



Hoa Sen Group and its subsidiaries

Consolidated Financial Statements
for the year ended 30 September 2021



Hoa Sen Group Corporate Information

Business Registration Certificate 3700381324 8 August 2001

The Company's Business Registration Certificate has been amended several times, the most recent of which is by Business Registration Certificate No. 3700381324 dated 28 October 2021. The Business Registration Certificate and its updates were issued by the Department of Planning and Investment of Binh Duong Province.

Board of Directors

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

Board of Management

Mr. Tran Quoc Tri	General Director
Mr. Hoang Duc Huy	Deputy General Director
Mr. Vu Van Thanh	Deputy General Director
Mr. Ho Thanh Hieu	Deputy General Director
Mr. Tran Quoc Pham	Deputy General Director
Mr. Nguyen Ngoc Huy	Deputy General Director
Mr. Tran Thanh Nam	Deputy General Director (from 1 December 2021)
Mr. Nguyen Tan Hoa	Deputy General Director (from 1 December 2021)

Legal Representative

Mr. Le Phuoc Vu	Chairman
Mr. Tran Ngoc Chu	Vice Chairman
Mr. Tran Quoc Tri	General Director

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

Auditor KPMG Limited
Vietnam

Hoa Sen Group Statement of Board of Management

The Board of Management of Hoa Sen Group (“the Company”) presents this statement and the accompanying consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) for the year ended 30 September 2021.

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

- (a) the consolidated financial statements set out on pages 5 to 61 give a true and fair view of the consolidated financial position of the Group as at 30 September 2021, and of its consolidated results of operations and consolidated cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Management



Trần Quốc Tri
General Director

Ho Chi Minh City, 24 December 2021



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders Hoa Sen Group

We have audited the accompanying consolidated financial statements of Hoa Sen Group ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated balance sheet as at 30 September 2021, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 24 December 2021, as set out on pages 5 to 61.

Management's Responsibility

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

Auditor's Responsibility

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

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

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



Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Hoa Sen Group and its subsidiaries as at 30 September 2021 and of their consolidated results of operations and consolidated cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 21-01-00192/1-21-2




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



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

Ho Chi Minh City, 24 December 2021



Hoa Sen Group and its subsidiaries
Consolidated balance sheet as at 30 September 2021

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

	Code	Note	30/9/2021 VND	1/10/2020 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		18,655,160,349,585	9,022,315,330,402
Cash and cash equivalents	110	6	492,796,782,190	574,767,066,704
Cash	111		461,926,662,510	546,734,145,565
Cash equivalents	112		30,870,119,680	28,032,921,139
Short-term financial investments	120		28,003,792,159	516,043,836
Held-to-maturity investments	123	7(a)	28,003,792,159	516,043,836
Accounts receivable – short-term	130		4,534,902,423,539	2,024,273,013,463
Accounts receivable from customers	131	8(a)	4,323,663,158,680	1,778,136,480,894
Prepayments to suppliers	132	9	68,897,236,027	100,085,092,644
Other short-term receivables	136	10(a)	159,191,323,984	171,749,127,453
Allowance for doubtful debts	137	8(c)	(16,849,295,152)	(25,697,687,528)
Inventories	140	11	12,349,095,948,022	5,523,844,442,201
Inventories	141		12,555,990,962,429	5,568,878,411,270
Allowance for inventories	149		(206,895,014,407)	(45,033,969,069)
Other current assets	150		1,250,361,403,675	898,914,764,198
Short-term prepaid expenses	151	16(a)	136,435,025,777	141,636,982,795
Deductible value added tax	152		1,108,616,194,136	757,274,781,403
Taxes receivable from State Treasury	153		5,310,183,762	3,000,000

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

Hoa Sen Group and its subsidiaries
Consolidated balance sheet as at 30 September 2021 (continued)

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

	Code	Note	30/9/2021 VND	1/10/2020 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		7,962,869,653,354	8,734,092,334,529
Accounts receivable – long-term	210		179,887,837,400	184,949,529,000
Other long-term receivables	216	10(b)	179,887,837,400	184,949,529,000
Fixed assets	220		6,662,061,653,393	7,594,742,677,985
Tangible fixed assets	221	12	6,442,809,695,940	7,262,428,277,688
Cost	222		13,671,862,519,864	13,329,437,933,511
Accumulated depreciation	223		(7,229,052,823,924)	(6,067,009,655,823)
Finance lease tangible fixed assets	224	13	-	112,152,264,648
Cost	225		-	130,467,379,881
Accumulated depreciation	226		-	(18,315,115,233)
Intangible fixed assets	227	14	219,251,957,453	220,162,135,649
Cost	228		294,517,358,918	283,098,677,599
Accumulated amortisation	229		(75,265,401,465)	(62,936,541,950)
Long-term work in progress	240		660,329,384,725	575,955,787,725
Construction in progress	242	15	660,329,384,725	575,955,787,725
Long-term financial investments	250		17,000,000,000	26,472,160,000
Held-to-maturity investments	255	7(a)	17,000,000,000	26,472,160,000
Other long-term assets	260		443,590,777,836	351,972,179,819
Long-term prepaid expenses	261	16(b)	263,776,212,655	272,734,770,282
Deferred tax assets	262	17	179,814,565,181	79,237,409,537
TOTAL ASSETS (270 = 100 + 200)	270		26,618,030,002,939	17,756,407,664,931

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

Hoa Sen Group and its subsidiaries
Consolidated balance sheet as at 30 September 2021 (continued)

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

	Code	Note	30/9/2021 VND	1/10/2020 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		15,786,236,174,085	11,165,669,153,608
Current liabilities	310		14,372,246,601,418	8,991,488,795,259
Accounts payable to suppliers	311	18	4,293,881,185,244	1,454,938,948,232
Advances from customers	312		268,020,163,980	208,728,376,787
Taxes payable to State Treasury	313	19	346,182,368,564	271,827,347,796
Payables to employees	314		79,744,676,730	75,605,377,314
Accrued expenses	315	20	298,559,691,259	480,647,139,892
Other payables – short-term	319	21	3,574,141,589,235	433,234,264,391
Short-term borrowings and finance lease liabilities	320	22(a)	5,436,688,415,777	6,023,444,645,186
Bonus and welfare fund	322	23	75,028,510,629	43,062,695,661
Long-term liabilities	330		1,413,989,572,667	2,174,180,358,349
Other payables – long-term	337		709,500,000	709,500,000
Long-term borrowings and finance lease liabilities	338	22(b)	1,399,362,118,340	2,162,915,544,533
Provisions – long-term	342	24	13,917,954,327	10,555,313,816
EQUITY (400 = 410)	400		10,831,793,828,854	6,590,738,511,323
Owners' equity	410	25	10,831,793,828,854	6,590,738,511,323
Share capital	411	26	4,934,818,960,000	4,446,252,130,000
- Ordinary shares with voting rights	411a		4,934,818,960,000	4,446,252,130,000
Share premium	412		157,292,539,068	151,583,183,521
Treasury shares	415		-	(3,271,000,000)
Other equity funds	420		90,695,201,265	35,535,781,824
Retained profits	421		5,633,071,186,571	1,954,018,045,161
- Retained profits brought forward	421a		1,383,841,163,863	800,689,731,226
- Retained profits for the current year	421b		4,249,230,022,708	1,153,328,313,935
Non-controlling interest	429		15,915,941,950	6,620,370,817
TOTAL RESOURCES (440 = 300 + 400)	440		26,618,030,002,939	17,756,407,664,931

