	-	(456,163,837)	59,984,295	(922,227,729)	-
Other movements	-	-	-	(234,515,000)	-	-	(234,515,000)
Closing balance	133,368,836,133	187,668,766,424	776,613,596,768	302,326,105,504	81,779,372,759	164,337,840,876	1,646,094,518,464

At 31 December 2020, long-term prepaid expenses with net book value of VND45,171 million (1/1/2020: VND29,361 million) were pledged with banks as security for loans granted to the Group.

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

17. DEFERRED TAX ASSETS

Deferred tax assets were recognised in respect of the following items:

	31/12/2020 VND	1/1/2020 VND
Accrued expenses	35,663,686,775	79,459,218,187
Unrealised profits arising on the intra-group transactions	172,947,080,907	204,750,091,406
Depreciation charges excluded from taxable expenses	9,436,260,938	6,088,998,955
Other deferred tax assets	7,506,279,404	1,928,379,334
	225,553,308,024	292,226,687,882

18. GOODWILL

	Hoa Phat Energy JSC VND	Lac Thuy Breeding Co., Ltd. VND	Nhon Trach Service Trading Co., Ltd. VND	Long Viet Construction JSC VND	Total VND
Cost					
Opening and closing balance	206,244,396,684	4,367,130,430	195,950,665	59,880,000,000	270,687,477,779
Accumulated amortisation					
Opening balance	197,650,880,166	873,426,096	-	10,978,000,000	209,502,306,262
Amortisation for the year	8,593,516,518	3,493,704,334	-	5,988,000,000	18,075,220,852
Closing balance	206,244,396,684	4,367,130,430	-	16,966,000,000	227,577,527,114
Net book value					
Opening balance	8,593,516,518	3,493,704,334	195,950,665	48,902,000,000	61,185,171,517
Closing balance	-	-	195,950,665	42,914,000,000	43,109,950,665

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

19. ADVANCES FROM CUSTOMERS

	31/12/2020 VND	1/1/2020 VND
Other parties		
Industrial Development and Investment Joint Stock Company	219,854,708,867	-
SMC Trading Investment Joint Stock Company	194,924,947,088	18,291,336,740
Marubeni-Itochu Steel Vietnam Company Limited	129,369,625,000	2,835,711,657
Others	713,123,484,168	387,564,789,291
	1,257,272,765,123	408,691,837,688

20. TAXES AND OTHERS PAYABLE TO STATE TREASURY

	1/1/2020 VND	Incurred/offset VND	Paid VND	31/12/2020 VND
Value added tax	32,434,143,295	4,923,274,854,741	(4,909,619,009,370)	46,089,988,666
Special consumption tax	296,335,504	46,931,486,840	(46,959,962,624)	267,859,720
Import-export tax	199,457,118	228,161,269,541	(228,360,726,659)	-
Corporate income tax	425,268,805,190	1,780,835,355,717	(1,716,802,619,015)	489,301,541,892
Withholding tax	12,293,673,978	89,165,783,014	(94,357,887,401)	7,101,569,591
Personal income tax	5,225,653,352	83,453,211,471	(86,708,508,829)	1,970,355,994
Natural resource taxes	1,801,923,565	107,187,421,518	(106,165,991,617)	2,823,353,466
Land rental	-	14,363,441,154	(14,363,441,154)	-
Other taxes	906,392,716	113,448,625,510	(113,330,426,102)	1,024,592,124
	478,426,384,718	7,386,821,449,506	(7,316,668,572,771)	548,579,261,453

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

21. ACCRUED EXPENSES

21.1 Accrued expenses – short-term

	31/12/2020 VND	1/1/2020 VND
Interest expense	239,100,118,793	247,399,009,822
Electricity expense	55,903,336,843	53,493,139,586
Promotion expense	74,706,969,823	44,055,822,912
Expenses payable to contractors	246,297,733,548	57,456,841,999
Transportation cost	9,606,306,522	13,083,272,180
Salaries and bonuses	3,452,366,915	4,082,998,879
Others	11,062,851,738	10,206,212,033
	640,129,684,182	429,777,297,411

21.2 Accrued expenses – long-term

	31/12/2020 VND	1/1/2020 VND
Accruals for cost of industrial zone land	193,664,493,846	403,328,992,030
Accruals for infrastructure maintenance	30,000,000,000	24,000,000,000
	223,664,493,846	427,328,992,030