24 December 2021

Prepared by



Nguyen Thi Thanh Tuyen
Accountant

Approved by



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Quoc Tri
General Director

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

Hoa Sen Group and its subsidiaries

Consolidated statement of income for the year ended 30 September 2021

Form B 02 – DN/HN

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

	Code	Note	Year ended	
			30/9/2021 VND	30/9/2020 VND
Revenue from sales of goods and provision of services	01	28	48,987,333,712,285	27,765,155,626,306
Revenue deductions	02	28	260,811,478,549	234,406,112,472
Net revenue (10 = 01 - 02)	10	28	48,726,522,233,736	27,530,749,513,834
Cost of sales	11	29	39,853,124,052,753	22,903,482,165,423
Gross profit (20 = 10 - 11)	20		8,873,398,180,983	4,627,267,348,411
Financial income	21	30	366,296,112,404	77,984,494,109
Financial expenses	22	31	552,008,300,634	645,261,573,177
<i>In which: Interest expense</i>	23		<i>355,048,548,813</i>	<i>560,086,135,926</i>
Selling expenses	25	32	3,344,487,236,554	2,221,083,074,110
General and administration expenses	26	33	425,816,363,938	459,978,781,905
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		4,917,382,392,261	1,378,928,413,328
Other income	31	34	14,708,414,685	28,617,237,724
Other expenses	32	35	16,607,736,066	31,902,487,528
Results of other activities (40 = 31 - 32)	40		(1,899,321,381)	(3,285,249,804)
Accounting profit before tax (50 = 30 + 40)	50		4,915,483,070,880	1,375,643,163,524
Income tax expense – current	51	37	702,566,164,265	259,835,557,336
Income tax benefit – deferred	52	37	(100,577,155,644)	(37,206,411,121)
Net profit after tax (60 = 50 - 51 - 52) (carried forward)	60		4,313,494,062,259	1,153,014,017,309

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



Hoa Sen Group and its subsidiaries

Consolidated statement of income for the year ended 30 September 2021 (continued)

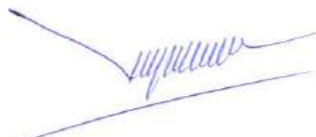
Form B 02 – DN/HN

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

	Code	Note	Year ended	
			30/9/2021 VND	30/9/2020 VND
Net profit after tax (60 = 50 - 51 - 52) (brought forward)	60		4,313,494,062,259	1,153,014,017,309
In which:				
Equity holders of the Company	61		4,313,507,233,783	1,153,328,313,935
Non-controlling interest	62		(13,171,524)	(314,296,626)
Earnings per share				
Basic earnings per share	70	38	8,465	2,265

24 December 2021

Prepared by



Nguyen Thi Thanh Tuyen
Accountant

Approved by



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Quoc Tri
General Director

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

Hoa Sen Group and its subsidiaries
Consolidated statement of cash flows for the year ended 30 September 2021
(Indirect method)

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

	Code Note	Year ended	
		30/9/2021 VND	30/9/2020 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	4,915,483,070,880	1,375,643,163,524
Adjustments for			
Depreciation and amortisation	02	1,185,959,400,847	1,229,764,453,316
Allowances and provisions	03	156,375,293,473	16,247,641,558
Losses arising from revaluation of monetary items denominated in foreign currencies	04	(4,523,936,793)	8,093,493,896
(Profits)/losses from investing activities	05	(111,174,418,192)	11,969,098,415
Interest expense	06	355,048,548,813	560,086,135,926
Operating profit before changes in working capital	08	6,497,167,959,028	3,201,803,986,635
Change in receivables	09	(2,857,778,927,583)	(398,108,982,805)
Change in inventories	10	(6,987,119,321,159)	(969,498,666,166)
Change in payables and other liabilities	11	5,855,275,980,310	983,533,510,048
Change in prepaid expenses	12	33,403,745,158	50,298,250,628
		2,540,949,435,754	2,868,028,098,340
Interest paid	14	(351,638,503,121)	(563,994,610,863)
Income tax paid	15	(629,606,456,169)	(163,547,497,267)
Other payments for operating activities	17	(63,628,027,964)	(30,964,795,406)
Net cash flows from operating activities	20	1,496,076,448,500	2,109,521,194,804

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

Hoa Sen Group and its subsidiaries
Consolidated statement of cash flows for the year ended 30 September 2021
(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)

		Year ended	
		30/9/2021	30/9/2020
		VND	VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(476,856,734,594)	(398,137,474,514)
Proceeds from disposals of fixed assets	22	7,727,197,097	7,619,573,128
Payments for granting loans	23	(14,446,000,000)	-
Payments for term deposits and purchase of debt instruments of other entities	23	(23,015,588,323)	(9,988,203,836)
Collections on loans receivable and term deposits	24	19,446,000,000	76,250,000,000
Collections on disposals of subsidiaries	26	188,062,042,687	8,882,151,730
Receipts of interest	27	3,424,914,740	4,594,414,990
Net cash flows from investing activities	30	(295,658,168,393)	(310,779,538,502)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity issued	31	44,000,000,000	-
Payments for shares redemptions	32	-	(812,000,000)
Proceeds from sales of treasury shares	32	8,980,355,547	-
Proceeds from capital contributions in a subsidiary by non-controlling interest	32	14,446,000,000	-
Proceeds from borrowings	33	38,252,605,550,541	22,583,653,369,329
Payments to settle loan principals	34	(39,543,878,574,152)	(24,031,275,249,680)
Payments to settle finance lease liabilities	35	(60,381,309,809)	(64,120,907,969)
Payments of dividends	36	(307,131,948)	(22,299,100)
Net cash flows from financing activities	40	(1,284,535,109,821)	(1,512,577,087,420)
Net cash flows during the year (50 = 20 + 30 + 40)	50	(84,116,829,714)	286,164,568,882
Cash and cash equivalents at the beginning of the year	60	574,767,066,704	288,707,713,172
Effect of exchange rate fluctuations on cash and cash equivalents	61	2,146,545,200	(105,215,350)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	492,796,782,190	574,767,066,704

24 December 2021

Prepared by



Nguyen Thi Thanh Tuyen
Accountant

Approved by



Nguyen Thi Ngoc Lan
Chief Accountant



Tran Quoc Tri
General Director

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

Hoa Sen Group and its subsidiaries

Notes to the consolidated financial statements for the year ended 30 September 2021

Form B 09 – DN/HN

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

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

1. Reporting entity

(a) Ownership structure

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

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

The consolidated financial statements for the year ended 30 September 2021 comprise the Company and its subsidiaries (collectively referred to as “the Group”).

(b) Principal activities

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

(c) Normal operating cycle

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

(d) Group structure

As at 30 September 2021, the Group has 9 subsidiaries and 1 associate (1/10/2020: 10 subsidiaries and 1 associate), as follows:



Hoa Sen Group and its subsidiaries**Notes to the consolidated financial statements for the year ended 30 September 2021
(continued)**

Form B 09 – DN/HN

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

Name	Principal activities	Percentage of ownership/ voting rights	
		30/9/2021	1/10/2020
Subsidiaries			
▪ Hoa Sen Nghe An One Member Limited Liabilities Company	Manufacturing and trading metal roofing sheets and steel pipe products.	100%	100%
▪ Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liability Company	Manufacturing and trading metal roofing sheets.	100%	100%
▪ Hoa Sen Steel One Member Company Limited	Manufacturing and trading in cold rolled steel products.	100%	100%
▪ Hoa Sen Phu My One Member Limited Liabilities Company	Manufacturing steel for building materials and consumer goods.	100%	100%
▪ Hoa Sen Ha Nam One Member Limited Liability Company	Manufacturing and trading in plastic building materials and steel pipe products.	100%	100%
▪ Hoa Sen Building Materials Company Limited	Manufacturing and trading in plastic building materials and steel pipe products.	100%	100%
▪ Hoa Sen Binh Dinh Sole Member Limited Company	Manufacturing and trading in plastic building materials and steel pipe products.	100%	100%
▪ Hoa Sen Yen Bai Joint Stock Company	Operating a hotel, restaurant services and commercial center.	95%	95%
▪ Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company	Manufacturing and trading in steel pipe products.	100%	100%
▪ Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company (*)	Investing, constructing and trading industrial park infrastructure.	-	95%
Associates			
▪ Hoa Sen International Port Joint Stock Company	Providing supporting services related to transportation.	49%	49%

(*) On 31 March 2021, the Board of Directors of Hoa Sen Group decided to transfer all shares in Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company. The transaction was completed on 2 April 2021.

As at 30 September 2021, the Group had 7,584 employees (1/10/2020: 7,209 employees).