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

22. OTHER PAYABLES

22.1 Other payables – short-term

	31/12/2020 VND	1/1/2020 VND
Sales discounts	32,985,349,083	32,161,933,755
Trade union fee, social and health insurance	48,686,819,279	37,005,877,757
Deposits received for contract performance	179,282,884,000	45,531,873,259
Surplus of assets awaiting resolution	1,197,112,178	1,571,432,489
Dividends payable	12,377,200,123	8,222,744,202
Others	53,532,035,688	112,897,885,777
	328,061,400,351	237,391,747,239

22.2 Other payables – long-term

	31/12/2020 VND	1/1/2020 VND
Apartment maintenance fund	41,989,925,396	38,791,080,145
Others	26,746,160,774	19,596,030,636
	68,736,086,170	58,387,110,781

**HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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

23. BORROWINGS

23.1 Short-term borrowings

	1/1/2020		Movement during the year		31/12/2020	
	Carrying amount VND	Amount within repayment capacity VND	Addition VND	Decrease VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	14,151,319,202,024	14,151,319,202,024	79,686,576,403,332	(62,283,963,477,218)	31,553,932,128,138	31,553,932,128,138
Current portion of long-term borrowings (Note 23.2)	2,686,334,268,363	2,686,334,268,363	5,059,007,646,372	(2,500,808,370,769)	5,244,533,543,966	5,244,533,543,966
	16,837,653,470,387	16,837,653,470,387	84,745,584,049,704	(64,784,771,847,987)	36,798,465,672,104	36,798,465,672,104

At 31 December 2020, short-term borrowings included borrowings in VND and USD with carrying amounts of VND24,396,515 million and VND7,157,417 million (1/1/2020: VND12,403,659 million and VND1,747,660 million), respectively.

At 31 December 2020, short-term borrowings in VND and USD with the carrying amounts of VND20,131,841 million and VND2,364,426 (1/1/2020: VND8,515,119 million and VND1,463,079 million), respectively, are secured by cash equivalents (Note 5), deposits with remaining terms of no more than 12 months (Note 6), inventories (Note 9), tangible and intangible fixed assets (Notes 11 and 12), construction in progress of some projects of the Group and assets to be constructed in the future from some projects of the Groups (Note 15), long-term prepaid expenses (Note 16.2), the right to the receivables and a number of Hoa Phat Group Joint Stock Company shares (“HPG share”) owned by a number of the members of the Board of Management of the Company (related parties).

The remaining short-term borrowings were unsecured.

The borrowings denominated in VND bore interest at rates ranging from 1.80% to 9.10% (2019: 2.80% to 6.20%) per annum. The borrowings denominated in USD bore interest at rates ranging from 1.59% to 3.6% (2019: from 3.19% to 5.50%) per annum.

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

23.2 Long-term borrowings

	31/12/2020 VND	1/1/2020 VND
Long-term borrowings	22,587,781,095,478	22,528,433,488,083
Repayable within twelve months (Note 23.1)	(5,244,533,543,966)	(2,686,334,268,363)
Repayable after twelve months	17,343,247,551,512	19,842,099,219,720

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

	Currency	Year of maturity	31/12/2020 VND	1/1/2020 VND
Vietnam Joint Stock Commercial Bank for Industry and Trade – Hanoi Branch (*)	VND	2025	8,732,028,283,135	8,732,692,162,550
Joint Stock Commercial Bank For Foreign Trade of Viet Nam – Thanh Cong Branch (*)	VND	2025	8,340,698,246,111	7,806,883,295,815
BNP Parisbas Bank (**)	USD	2023	4,285,846,153,954	4,640,000,000,000
HSBC Bank (Vietnam) Ltd. (*)	VND	2024	639,378,589,648	137,731,806,000
HSBC Bank (Vietnam) Ltd. (***)	VND	2022	466,886,822,630	736,327,292,253
Joint Stock Commercial Bank For Foreign Trade of Viet Nam – Thang Long Branch (*)	VND	2025	99,201,000,000	-
Environmental Protection Fund (*)	VND	2025	18,142,000,000	23,154,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade – Hoang Mai Branch	VND	2022	5,600,000,000	22,412,209,541
ANZ Bank (Vietnam) Ltd.	VND	2020	-	169,970,721,924
Vietnam Joint Stock Commercial Bank for Industry and Trade – Dong Da Branch	VND	2020	-	2,162,000,000
Borrowings from individuals	VND	2025	-	257,100,000,000
			22,587,781,095,478	22,528,433,488,083

(*) These long-term borrowings are secured by certain deposits with remaining terms of more than 12 months (Note 6), inventories (Note 9), tangible and intangible fixed assets (Notes 11 and 12), long-term work in progress (Note 14) and construction in progress of some projects of the Group (Note 15).

(**) This loan has a limit of USD200 million from BNP Paribas Bank– Singapore Branch that acts as the representative of the lenders. This loan is secured over the debt payment account at BNP Paribas Bank – Hanoi Branch and is guaranteed by two companies within the Group.

(***) This long-term borrowing is guaranteed by a company within the Group.

The remaining long-term borrowings are unsecured.

The long-term borrowings in VND bore interest rates ranging from 2.60% to 9.50% (2019: 2.60% to 11%) per annum. The long-term borrowings in USD bore interest at LIBOR + 2.05% per annum.

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

24. PROVISIONS

	Warranties VND	Environmental restoration VND	Total VND
Opening balance	12,820,044,478	10,704,815,991	23,524,860,469
Provision made during the year	10,366,260,052	509,299,922	10,875,559,974
Provision used during the year	(6,355,650)	-	(6,355,650)
Provision reversed during the year	(2,546,597,427)	-	(2,546,597,427)
Closing balance	20,633,351,453	11,214,115,913	31,847,467,366
Current	5,846,534,626	-	5,846,534,626
Non-current	14,786,816,827	11,214,115,913	26,000,932,740

25. BONUS AND WELFARE FUND

This fund is established by appropriating from net profit after tax as approved by shareholders at General Meeting of Shareholders. This fund is used to pay bonus, welfare and allowance to the Company's and subsidiaries' Board of Management, Board of Directors and employees in accordance with the Group's bonus and welfare policies. Movements of bonus and welfare fund during the year were as follows:

	2020 VND	2019 VND
Balance at the beginning of the year	806,604,376,402	761,403,536,738
Appropriation during the year	657,002,019,790	399,055,995,494
Utilisation during the year	(330,160,976,705)	(353,855,155,830)
Balance at the end of the year	1,133,445,419,487	806,604,376,402

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

26. CHANGES IN OWNERS' EQUITY

	Share capital VND	Share premium VND	Foreign exchange differences VND	Investment and development fund VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance at 1/1/2019	21,239,071,660,000	3,211,560,416,270	276,819,257	918,641,612,156	15,126,437,863,905	126,961,469,222	40,622,949,840,810
Contributed capital	-	-	-	-	-	85,000,000	85,000,000
Net profit for the year	-	-	-	-	7,527,442,867,874	50,805,368,355	7,578,248,236,229
Payment of dividends in the form of shares (Note 28)	6,371,669,490,000	-	-	-	(6,371,669,490,000)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	(399,055,995,494)	-	(399,055,995,494)
Appropriation to investment and development fund	-	-	-	5,000,000,000	(5,000,000,000)	-	-
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	(14,638,158,250)	(14,638,158,250)
Effect of reporting currency translation	-	-	288,715,737	-	-	-	288,715,737
Other movements	-	-	-	-	(1,241,495,337)	-	(1,241,495,337)
Balance at 31/12/2019	27,610,741,150,000	3,211,560,416,270	565,534,994	923,641,612,156	15,876,913,750,948	163,213,679,327	47,786,636,143,695

**HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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

	Share capital VND	Share premium VND	Foreign exchange differences VND	Investment and development fund VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance at 1/1/2020	27,610,741,150,000	3,211,560,416,270	565,534,994	923,641,612,156	15,876,913,750,948	163,213,679,327	47,786,636,143,695
Contributed capital	-	-	-	-	-	2,700,000,000	2,700,000,000
Net profit for the year	-	-	-	-	13,450,300,052,812	55,864,004,095	13,506,164,056,907
Payment of dividends in the form of shares (Note 28)	5,522,085,440,000	-	-	-	(5,522,085,440,000)	-	-
Payment of dividends in cash (Note 28)	-	-	-	-	(1,380,537,057,500)	-	(1,380,537,057,500)
Appropriation to bonus and welfare fund	-	-	-	-	(656,005,712,957)	(996,306,833)	(657,002,019,790)
Appropriation to investment and development fund	-	-	-	5,000,000,000	(3,636,000,000)	(1,364,000,000)	-
Dividends paid by subsidiaries to non- controlling shareholders	-	-	-	-	-	(43,091,147,177)	(43,091,147,177)
Effect of reporting currency translation	-	-	5,002,834,078	-	-	-	5,002,834,078
Other movements	-	-	-	-	27,493,039,982	(27,579,544,084)	(86,504,102)
Balance at 31/12/2020	33,132,826,590,000	3,211,560,416,270	5,568,369,072	928,641,612,156	21,792,442,633,285	148,746,685,328	59,219,786,306,111