Hoa Sen Group and its subsidiaries

Notes to the consolidated financial statements for the year ended 30 September 2021 (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

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting and presentation currency

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

3. Summary of significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

(ii) Non-controlling interests

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

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

Hoa Sen Group and its subsidiaries

Notes to the consolidated financial statements for the year ended 30 September 2021 (continued)

Form B 09 – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
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(iii) Loss of control

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

(iv) Associates

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

(iv) Transactions eliminated on consolidation

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

(b) Foreign currency transactions

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

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

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

Hoa Sen Group and its subsidiaries
Notes to the consolidated financial statements for the year ended 30 September 2021
(continued)

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(c) Cash and cash equivalents

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

(d) Held-to-maturity investments

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

(e) Accounts receivable

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

(f) Inventories

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

The Group applies the perpetual method of accounting for inventories.

(g) Tangible fixed assets

(i) Cost

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



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(ii) Depreciation

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

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

(h) Intangible fixed assets

(i) Land use rights

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

(ii) Software

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

(i) Construction in progress

Construction in progress represents the cost of tangible and intangible fixed assets which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

(j) Long-term prepaid expenses

(i) Tools and instruments

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

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(ii) Land clearance cost

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

(iii) Rental expenses

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

(iv) Advertising panels

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

(v) Maintenance expenses

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

(k) Goodwill

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

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

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

(l) Trade and other payables

Trade and other payables are stated at their costs.

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(m) Provisions

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

Severance allowance

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

(n) Share capital

(i) Ordinary shares

Ordinary shares are recognised at par value.

(ii) Share premium

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

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

Before 1 January 2021

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

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From 1 January 2021

Treasury shares are recognised only in respect of repurchased shares which are aggregated fractions of share arising when the company issues shares to pay dividends or issues shares from equity reserves in accordance with an approved issuance plan, or repurchased odd-lots of shares as requested by the shareholders. In all other cases, when shares recognised as equity are repurchased, their par value amount is recognised as a reduction to share capital. The difference between the par value and the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is included in share premium.

This change in accounting policy has been applied prospectively from 1 January 2021 due to change in applicable laws and regulations on buying back shares.

(o) Taxation

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual 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 annual accounting period.

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

(p) Revenue and other income

(i) Goods sold

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



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(ii) Services rendered

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

(iii) Interest income

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

(q) Leases

(i) Leased assets

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

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

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

(ii) Lease payments

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

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

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(r) Borrowing costs

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

(s) Earnings per share

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

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

(t) Segment reporting

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

(u) Related parties

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

(v) Comparative information

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

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The Group's principal activities are buying and selling steel roofing sheets, steel pipes, building materials. Other activities are asset leasing and service provision. During the year, other activities accounted for an insignificant proportion of total revenue and business operating results of the Group, accordingly, the financial information presented in the consolidated balance sheet as at 30 September 2021 and 1 October 2020 and all revenue, expenses presented in the consolidated statement of income for the year ended 30 September 2021 and 30 September 2020 were mainly related to the Group's principal business activities.

(b) Geographical segments

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

	Geographical segments		
	Domestic VND	Export VND	Total VND
Year ended			
30 September 2021			
Revenue	20,397,366,150,732	28,329,156,083,004	48,726,522,233,736
Cost of sales	(14,272,927,853,826)	(25,580,196,198,927)	(39,853,124,052,753)
	6,124,438,296,906	2,748,959,884,077	8,873,398,180,983
Year ended			
30 September 2020			
Revenue	17,439,544,287,525	10,091,205,226,309	27,530,749,513,834
Cost of sales	(13,329,842,491,295)	(9,573,639,674,128)	(22,903,482,165,423)
	4,109,701,796,230	517,565,552,181	4,627,267,348,411

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On 2 April 2021, the Group disposed all equity interests in Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company. The disposal had the following effect on the Group's assets and liabilities on disposal date:

	Carrying amount at transfer date VND
Cash and cash equivalents	37,957,313
Short-term receivables	1,982,939,452
Inventories	6,770,000
Other current assets	5,572,266,092
Construction in progress	77,905,805,100
	<hr/>
Total carrying amount of net assets disposed	85,505,737,957
	<hr/>
Proportionate carrying amount of net assets disposed	80,368,480,614
	<hr/>
Gains recorded from disposal of a subsidiary (Note 30)	107,731,519,386
	<hr/>
Total consideration	188,100,000,000
	<hr/>
Net cash inflow	188,062,042,687
	<hr/> <hr/>

6. Cash and cash equivalents

	30/9/2021 VND	1/10/2020 VND
Cash on hand	14,457,442,293	38,446,527,451
Cash in banks	447,299,736,438	508,279,639,554
Cash in transit	169,483,779	7,978,560
Cash equivalents (*)	30,870,119,680	28,032,921,139
	<hr/>	<hr/>
	492,796,782,190	574,767,066,704
	<hr/> <hr/>	<hr/> <hr/>

(*) Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transaction dates and earned annual interest rate ranging from 3.0% to 4.0% (1/10/2020: from 3.0% to 4.8%).

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7. Investments

(a) Held-to-maturity investments

(i) Held-to-maturity investments – short-term

Held-to-maturity investments – short-term represented term deposits at banks with original terms to maturity of more than three months from transaction dates and less than 12 months from the period ended. These term deposits were denominated in VND and earned annual interest rate from 3.7% to 4.9% (1/10/2020: from 3.0% to 4.8%).

As at 30 September 2021, term deposit amounting to VND4,472 million was pledged at bank as security for the guarantee contract issued by Joint Stock Commercial Bank for Industry and Trade of Vietnam-Binh Duong Industrial Park Branch.

(ii) Held-to-maturity investments – long-term

	30/9/2021 VND	1/10/2020 VND
Bonds issued by Vietnam Bank for Industry and Trade Securities Joint Stock Company (*)	16,000,000,000	16,000,000,000
Bonds issued by Vietnam Bank for Agriculture Joint Stock Company (**)	1,000,000,000	1,000,000,000
Term deposit at Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	-	4,472,160,000
Bonds issued by Vietnam Bank for Investment and Development Securities Joint Stock Company	-	5,000,000,000
	<hr/>	<hr/>
	17,000,000,000	26,472,160,000

(*) Bonds with original term of 10 years were denominated in VND and earned annual interest at floating interest rate plus 1.2% (1/10/2020: floating interest rate plus 1.2%).

(**) Bonds with original term of 7 years were denominated in VND and earned annual interest at floating interest rate plus 1.2% (1/10/2020: floating interest rate plus 1.2%).

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(b) Long-term investments

	30/9/2021		% equity owned/ voting rights	1/10/2020		Fair value VND
	Cost VND	Equity accounted VND		Cost VND	Equity accounted VND	
Investment in associates						
▪ Hoa Sen International Port Joint Stock Company (**)	-	-	49%	-	-	-
	-	-		-	-	-

(**) Hoa Sen International Port Joint Stock Company was incorporated under the Enterprise Registration Certificate No. 3502399898 issued by the Department of Planning and Investment of Ba Ria Vung Tau Province on 5 July 2019, in which the Company owned 49% ownership. As at 30 September 2021, the Company has not contributed capital to Hoa Sen International Port Joint Stock Company.

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	30/9/2021	1/10/2020
	VND	VND
Hanwa Co., Ltd – Nagoya Branch	641,244,798,681	12,198,320,650
Duferco Sa	579,108,806,311	2,486,767,208
Posco International Corporation	439,530,448,796	22,905,128,469
Isi Steel Co., Ltd.	21,600,642,482	338,062,125,796
Others	2,642,178,462,410	1,402,484,138,771
	<hr/>	
	4,323,663,158,680	1,778,136,480,894
	<hr/>	

As at 30 September 2021, accounts receivable with carrying value of VND570,000 million and receivable arising from export bill collection with the value of VND2,300,000 million (1/10/2020: VND570,000 million of trade receivable and VND2,300,000 million arising from export bill collection) were pledged with banks as security for loan granted to the Group (Note 22).

(b) Accounts receivable from customers who are related parties

	30/9/2021	1/10/2020
	VND	VND
<i>Companies owned by the Group's Chairman</i>		
Hoa Sen Nghe An Investment Company Limited	51,333,808	19,800,000
Hoa Sen Holdings Group	-	34,749,020
	<hr/>	

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

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(c) Bad and doubtful debts	Overdue days	30/9/2021			1/10/2020			
		Cost VND	Allowance VND	Recoverable amount VND	Overdue days	Cost VND	Allowance VND	Recoverable amount VND
<i>Overdue debts</i>								
Mc Kong Consultant Trading Construction Joint Stock Company	3 – 4 years	1,648,743,436	(1,648,743,436)	-	2 – 3 years	1,648,743,436	(1,648,743,436)	-
Hai Thuy Limited Liability Company	More than 2 years	1,545,000,625	(1,545,000,625)	-	More than 1 year	1,545,000,625	(1,545,000,625)	-
Hiep Loan Steel Construction Limited Liability Company	More than 2 years	1,243,508,106	(1,243,508,106)	-	More than 1 year	1,243,508,106	(1,243,508,106)	-
Phuc Duc Production and Trading One Member Limited Liability Company	More than 2 years	-	-	-	More than 6 months	1,096,410,095	(1,096,410,095)	-
Hoang Thai Private Enterprise	More than 2 years	1,023,359,294	(1,023,359,294)	-	More than 1 year	1,023,359,294	(1,023,359,294)	-
Yen Mai Trading Service and Construction Company Limited		-	-	-	More than 6 months	839,518,227	(839,518,227)	-
Toan Phat HN Trading & Production Limited Liability Company		-	-	-	6 months – 1 year	1,426,131,048	(1,426,131,048)	-
Others		11,388,683,691	(11,388,683,691)	-		16,875,016,697	(16,875,016,697)	-
		16,849,295,152	(16,849,295,152)	-		25,697,687,528	(25,697,687,528)	-



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

	Year ended	
	30/9/2021 VND	30/9/2020 VND
Opening balance	25,697,687,528	10,291,966,694
Allowance made during the year	-	15,405,720,834
Allowance reversed during the year	(8,848,392,376)	-
Closing balance	16,849,295,152	25,697,687,528

9. Prepayments to suppliers

	30/9/2021 VND	1/10/2020 VND
Vung Tau Low Pressure Gas Distribution Enterprise	9,000,000,000	12,151,382,390
Hoa Phat Hung Yen Steel Limited Liability Company – Binh Duong Branch	10,183,555	21,469,960,714
Vietnam Kinex Construction Joint Stock Company	546,858,800	14,348,431,632
Kim Nguon Limited Liability Company	-	11,650,000,000
Other suppliers	59,340,193,672	40,465,317,908
	68,897,236,027	100,085,092,644

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

	30/9/2021 VND	1/10/2020 VND
Advances for purchase of lands	45,462,225,000	45,462,225,000
Advances to employees	35,631,264,951	42,103,309,219
Receivables from transfer land use rights	12,818,775,000	12,818,775,000
Compensation and ground clearing	20,000,000,000	20,000,000,000
Short-term deposits and deposits for rental	38,929,346,750	42,305,656,080
Other receivables	6,349,712,283	9,059,162,154
	159,191,323,984	171,749,127,453

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	30/9/2021	1/10/2020
	VND	VND
<i>Companies owned by the Group's Chairman</i>		
Hoa Sen Holdings Group	1,470,000,000	2,059,900,000
<i>Key management personnel</i>		
Mr. Hoang Duc Huy – Deputy General Director	45,462,225,000	45,462,225,000

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

(b) Other long-term receivables

	30/9/2021	1/10/2020
	VND	VND
Deposits for rental	178,887,837,400	181,758,529,000
Others	1,000,000,000	3,191,000,000
	179,887,837,400	184,949,529,000

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	30/9/2021		1/10/2020	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	1,105,140,612,021	-	1,382,843,392,363	-
Raw materials	4,603,302,420,591	(29,198,980,627)	1,130,658,074,684	(16,115,794,147)
Tools and supplies	554,815,549,339	-	569,463,528,312	-
Work in progress	-	-	1,646,096,388	-
Finished goods	4,068,877,356,961	(167,365,717,233)	1,694,167,547,960	(24,672,838,046)
Merchandise	2,223,855,023,517	(10,330,316,547)	790,099,771,563	(4,245,336,876)
	<u>12,555,990,962,429</u>	<u>(206,895,014,407)</u>	<u>5,568,878,411,270</u>	<u>(45,033,969,069)</u>

As at 30 September 2021, inventories with carrying value of VND8,449,472 million (1/10/2020: VND2,800,786 million) were pledged with banks as security for loans granted to the Group (Note 22).

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

	Year ended	
	30/9/2021 VND	30/9/2020 VND
Opening balance	45,033,969,069	51,851,107,911
Allowance made during the year	161,861,045,338	-
Allowance reversed during the year	-	(6,817,138,842)
Closing balance	<u>206,895,014,407</u>	<u>45,033,969,069</u>

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12. Tangible fixed assets

Cost	Buildings and structures and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Opening balance	2,471,415,069,857	10,273,310,183,375	470,065,259,436	87,597,045,920	27,050,374,923	13,329,437,933,511
Additions	124,900,000	69,062,217,895	5,523,305,394	-	-	74,710,423,289
Transfer from construction in progress	72,900,561,390	100,359,483,607	1,783,750,049	-	-	175,043,795,046
Transfer from finance lease tangible fixed assets	-	120,808,224,881	9,560,000,000	-	-	130,368,224,881
Disposals	(71,955,649)	(25,217,546,101)	(7,518,767,367)	-	-	(32,808,269,117)
Written off	-	(4,704,277,378)	-	-	-	(4,704,277,378)
Decrease following construction finalisation	(185,310,368)	-	-	-	-	(185,310,368)
Closing balance	2,544,183,265,230	10,533,618,286,279	479,413,547,512	87,597,045,920	27,050,374,923	13,671,862,519,864
Accumulated depreciation						
Opening balance	689,091,528,334	5,040,773,688,555	268,928,936,816	46,144,436,204	22,071,065,914	6,067,009,655,823
Charge for the year	127,546,094,302	975,200,767,119	55,242,998,965	11,007,941,301	597,734,673	1,169,595,536,360
Transfer from finance lease tangible fixed assets	-	19,988,653,492	2,312,317,061	-	-	22,300,970,553
Disposals	(71,955,649)	(20,067,711,030)	(5,689,678,699)	-	-	(25,829,345,378)
Written off	-	(4,023,993,434)	-	-	-	(4,023,993,434)
Closing balance	816,565,666,987	6,011,871,404,702	320,794,574,143	57,152,377,505	22,668,800,587	7,229,052,823,924
Net book value						
Opening balance	1,782,323,541,523	5,232,536,494,820	201,136,322,620	41,452,609,716	4,979,309,009	7,262,428,277,688
Closing balance	1,727,617,598,243	4,521,746,881,577	158,618,973,369	30,444,668,415	4,381,574,336	6,442,809,695,940

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Included in tangible fixed assets were assets costing VND1,700,044 million which were fully depreciated as at 30 September 2021 (1/10/2020: 1,166,403 million), but which are still in active use.

As at 30 September 2021, tangible fixed assets with net book value of VND5,317,975 million (1/10/2020: VND6,185,137 million) were pledged with banks as security for loans granted to the Group (Note 22).

13. Finance lease tangible fixed assets

	Machinery and equipment VND	Motor vehicles VND	Total VND
Cost			
Opening balance	120,907,379,881	9,560,000,000	130,467,379,881
Transfer to tangible fixed assets	(120,808,224,881)	(9,560,000,000)	(130,368,224,881)
Written off	(99,155,000)	-	(99,155,000)
	<hr/>		
Closing balance	-	-	-
	<hr/>		
Accumulated depreciation			
Opening balance	16,496,773,823	1,818,341,410	18,315,115,233
Charge for the year	3,541,029,321	493,975,651	4,035,004,972
Transfer to tangible fixed assets	(19,988,653,492)	(2,312,317,061)	(22,300,970,553)
Written off	(49,149,652)	-	(49,149,652)
	<hr/>		
Closing balance	-	-	-
	<hr/>		
Net book value			
Opening balance	104,410,606,058	7,741,658,590	112,152,264,648
Closing balance	-	-	-
	<hr/>		

Hoa Sen Group and its subsidiaries**Notes to the consolidated financial statements for the year ended 30 September 2021**

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	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	235,025,409,765	48,073,267,834	283,098,677,599
Additions	-	11,418,681,319	11,418,681,319
Closing balance	235,025,409,765	59,491,949,153	294,517,358,918
Accumulated amortisation			
Opening balance	41,070,533,857	21,866,008,093	62,936,541,950
Charge for the year	3,453,969,163	8,874,890,352	12,328,859,515
Closing balance	44,524,503,020	30,740,898,445	75,265,401,465
Net book value			
Opening balance	193,954,875,908	26,207,259,741	220,162,135,649
Closing balance	190,500,906,745	28,751,050,708	219,251,957,453

Included in intangible fixed assets were assets costing VND456 million which were fully amortised as at 30 September 2021 (1/10/2020: VND456 million), but which are still in active use.