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

27. SHARE CAPITAL

The Company's authorised and issued share capital are:

	31/12/2020		1/1/2020	
	Number of shares	VND	Number of shares	VND
Authorised share capital	3,313,282,659	33,132,826,590,000	2,761,074,115	27,610,741,150,000
Issued share capital				
Ordinary shares	3,313,282,659	33,132,826,590,000	2,761,074,115	27,610,741,150,000
Shares in circulation				
Ordinary shares	3,313,282,659	33,132,826,590,000	2,761,074,115	27,610,741,150,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets.

Movements of share capital during the year were as follows:

	2020		2019	
	Number of shares	Par value VND	Number of shares	Par value VND
Opening balance	2,761,074,115	27,610,741,150,000	2,123,907,166	21,239,071,660,000
Payment of dividends in the form of shares	552,208,544	5,522,085,440,000	637,166,949	6,371,669,490,000
Closing balance	3,313,282,659	33,132,826,590,000	2,761,074,115	27,610,741,150,000

28. DIVIDENDS

On 25 June 2020, the Company's General Meeting of Shareholders passed the resolution on the distribution of 2019 dividends to the shareholders at the rate of 25% including 20% in the form of shares (shareholders will receive 2 additional shares for every 10 ordinary shares they own) and 5% in cash (shareholders will receive VND500 for every ordinary share they own). This dividend payment scheme was approved for execution by the Company's Board of Management in the resolution dated 29 June 2020 and was implemented during the third quarter of 2020.

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

29. OFF BALANCE SHEET ITEMS

29.1 Foreign currencies

	31/12/2020		1/1/2020	
	Original currency	VND equivalent	Original currency	VND equivalent
United State Dollars ("USD")	15,264,410	351,615,684,350	19,286,141	445,702,718,510
Euro ("EUR")	2,172	60,672,648	1,922	49,637,572
Japanese Yen ("JPY")	-	-	3,465,300	727,713,000
Australian Dollar ("AUD")	2,659,395	46,573,984,635	417,914	6,723,818,346
		398,250,341,633		453,203,887,428

29.2 Capital expenditure commitments

At the reporting date, the Group had the following outstanding capital commitments approved but not provided for in the consolidated balance sheet:

	31/12/2020 VND	1/1/2020 VND
Approved but not contracted	454,527,000,000	74,306,833,278
Approved and contracted	484,020,206,913	666,931,828,182
	938,547,206,913	741,238,661,460

29.3 Lease

At the reporting date, the Group had the following future minimum lease payments under non-cancelable operating leases:

	31/12/2020 VND	1/1/2020 VND
Within one year	36,794,422,430	32,007,469,097
Within two to five years	140,754,028,638	133,074,077,652
More than five years	182,935,303,458	269,888,924,130
	360,483,754,526	434,970,470,879

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

Form B 09 – DN/HN

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

30. REVENUE FROM SALES OF GOODS AND PROVISION OF SERVICES

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

	2020 VND	2019 VND
Total revenue	90,003,588,760,001	62,523,707,011,126
• Sales	636,863,788,632	613,633,954,877
• Services	411,557,012,405	738,144,858,625
• Revenue from sublease of leasehold land	62,562,330,568	54,280,124,794
• Rental income from investment property	86,259,390,420	711,872,407,016
• Sales of real estate	78,210,489,800	36,268,219,206
• Others		
	91,279,041,771,826	64,677,906,575,644
Less revenue deductions		
• Sales discounts	(1,125,473,685,738)	(957,210,485,501)
• Sales allowances	(2,612,959,380)	(2,425,393,504)
• Sales returns	(32,451,699,991)	(60,078,022,848)
	(1,160,538,345,109)	(1,019,713,901,853)
	90,118,503,426,717	63,658,192,673,791