As at 30 September 2021, intangible fixed assets with net book value of VND88,587 million (1/10/2020: VND99,988 million) were pledged with banks as security for loans granted to the Group (Note 22).

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	Year ended	
	30/9/2021 VND	30/9/2020 VND
Opening balance	575,955,787,725	576,452,872,180
Additions	356,566,427,659	246,758,507,548
Transfer to tangible fixed assets	(175,043,795,046)	(203,450,203,825)
Transfer to short-term prepaid expenses	(3,716,322,363)	(2,419,457,088)
Transfer to long-term prepaid expenses	(15,526,908,150)	(12,637,706,813)
Decreases due to disposal of subsidiary	(77,905,805,100)	(28,748,224,277)
	<hr/>	<hr/>
Closing balance	660,329,384,725	575,955,787,725
	<hr/>	<hr/>

Major constructions in progress were as follows:

	30/9/2021 VND	1/10/2020 VND
Machinery and equipment waiting for installation	35,679,907,327	67,957,814,979
Factories	178,108,117,347	110,723,594,232
Hoa Sen Yen Bai project	368,688,188,434	347,706,768,372
Ground clearing cost of Hoa Sen Ha Nam project	38,794,072,000	38,794,072,000
Ground clearing cost of Hoa Sen Phu My project	11,500,000,000	-
Major maintenance expenses of fixed assets	11,187,832,111	10,597,766,331
Others	16,371,267,506	175,771,811
	<hr/>	<hr/>
	660,329,384,725	575,955,787,725
	<hr/>	<hr/>

During the year, borrowing costs were capitalised into the construction in progress amounting to VND15,080 million (year ended 30/9/2020: VND10,038 million).

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	30/9/2021	1/10/2020
	VND	VND
Rental fee	61,118,651,512	59,399,652,052
Advertising expenses	4,977,085,978	24,829,641,795
Tools and instruments	47,490,066,391	43,529,656,120
Insurance fee	2,708,146,140	1,585,945,970
Maintenance expenses	5,401,342,918	5,140,546,849
Consultancy expenses	430,991,668	1,889,338,410
Others	14,308,741,170	5,262,201,599
	<u>136,435,025,777</u>	<u>141,636,982,795</u>

(b) Long-term prepaid expenses

	30/9/2021	1/10/2020
	VND	VND
Tools and instruments	82,143,471,550	100,595,642,595
Land clearance cost	74,922,871,392	76,600,246,305
Rental expenses	49,633,658,164	52,465,115,643
Advertising panels	15,059,349,254	15,374,300,149
Maintenance expenses	19,284,076,785	12,292,628,995
Others	22,732,785,510	15,406,836,595
	<u>263,776,212,655</u>	<u>272,734,770,282</u>

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

	Year ended	
	30/9/2021	30/9/2020
	VND	VND
Opening balance	272,734,770,282	365,534,127,666
Additions during the year	95,839,433,370	82,532,801,042
Transfer to tangible fixed assets	-	(163,628,065)
Transfer from construction in progress	15,526,908,150	12,637,706,813
Transfer (to)/from short-term prepaid expenses	(3,500,000)	240,769,417
Amortisation during the year	(118,232,051,179)	(187,417,700,068)
Disposals and written off	(2,089,347,968)	(629,306,523)
	<u>263,776,212,655</u>	<u>272,734,770,282</u>



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	30/9/2021 VND	1/10/2020 VND
<i>Deferred tax assets are recognised for:</i>		
▪ Unrealised profits	80,651,828,368	39,216,457,247
▪ Accrued expenses	74,249,427,448	24,728,361,887
▪ Allowance and provisions	24,913,309,365	11,977,576,816
▪ Others	-	3,315,013,587
	179,814,565,181	79,237,409,537

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

	30/9/2021 Cost/amount within payment capacity VND	1/10/2020 Cost/amount within payment capacity VND
Hung Nghiep Formosa Ha Tinh Iron Steel Limited Liability Company	1,779,225,472,530	296,702,697,996
Xiamen ITG Group Corp., LTD.	630,195,444,218	-
Kim Quoc Steel Company Limited	622,557,774,639	59,872,948,917
Nippon Steel Trading Corporation	-	303,482,841,213
Other suppliers	1,261,902,493,857	794,880,460,106
	4,293,881,185,244	1,454,938,948,232

(b) Accounts payable to suppliers who are related parties

	30/9/2021 Cost/amount within payment capacity VND	1/10/2020 Cost/amount within payment capacity VND
<i>Companies owned by the Group's Chairman</i>		
Hoa Sen Holdings Group	8,280,625,262	7,018,375,408
Hoa Sen Nghe An Investment Company Limited	6,872,127,178	2,449,892,438

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

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19. Taxes payable to State Treasury

	1/10/2020 VND	Incurred VND	Paid VND	Netted-off VND	Reclassified VND	30/9/2021 VND
Value added tax	175,141,284,813	13,522,409,387,473	(2,183,512,707,115)	(11,339,817,353,690)	(1,386,919,443)	172,833,692,038
Import-export tax	456,189,132	5,977,033,761	(6,267,355,109)	-	-	165,867,784
Corporate income tax	93,273,828,511	702,566,164,265	(629,606,456,169)	-	5,296,564,045	171,530,100,652
Personal income tax	2,863,365,640	35,552,524,625	(36,761,584,196)	(91,839,508)	720,809	1,563,187,370
Other taxes	92,679,700	3,412,340,916	(3,412,499,896)	-	(3,000,000)	89,520,720
	271,827,347,796	14,269,917,451,040	(2,859,560,602,485)	(11,339,909,193,198)	3,907,365,411	346,182,368,564

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20. Accrued expenses

	30/9/2021 VND	1/10/2020 VND
Salary and bonus	211,122,463,563	442,569,291,620
Transportation expenses	43,680,114,673	219,189,613
Construction in progress	13,331,759,284	10,787,448,808
Interest expenses	10,828,881,202	7,418,835,510
Tax provision expenses	5,543,056,774	3,912,745,955
Electricity expenses	643,394,816	380,529,874
Others	13,410,020,947	15,359,098,512
	298,559,691,259	480,647,139,892

21. Other payables – short-term

	30/9/2021 VND	1/10/2020 VND
Import financing payables (*)	3,503,256,652,175	245,638,100,621
Discount export documents payables	-	142,966,821,833
Short-term deposits received	54,628,952,727	23,105,461,713
Dividend payables	3,940,190,477	4,247,322,425
Social insurance, health insurance, unemployment insurance and union funds	1,270,131,710	2,474,430,995
Other payables	11,045,662,146	14,802,126,804
	3,574,141,589,235	433,234,264,391

(*) These amounts represented Usance payable at sight Letter of credit (UPAS L/C) provided by Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch, Ho Chi Minh City Development Joint Stock Commercial Bank, Vietnam International Commercial Joint Stock Bank - Ho Chi Minh Branch, Vietnam Maritime Commercial Joint Stock Bank - Ho Chi Minh Branch, Joint Stock Commercial Bank for Industry and Trade - Nghe An Branch, Ho Chi Minh City Development Joint Stock Commercial Bank - Nghe An Branch and Tien Phong Commercial Joint Stock Bank - Ben Thanh Branch (1/10/2020: provided by Vietnam International Commercial Joint Stock Bank - Ho Chi Minh Branch, Tien Phong Commercial Joint Stock Bank – Ben Thanh Branch and Joint Stock Commercial Bank for Industry and Trade - Nghe An Branch) with a tenor from 90 to 120 days after sight. If the Group cannot make payment on the due date, they will be automatically converted into bank loans.