31. COST OF SALES

	2020 VND	2019 VND
Finished goods and merchandise goods sold	70,389,153,770,946	51,076,008,928,634
Services provided	453,867,941,195	486,688,612,434
Cost of leasehold land subleased	186,475,713,381	421,970,093,151
Cost of investment property held to earn rental	38,965,286,886	18,923,757,872
Cost of real estate sold	51,373,174,594	463,656,461,976
Other costs	76,822,820,140	10,025,936,248
Allowance for inventories	17,794,815,421	(4,453,338,661)
	71,214,453,522,563	52,472,820,451,654

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

32. FINANCIAL INCOME

	2020 VND	2019 VND
Interest income from deposits	519,078,206,990	276,783,283,933
Realised foreign exchange gains	483,165,239,031	177,270,502,599
Unrealised foreign exchange gains	490,877,510	15,303,987,880
Other financial income	2,055,442,739	1,696,057,599
	1,004,789,766,270	471,053,832,011

33. FINANCIAL EXPENSES

	2020 VND	2019 VND
Interest expense	2,191,680,923,417	936,710,218,359
Payment discounts	10,304,712,000	12,037,994,693
Realised foreign exchange losses	493,877,084,960	188,554,340,708
Unrealised foreign exchange losses	52,569,748,282	39,487,502,736
Other financial expenses	88,973,961,929	4,885,654,420
	2,837,406,430,588	1,181,675,710,916

34. SELLING EXPENSES

	2020 VND	2019 VND
Staff costs	123,280,301,787	105,060,273,041
Depreciation	25,143,534,805	24,256,179,838
Warranty expenses	10,019,591,607	9,226,513,057
Transportation expenses	410,059,716,412	305,033,724,481
Advertising expenses	119,029,659,675	108,229,175,275
Promotion expenses	-	1,807,663,244
Export expenses	246,620,482,296	133,011,396,233
Outside services and other selling expenses	156,642,271,841	186,708,659,519
	1,090,795,558,423	873,333,584,688

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

35. GENERAL AND ADMINISTRATION EXPENSES

	2020 VND	2019 VND
Goodwill amortisation	18,075,220,852	27,049,152,720
Staff costs	256,505,319,341	227,158,953,782
Depreciation expenses	74,627,935,358	53,200,254,814
Outside services and other general and administration expenses	341,090,028,634	261,597,444,406
	690,298,504,185	569,005,805,722

36. OTHER INCOME

	2020 VND	2019 VND
Gain from disposals of fixed assets and construction in progress	3,893,297,009	19,930,474,713
Income from sales of electricity, water and rendering services	533,513,067,644	563,556,916,803
Compensation received from other parties	51,552,815,560	25,307,799,110
Others	65,122,154,012	48,885,740,851
	654,081,334,225	657,680,931,477

37. OTHER EXPENSES

	2020 VND	2019 VND
Loss on disposals of fixed assets and construction in progress	34,376,441,173	9,097,251,567
Costs of electricity, water sold and services rendered	533,638,326,246	560,414,088,234
Other expenses	21,403,584,097	22,487,107,497
	589,418,351,516	591,998,447,298

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

38. PRODUCTION AND BUSINESS COSTS BY ELEMENT

	2020 VND	2019 VND
Raw material costs included in production costs and cost of merchandise goods	56,143,613,676,276	43,216,883,256,386
Staff costs	2,952,413,913,069	1,857,975,662,793
Depreciation	4,775,781,721,269	2,566,183,420,309
Outside services	7,067,823,287,366	3,775,041,395,046
Other expenses	3,481,870,199,104	3,353,922,546,681

39. INCOME TAX

39.1 Recognised in the consolidated statement of income

	2020 VND	2019 VND
Current corporate income tax expense ("CIT")		
Current year	1,781,203,698,254	1,596,527,974,235
Additional CIT for prior year	3,364,145,612	6,779,952,445
	1,784,567,843,866	1,603,307,926,680
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	66,234,890,928	(84,894,039,523)
Income tax expense	1,850,802,734,794	1,518,413,887,157