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22. Borrowings and finance lease liabilities

(a) Short-term borrowings and finance lease liabilities

	1/10/2020		Movements during the year		30/9/2021	
	Carrying amount/ Amount within repayment capacity VND	Additions VND	Decreases VND	Foreign exchange differences VND	Carrying amount/ Amount within repayment capacity VND	
Short-term borrowings	5,266,057,103,675	38,252,605,550,541	(38,690,118,916,257)	1,344,677,818	4,829,888,415,777	
Current portion of long-term borrowings (b)	724,728,971,847	640,800,000,000	(758,728,971,847)	-	606,800,000,000	
Finance lease principals due within twelve months (c)	32,658,569,664	8,164,642,416	(40,823,212,080)	-	-	
	6,023,444,645,186	38,901,570,192,957	(39,489,671,100,184)	1,344,677,818	5,436,688,415,777	



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

Lenders	Note	Currency	30/9/2021 VND	1/10/2020 VND
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade – Binh Duong Industrial Park Branch	(i)	VND	75,643,458,480	1,171,017,687,810
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade – Binh Duong Industrial Park Branch	(i)	USD	777,548,744,645	531,104,907,733
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(ii)	VND	60,000,000,000	947,943,944,130
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(ii)	USD	1,453,181,080,932	413,037,687,997
▪ Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	(iii)	VND	347,681,380,658	472,377,287,783
▪ Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	(iii)	USD	-	99,439,545,965
▪ HSBC Bank (Vietnam) Ltd.	(iv)	VND	1,186,536,814,890	608,438,856,420
▪ Ho Chi Minh City Development Joint Stock Commercial Bank	(v)	USD	-	213,385,900,000
▪ Sinopac Bank - Ho Chi Minh City Branch	(vi)	VND	56,000,000,000	32,300,000,000
▪ United Overseas Bank (Vietnam) Limited	(vii)	VND	34,366,092,843	101,516,310,719
▪ United Overseas Bank (Vietnam) Limited	(vii)	USD	384,498,035,750	57,085,000,000
▪ United Overseas Bank (Vietnam) Limited	(viii)	VND	66,934,425,013	61,832,823,335
▪ Malayan Banking Berhad Ho Chi Minh City Branch	(ix)	VND	60,626,701,580	42,323,443,406
▪ Malayan Banking Berhad Ho Chi Minh City Branch	(ix)	USD	73,836,076,658	46,084,500,000
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Nghe An Branch	(x)	VND	-	145,844,804,159
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Ria Vung Tau Branch	(xi)	VND	8,440,160,000	-
▪ Vietnam Maritime Joint Stock Commercial Bank - Ho Chi Minh City Branch	(xii)	VND	67,617,983,015	97,147,784,400
▪ Saigon Thuong Tin Joint Stock Commercial Bank - Center Branch	(xiii)	VND	-	50,000,000,000
▪ CTBC Bank Limited Liability Company - Ho Chi Minh City Branch	(xiv)	VND	75,695,575,053	19,942,608,592
▪ CTBC Bank Limited Liability Company - Ho Chi Minh City Branch	(xiv)	USD	101,281,886,260	155,234,011,226
			4,829,888,415,777	5,266,057,103,675

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

Lenders	Currency	Credit limit	Interest rate	Pledged assets
			30/9/2021	1/10/2020
i. Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	VND USD	VND3,000 billion	3.50% 1.50% - 2.00%	4.90% - 4.90% 1.85% - 2.00%
ii. Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	VND USD	VND2,397 billion	3.50% 1.30%	4.50% - 5.00% 1.80% - 2.10%
iii. Bank for Investment and Development of Vietnam - Transaction Office 2 Branch	VND USD	VND1,500 billion	3.50% - 3.80% -	4.20% - 4.50% 3.00%
iv. HSBC Bank (Vietnam) Ltd.	VND	USD60 million	3.35%	4.10% - 4.90%
v. Ho Chi Minh City Development Joint Stock Commercial Bank	USD	VND2,000 billion	-	1.80% Unsecured.
vi. Sinopac Bank - Ho Chi Minh City Branch	VND	USD6 million	3.30%	5.00% Unsecured.
vii. United Overseas Bank (Vietnam) Limited	VND USD	USD20 million	3.00% 1.60%	4.00% - 4.20% 1.64%

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Lenders	Currency	Credit limit	Interest rate	Pledged assets
			30/9/2021	1/10/2020
viii. United Overseas Bank (Vietnam) Limited	VND	USD3 million	3.00%	4.00% - 4.50%
ix. Malayan Banking Berhad Ho Chi Minh City Branch	VND USD	USD6,6 million	3.20% - 3.30%	4.10% - 4.70%
x. Vietnam Joint Stock Commercial Bank for Industry and Trade - Nghe An Branch	VND	VND800 billion	1.40%	Inventories.
xi. Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Ria Vung Tau Branch	VND	VND200 billion	-	3.20% - 4.50%
xii. Vietnam Maritime Joint Stock Commercial Bank - Ho Chi Minh City Branch	VND	VND500 billion	3.10% - 4.40%	- Fixed assets and inventories.
xiii. Saigon Thuong Tin Joint Stock Commercial Bank - Center Branch	VND	VND1,000 billion	3.90%	4.50%
xiv. CTBC Bank Limited Liability Company - Ho Chi Minh City Branch	VND USD	USD15 million	-	5.00%
				Land use rights and accounts receivable from customers.
			3.60%	3.80% - 4.00%
			1.50%	1.80% - 1.85%

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(b) Long-term borrowings and finance lease liabilities

	30/9/2021	1/10/2020
	VND	VND
Long-term borrowings	2,006,162,118,340	2,859,921,776,235
Finance lease liabilities (c)	-	60,381,309,809
	<hr/>	<hr/>
	2,006,162,118,340	2,920,303,086,044
Repayable within twelve months	(606,800,000,000)	(757,387,541,511)
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Repayable after twelve months	1,399,362,118,340	2,162,915,544,533
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Terms and conditions of long-term borrowings were as follows:

Lenders	Note	Currency	Year of maturity	30/9/2021 VND	1/10/2020 VND
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch	(i)	VND	2021 – 2026	1,589,211,274,881	2,102,282,791,370
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Binh Duong Branch	(ii)	VND	2022 – 2023	167,056,547,660	303,150,862,940
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam - Vung Tau Branch	(iii)	VND	2024	206,750,669,442	291,633,669,442
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Yen Bai Branch	(iv)	VND	2025 – 2026	43,143,626,357	132,670,311,741
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Ria Vung Tau Branch	(v)	VND	2021	-	30,184,140,742
				<u>2,006,162,118,340</u>	<u>2,859,921,776,235</u>

(i) This loan was secured by land use rights, buildings and structures, machinery and equipment and bore annual interest rate of 7.6% (1/10/2020: from 8.0% to 9.0%).

(ii) This loan was secured by land use rights, machinery and equipment, motor vehicles and inventories and bore annual interest rates ranging from 7.5% to 8.7% (1/10/2020: from 7.5% to 8.7%).

(iii) This loan was secured by buildings and structures, machinery and equipment and bore annual interest rates ranging from 8.2% to 9.2% (1/10/2020: from 8.2% to 9.1%).

(iv) This loan was secured by land use rights, buildings and structures, machinery and equipment and motor vehicles and bore annual interest rates ranging from 8.2% to 9.2% (1/10/2020: from 8.2% to 9.8%).

(v) This loan was secured by buildings and structures, machinery and equipment and bore annual interest rate of 7.6% (1/10/2020: 8.0%).

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(c) Finance lease liabilities

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

	30/9/2021		1/10/2020	
	Payments VND	Interest VND	Payments VND	Interest VND
Within one year	-	-	36,840,545,897	4,181,976,233
Within two to five years	-	-	28,935,494,777	1,212,754,632
	-	-	65,776,040,674	5,394,730,865
				Principal VND
				32,658,569,664
				27,722,740,145
				60,381,309,809

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23. Bonus and welfare fund

Movements of bonus and welfare fund during the year were as follows:

	Year ended	
	30/9/2021	30/9/2020
	VND	VND
Opening balance	43,062,695,661	44,902,799,431
Appropriation from retained profit (Note 25)	46,120,560,692	3,613,521,330
Utilisation of fund during the year	(14,154,745,724)	(5,453,625,100)
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Closing balance	75,028,510,629	43,062,695,661
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24. Provisions – long-term

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

	Year ended	
	30/9/2021	30/9/2020
	VND	VND
Opening balance	10,555,313,816	2,896,254,250
Provision made during the year	3,362,640,511	7,659,059,566
	<hr/>	<hr/>
Closing balance	13,917,954,327	10,555,313,816
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Hoa Sen Group and its subsidiaries

Notes to the consolidated financial statements for the year ended 30 September 2021 (continued)

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25. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Other equity funds VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance at 1 October 2019	4,234,694,890,000	151,583,183,521	(2,459,000,000)	55,626,670,135	1,021,280,774,551	7,554,667,443	5,468,281,185,650
Net profit for the year	-	-	-	-	1,153,328,313,935	(314,296,626)	1,153,014,017,309
Shares issued to pay dividends	211,557,240,000	-	-	-	(211,557,240,000)	-	-
Repurchase of treasury shares	-	-	(812,000,000)	-	-	-	(812,000,000)
Appropriation to bonus and welfare fund	-	-	-	-	(3,613,521,330)	-	(3,613,521,330)
Appropriation to equity funds	-	-	-	5,420,281,995	(5,420,281,995)	-	-
Utilisation of funds	-	-	-	(25,511,170,306)	-	-	(25,511,170,306)
Decrease due to dissolution of a subsidiary	-	-	-	-	-	(620,000,000)	(620,000,000)
Balance at 1 October 2020	4,446,252,130,000	151,583,183,521	(3,271,000,000)	35,535,781,824	1,954,018,045,161	6,620,370,817	6,590,738,511,323



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	Share capital VND	Share premium VND	Treasury shares VND	Other equity funds VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance at 1 October 2020	4,446,252,130,000	151,583,183,521	(3,271,000,000)	35,535,781,824	1,954,018,045,161	6,620,370,817	6,590,738,511,323
Net profit for the year	-	-	-	-	4,313,507,233,783	(13,171,524)	4,313,494,062,259
Dividend shares issued (*)	444,566,830,000	-	-	-	(444,566,830,000)	-	-
Shares issued under employee stock ownership plans	44,000,000,000	-	-	-	-	-	44,000,000,000
Re-issuance of treasury shares	-	5,709,355,547	3,271,000,000	-	-	-	8,980,355,547
Appropriation to bonus and welfare fund	-	-	-	-	(46,120,560,692)	-	(46,120,560,692)
Appropriation for bonus performance bonus plan (**)	-	-	-	-	(39,134,000,000)	-	(39,134,000,000)
Appropriation to equity funds (***)	-	-	-	104,632,701,681	(104,632,701,681)	-	-
Utilisation of funds	-	-	-	(49,473,282,240)	-	-	(49,473,282,240)
Capital contributed to subsidiary by non-controlling interest	-	-	-	-	-	14,446,000,000	14,446,000,000
Decrease due to disposal of a subsidiary (Note 5)	-	-	-	-	-	(5,137,257,343)	(5,137,257,343)
Balance at 30 September 2021	4,934,818,960,000	157,292,539,068	-	90,695,201,265	5,633,071,186,571	15,915,941,950	10,831,793,828,854

Hoa Sen Group and its subsidiaries

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- (*) In accordance with the Resolution of the General Meeting of Shareholders dated 13 January 2020 and the Resolution of Board of Directors dated 24 May 2021, the Company increased share capital from dividend shares issued to pay dividends. There were 44,456,683 shares issued at par value of VND10,000.
- (**) In accordance with the Resolution of the General Meeting of Shareholders dated 13 January 2020 and the Decision of Board of Directors dated 27 January 2021, the Company appropriated 3.4% of profit after tax as the bonus for exceeding business performance for the financial year 2019 – 2020 for Board of Directors, the Board of Management and other Boards.
- (***) In accordance with the Resolution of the Board of Directors dated 1 October 2020, the Company appropriated VND40,356 million from opening retained earnings and as at 1 April 2021, the Company appropriated VND64,277 million from retained profit after tax into other equity funds for the purpose of supplementing remuneration, charitable activities and operating expenses of the Board of Directors (year ended 30 September 2020: VND5,420 million).

26. Share capital

The Company's authorised and issued share capital are:

	30/9/2021		1/10/2020	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	493,481,896	4,934,818,960,000	444,625,213	4,446,252,130,000
Treasury share				
Ordinary shares	-	-	327,100	3,271,000,000
Shares in circulation				
Ordinary shares	493,481,896	4,934,818,960,000	444,298,113	4,442,981,130,000

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

Hoa Sen Group and its subsidiaries**Notes to the consolidated financial statements for the year ended 30 September 2021
(continued)****Form B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC
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Movements in share capital during the year were as follows:

	Year ended			
	30/9/2021		30/9/2020	
	Number of shares	VND	Number of shares	VND
Opening balance	444,298,113	4,442,981,130,000	423,223,589	4,232,235,890,000
Dividend shares	44,456,683	444,566,830,000	21,155,724	211,557,240,000
Re-issuance of treasury shares	327,100	3,271,000,000	-	-
Shares issued under employee stock ownership plans	4,400,000	44,000,000,000	-	-
Repurchase of treasury shares during the year	-	-	(81,200)	(812,000,000)
Closing balance	493,481,896	4,934,818,960,000	444,298,113	4,442,981,130,000

27. Off balance sheet items**(a) Lease**

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

	30/9/2021 VND	1/10/2020 VND
Within one year	183,481,962,474	181,023,716,815
Within two to five years	691,377,536,840	691,146,037,199
More than five years	693,964,700,288	770,536,718,044
	1,568,824,199,602	1,642,706,472,058

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	30/9/2021		1/10/2020	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	10,572,802	239,562,452,177	7,572,153	174,878,082,357
EUR	-	-	909	24,288,480
		<u>239,562,452,177</u>		<u>174,902,370,837</u>

(c) Capital expenditure commitments

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

	30/9/2021 VND	1/10/2020 VND
Approved and contracted	135,317,792,924	71,522,424,222



Hoa Sen Group and its subsidiaries**Notes to the consolidated financial statements for the year ended 30 September 2021
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Total revenue represents the gross value of goods sold and services rendered, exclusive of value added tax.

Net revenue comprised:

	Year ended	
	30/9/2021 VND	30/9/2020 VND
Total revenue		
▪ Sales of finished goods	22,762,662,833,195	13,945,093,147,339
▪ Sales of merchandise goods	26,204,556,855,059	13,778,934,771,842
▪ Others	20,114,024,031	41,127,707,125
	<hr/>	<hr/>
	48,987,333,712,285	27,765,155,626,306
Less revenue deductions		
▪ Sales discounts	238,263,060,549	215,992,234,977
▪ Sales allowances	980,524,072	5,700,055,453
▪ Sales returns	21,567,893,928	12,713,822,042
	<hr/>	<hr/>
	260,811,478,549	234,406,112,472
Net revenue	<hr/>	<hr/>
	48,726,522,233,736	27,530,749,513,834

29. Cost of sales

	Year ended	
	30/9/2021 VND	30/9/2020 VND
Total cost of sales:		
▪ Finished goods sold	16,700,658,638,817	10,224,045,844,167
▪ Merchandise goods sold	22,971,222,896,369	12,672,459,961,421
▪ Others	19,381,472,229	13,793,498,677
▪ Allowance made/(reversed) during the year	161,861,045,338	(6,817,138,842)
	<hr/>	<hr/>
	39,853,124,052,753	22,903,482,165,423