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

39.2 Income tax expense

	2020 VND	2019 VND
Accounting profit before tax	15,356,966,791,701	9,096,662,123,386
Adjustments to increase/(decrease) accounting profit		
Non-deductible expenses	86,326,338,539	52,217,309,060
Goodwill amortisation	18,075,220,852	27,049,152,720
(Reversal)/addition of allowance	(99,583,404,242)	17,976,419,050
Unrealised foreign exchange differences	14,072,284	(4,734,516,843)
(Reversal)/accrual of cost of sales of real estate sold	(41,034,357,556)	96,389,167,191
Reversal and origination of other temporary differences	(95,169,619,065)	497,134,321,767
Share of (profit)/loss from associates	(1,964,631,764)	1,431,313,615
	15,223,630,410,749	9,784,125,289,946
Tax losses brought forward	(144,111,796,097)	(67,977,454,503)
Current year taxable profit	15,079,518,614,652	9,716,147,835,443
Income tax expense at the Company's tax rate	3,015,903,722,930	1,943,229,567,089
Tax incentives in subsidiaries	(1,217,379,384,501)	(364,948,615,888)
Effect of different tax rates in subsidiaries	(12,803,067,107)	(5,444,236,159)
30% decrease in income tax under Resolution No. 116/2020/QH14	(8,385,735,926)	-
Unrealised deferred tax assets on tax losses of subsidiaries and other unrecognised deferred tax assets	3,150,009,022	23,691,259,193
Deferred tax expense/(benefit)	66,234,890,928	(84,894,039,523)
Additional corporate income tax for prior year	3,364,145,612	6,779,952,445
Other movements	718,153,836	-
Income tax expense	1,850,802,734,794	1,518,413,887,157

39.3 Applicable tax rates

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

The Group's subsidiaries have obligations to pay the Government income tax at the rate as defined in the enacted tax regulations.

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

40. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2020 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year, calculated as follows:

40.1 Weighted average number of ordinary shares

	2020 (Number of shares)	2019 (Number of shares) Restated
Issued ordinary shares at the beginning of the year	2,761,074,115	2,123,907,166
Effect of dividends paid in the form of shares (Note 28)	552,208,544	1,189,375,493
Weighted average number of ordinary shares outstanding during the year	3,313,282,659	3,313,282,659

40.2 Basic earnings per share

	2020 VND	2019 VND Restated
Net profit attributable to ordinary shareholders (VND)	13,450,300,052,812	7,527,442,867,874
Appropriation to Bonus and welfare funds (VND) (*)	(706,725,804,542)	(656,005,712,957)
Weighted average number of ordinary shares outstanding during the year (Number of shares)	12,743,574,248,270	6,871,437,154,917
Basic earnings per share (VND)	3,846	2,074

(*) At the reporting date, the Group has not determined the accurate amount of consolidated net profit of 2020 to be appropriated to the Bonus and welfare funds. The Group has estimated an amount of VND706,725,804,542 to be appropriated to the Bonus and welfare funds for 2020.

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

40.3 Restatement for the weighted average number of ordinary shares and basic earnings per share for the year ended 31 December 2019

Due to the effect of dividends paid in the form of shares (Note 28) and the appropriation of net profit to the Bonus and welfare funds (Note 26), the weighted average number of ordinary shares and basic earnings per share for the year ended 31 December 2019 were restated as follows:

	Weighted average number of ordinary shares	Basic earnings per share VND
As previously reported	2,761,074,115	2,726
Effect of dividends paid in the form of shares	552,208,544	(454)
Effect of appropriation of net profit to Bonus and welfare funds	-	(198)
As restated	3,313,282,659	2,074

41. FINANCIAL INSTRUMENTS

41.1 Financial risk management

(a) *Overview*

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

The Company's Board of Management oversees how the Board of Directors monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(b) *Risk management framework*

The Company's and its subsidiaries' Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Company's and its subsidiaries' Board of Directors are responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

41.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group’s receivables and cash placed at financial institutions.

Exposure to credit risk

The total of carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	31/12/2020 VND million	1/1/2020 VND million
Cash at banks and cash equivalents	(a)	13,683,180	4,528,334
Held-to-maturity investments – short-term and long-term	(b)	8,296,993	1,420,866
Accounts receivable from customers – short-term, loans receivable – long-term and other short-term and long-term receivables	(c)	4,363,749	2,829,322
		26,343,922	8,778,522

(a) Cash at bank and cash equivalents

Cash at bank and cash equivalents of the Group is mainly held with well-known financial institutions. The Board of Directors does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

(b) Held-to-maturity investments

Held-to-maturity investments of the Group represent time deposits and bonds with well-known financial institutions. The Board of Directors does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

(c) Accounts receivable from customers short-term, loans receivable - long-term and other short-term and long term receivables

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. In response to the risk, the Board of Directors of the Company and its subsidiaries has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group’s standard payment and delivery terms and conditions are offered. Credit purchase limit is established for each customer, which represents the maximum open amount without requiring approval from the Board of Directors of the Company and its subsidiaries. The limit is reviewed annually. No collateral is collected from the customers.

Based on historic default rates, the Board of Directors believes that apart from the amount provided for as per below, no further allowance for doubtful debts is necessary in respect of the outstanding trade and other receivables at the reporting date.

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

The aging of trade and other receivables not impaired at the year end is as follows:

	31/12/2020 VND million	1/1/2020 VND million
Not past due	4,200,992	2,702,958
Past due 0 - 30 days	89,666	73,704
Past due 31 - 180 days	29,507	17,469
Past due more than 180 days	43,584	35,191
	4,363,749	2,829,322

Movements in the allowance for doubtful debts during the year were as follows:

	2020 VND	2019 VND
Opening balance	37,145,790,132	37,693,842,866
Increase in allowance during the year	2,957,664,650	2,696,967,351
Written back and used during the year	(767,257,176)	(3,245,020,085)
	39,336,197,606	37,145,790,132

41.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

At the reporting date, the financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

	Carrying amount VND million	Contractual cash flows VND million	Within 1 year VND million	1 – 2 years VND million	2 – 5 years VND million
31 DECEMBER 2020					
Accounts payable to suppliers and other payables	14,319,102	14,319,102	11,654,368	2,664,734	-
Borrowings	54,141,713	61,206,131	41,823,469	7,133,906	12,248,756
	68,460,815	75,525,233	53,477,837	9,798,640	12,248,756
1 JANUARY 2020					
Accounts payable to suppliers and other payables	14,762,347	14,762,347	8,090,259	6,672,088	-
Borrowings	36,679,753	43,515,430	20,655,992	6,820,442	16,038,996
	51,442,100	58,277,777	28,746,251	13,492,530	16,038,996

The Group manages its ability to meet the expected operational expenses and servicing its debts by investing its cash surpluses in term deposits and maintaining several bank facilities from some domestic banks.

41.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's results of operations or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(a) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than VND, the accounting currency of the Group. The currency in which these transactions primarily are denominated are United States Dollar ("USD"), Euro ("EUR").

The Group's exposure to currency risk is managed by keeping the exposure to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

Exposure to currency risk

At the reporting date, the Group had the following net monetary asset/(liability) position exposed to currency risk:

**HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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

31/12/2020

	USD	EUR	AUD
Cash and cash equivalents	15,264,410	2,172	2,659,395
Accounts receivable from customers	32,881,352	-	65,238
Other long-term receivables	-	-	23,918
Loans receivable – long-term	-	-	300,000
Accounts payable to suppliers	(350,339,542)	(21,323,019)	-
Short-term borrowings	(308,310,002)	-	-
Long-term borrowings	(184,615,385)	-	-
	(795,119,167)	(21,320,847)	3,048,551

1/1/2020

	USD	EUR	AUD	JPY	CNY
Cash and cash equivalents	19,286,141	1,922	417,914	3,465,300	-
Accounts receivable from customers	13,335,794	-	5,868	-	-
Accounts payable to suppliers	(253,611,805)	(38,585,799)	-	-	(411,442)
Short-term borrowings	(72,892,904)	-	-	-	-
Long-term borrowings	(200,000,000)	-	-	-	-
	(493,882,774)	(38,583,877)	423,782	3,465,300	(411,442)

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

The followings are the significant exchange rates applied by the Group:

	Exchange rate as at	
	31/12/2020	1/1/2020
Buying exchange rate of USD/VND	23,035	23,110
Selling exchange rate of USD/VND	23,215	23,230
Buying exchange rate of EUR/VND	27,934	25,826
Selling exchange rate of EUR/VND	29,065	26,601
Buying exchange rate of JPY/VND	219	210
Selling exchange rate of JPY/VND	228	216
Buying exchange rate of AUD/VND	17,513	16,089
Selling exchange rate of AUD/VND	18,062	16,363
Buying exchange rate of CNY/VND	3,496	3,332

(b) Interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	31/12/2020 VND million	1/1/2020 VND million
Fixed rate financial instruments		
Financial assets	19,974,785	4,267,452
Financial liabilities	(49,855,867)	(32,039,753)
	(29,881,082)	(27,772,301)
Variable rate financial instruments		
Financial assets	20,000	20,000
Financial liabilities	(4,285,846)	(4,640,000)
	(4,265,846)	(4,620,000)

A change of 100 basis points in interest rates would have increased or decreased the consolidated net profit of the Group by VND34,127 million (2019: VND37,120 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

41.5 Fair values

(a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated balance sheet, are as follows:

	31/12/2020		1/1/2020	
	Carrying amount VND million	Fair value VND million	Carrying amount VND million	Fair value VND million
Categorised as held-to-maturity investments:				
- Held-to-maturity investments – short-term	8,126,993	8,126,993	1,374,340	1,374,340
- Held-to-maturity investments – long-term	170,000	(*)	46,526	(*)
Categorised as loans and receivables:				
- Cash and cash equivalents	13,696,099	13,696,099	4,544,900	4,544,900
- Accounts receivable from customers and other receivables – short-term	4,267,310	4,267,310	2,801,604	2,801,604
- Loans receivable – long-term and other long-term receivable	96,439	(*)	27,718	(*)
Categorised as financial assets available-for-sale:				
- Equity investments in other entities	700	(*)	700	(*)
Categorised as financial liabilities at amortised cost:				
- Accounts payable to suppliers and other payables – short-term	(11,654,368)	(11,654,368)	(8,090,259)	(8,090,259)
- Accounts payable to suppliers, accrued expenses and other payables – long-term	(2,664,734)	(*)	(6,672,088)	(*)
- Borrowings	(54,141,713)	(*)	(36,679,753)	(*)
	(42,103,274)		(42,646,312)	

HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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

(b) **Basis for determining fair values**

Cash and cash equivalents, held-to-maturity investments – short-term, accounts receivable from customers – short-term and other short-term receivables and short-term non-derivative financial liabilities

The fair value of cash and cash equivalents, held-to-maturity investments – short-term, accounts receivable from customers – short-term and other short-term receivables and short-term non-derivative financial liabilities approximates the carrying value due to the short-term nature of these financial instruments. The fair value of these instruments is determined for disclosure purpose only.

(*) The Group has not determined fair values of these financial instruments for disclosure in the consolidated financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for Enterprises. The fair values of these financial instruments may differ from their carrying amounts.

(c) **Hedging**

The Group adopts a policy to ensure that a certain percentage of its exposure to changes in interest rates on borrowings is on a fixed rate basis. Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy. At 31 December 2020, the Group had interest rate swaps with a notional contract amount of VND4,285,846 million (1/1/2020: VND4,640,000 million). The Group does not apply hedge accounting.

42. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

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

	Transaction value	
	2020 VND	2019 VND
Members of Board of Management		
Allowances	25,240,000,000	27,280,000,000
Members of Board of Directors		
Salary and bonus	2,320,000,000	2,540,000,000
Members of Supervisory Board		
Allowances, salary and bonus	842,438,612	780,964,457

**HOA PHAT GROUP JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

Form B 09 – DN/HN

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

43. NON-CASH INVESTING AND FINANCING ACTIVITIES

	2020 VND	2019 VND
Payment of dividends in the form of shares	5,522,085,440,000	6,371,669,490,000

44. POST BALANCE SHEET EVENT

As part of the restructuring strategy for organization and operation, on 4 January 2021, the Board of Management of the Company approved the transfer of all shares of Hoa Phat Group Joint Stock Company in Hoa Phat Furniture Joint Stock Company under the Board of Management's Resolution No. 01/NQHP-2021.

45. COMPARATIVE INFORMATION

Comparative information as at 1 January 2020 were derived from the balances and amounts reported in the Company's consolidated financial statements as at and for the year ended 31 December 2019.

16 March 2021

Prepared by:



Tran Xuan Mai
General Accountant

Approved by:



Pham Thi Kim Oanh
Chief Accountant

Tran Tuan Duong
General Director



HÒA PHÁT®

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