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*(Issued under Circular No. 202/2014/TT-BTC
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	Year ended	
	30/9/2021 VND	30/9/2020 VND
Interest income from deposits, loans receivable and bonds	3,424,914,740	4,594,414,990
Gains from disposal of a subsidiary	107,731,519,386	-
Realised foreign exchange gains	244,563,630,062	70,199,983,098
Unrealised foreign exchange gains	4,523,936,793	-
Other financial income	6,052,111,423	3,190,096,021
	<hr/>	<hr/>
	366,296,112,404	77,984,494,109

31. Financial expenses

	Year ended	
	30/9/2021 VND	30/9/2020 VND
Interest expense	355,048,548,813	560,086,135,926
Realised foreign exchange losses	196,240,358,014	75,353,328,385
Unrealised foreign exchange losses	-	8,093,493,896
Other financial expenses	719,393,807	1,728,614,970
	<hr/>	<hr/>
	552,008,300,634	645,261,573,177

32. Selling expenses

	Year ended	
	30/9/2021 VND	30/9/2020 VND
Staff costs	643,035,977,672	884,532,511,683
Export expenses	1,704,544,466,093	449,890,876,255
Transportation expenses	356,516,789,419	219,517,108,970
Depreciation and amortisation expenses	165,968,395,956	167,094,144,203
Rental expenses	162,547,696,297	160,274,877,997
Advertising expenses	60,905,209,032	81,107,806,439
Outside service expenses	69,488,023,995	71,910,732,695
Other selling expenses	181,480,678,090	186,755,015,868
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	3,344,487,236,554	2,221,083,074,110

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	Year ended	
	30/9/2021 VND	30/9/2020 VND
Staff expenses	160,841,770,891	257,915,445,562
Depreciation and amortisation expenses	62,481,994,024	66,626,994,248
Rental expenses	27,137,721,765	25,949,018,951
Guest reception expenses	13,002,378,112	11,665,809,396
Business trip expenses	5,314,297,362	6,910,634,199
Professional service expenses	7,581,013,556	11,783,549,723
Outside service expenses	51,815,526,915	50,145,884,923
Other general and administration expenses	97,641,661,313	28,981,444,903
	<hr/>	<hr/>
	425,816,363,938	459,978,781,905

34. Other income

	Year ended	
	30/9/2021 VND	30/9/2020 VND
Gains from disposals of fixed assets	17,984,066	-
Compensations	7,190,639,755	3,503,871,667
Others	7,499,790,864	25,113,366,057
	<hr/>	<hr/>
	14,708,414,685	28,617,237,724

35. Other expenses

	Year ended	
	30/9/2021 VND	30/9/2020 VND
Expenses for charity activities	8,190,000,000	-
Losses on disposals of fixed assets	-	16,563,513,405
Others	8,417,736,066	15,338,974,123
	<hr/>	<hr/>
	16,607,736,066	31,902,487,528

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	Year ended	
	30/9/2021	30/9/2020
	VND	VND
Raw material costs	42,143,228,874,022	19,535,328,665,795
Labour costs and staff costs	1,090,357,716,427	1,433,792,511,778
Depreciation and amortisation	1,185,959,400,847	1,229,764,453,316
Outside services	3,389,673,536,999	1,794,833,077,709
Other expenses	949,824,551,140	847,512,493,972

37. Income tax**(a) Recognised in the consolidated statement of income**

	Year ended	
	30/9/2021	30/9/2020
	VND	VND
Current tax expense		
Current year	701,081,358,149	245,982,234,033
Under provision in prior years	1,484,806,116	13,853,323,303
	<hr/>	<hr/>
	702,566,164,265	259,835,557,336
	<hr/>	<hr/>
Deferred tax benefit		
Reversal of temporary differences	(100,577,155,644)	(37,206,411,121)
	<hr/>	<hr/>
	601,989,008,621	222,629,146,215
	<hr/>	<hr/>

Hoa Sen Group and its subsidiaries**Notes to the consolidated financial statements for the year ended 30 September 2021
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	Year ended	
	30/9/2021 VND	30/9/2020 VND
Accounting profit before tax	4,915,483,070,880	1,375,643,163,524
Tax at the Company's tax rate	983,096,614,175	275,128,632,706
Effect of different tax rates in subsidiaries	(180,599,986,752)	(62,558,538,811)
Non-deductible expenses	19,772,352,262	71,990,972,514
Tax incentives	(150,545,861,692)	(63,129,542,290)
Unrecognised deferred tax assets	3,580,744,724	7,690,276,040
Tax losses utilised	(10,443,765,911)	(13,908,404,822)
Utilisation of previous unrecognised deferred tax assets	(64,355,894,301)	(6,437,572,425)
Under provision in prior years	1,484,806,116	13,853,323,303
	601,989,008,621	222,629,146,215

(c) Applicable tax rates

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

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

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

38. Basic earnings per share

The calculation of basic earnings per share for the year ended 30 September 2021 was based on the profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare fund for the annual accounting period and a weighted average number of ordinary shares outstanding, calculated as follows:

(i) Net profit attributable to ordinary shareholders

	Year ended	
	30/9/2021	30/9/2020
	VND	VND
Net profit for the year	4,313,507,233,783	1,153,328,313,935
Appropriation to bonus and welfare fund (*)	(172,540,289,351)	(46,133,132,557)
Net profit attributable to ordinary shareholders	<u>4,140,966,944,432</u>	<u>1,107,195,181,378</u>

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

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	Year ended	
	30/9/2021 Number of shares	30/9/2020 Number of shares Restated (*)
Ordinary shares issued at the beginning of the year	444,298,113	423,223,589
Effect of repurchase of treasury shares	-	(24,612)
Effect of re-issuance of treasury shares	164,894	-
Effect of bonus shares issued after 30 September 2020	-	21,155,724
Effect of bonus shares issued during the year ended 30 September 2021	44,456,683	44,429,811
Effect of shares issued under employee stock ownership plans	289,315	-
Weighted average number of ordinary shares	489,209,005	488,784,512

(iii) Basic earnings per share

	30/9/2021	Year ended	
	VND	30/9/2020 VND Restated (**)	30/9/2020 VND As previously stated
Basic earnings per share	8,465	2,265	2,492

(*) The restatement represented the impact of shares issued after period-end as dividends.



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

	Year ended	
	30/9/2021 VND	30/9/2020 VND
Company owned by the Company's Chairman		
Hoa Sen Holdings Group		
Sales of merchandise and finished goods	3,491,098,491,681	3,310,303,106,066
Income from leasing of assets	3,486,352,344	3,165,014,069
Purchases of merchandise and finished goods	65,433,048	-
Sales discounts	29,951,547,928	59,763,907,878
Transportation expenses	71,877,987,424	60,304,523,944
Operating lease expenses	10,324,829,089	8,897,850,106
Sale returns	7,332,794,966	4,324,800,079
Late payment interest	4,314,972,614	1,783,817,982
Sale allowance	-	166,020,819
Sales of fixed assets	278,700,000	-
Purchases of fixed assets	-	123,636,364
Other sales	217,541,773	348,676,081
Other purchases	4,028,182	-
Hoa Sen Nghe An Investment One Member Co., Ltd.		
Transportation expenses	56,691,234,612	36,265,597,722
Income from leasing of assets	227,000,000	216,000,000

Remuneration, salary, bonus and other benefits of key management personnel

	Year ended	
	30/9/2021 VND	30/9/2020 VND
Members of Board of Management		
Remuneration		
Mr. Le Phuoc Vu – Chairman	360,000,000	360,000,000
Mr Tran Ngoc Chu – Vice chairman	300,000,000	300,000,000
Mr. Tran Quoc Tri – Member	240,000,000	240,000,000
Mr. Ly Van Xuan – Member	290,000,000	240,000,000
Mr. Nguyen Van Luan – Member	340,000,000	240,000,000
Mr. Dinh Viet Duy – Member	290,000,000	240,000,000
General Director		
Remuneration, salary and other bonus	1,967,900,022	1,847,025,972
Other key management personnel		
Remuneration, salary and other bonus	34,209,331,101	9,705,523,866

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40. Non-cash investing activities

	Year ended	
	30/9/2021 VND	30/9/2020 VND
Purchases of fixed assets and construction in progress not yet paid	36,384,781,236	73,275,604,407

41. Comparative information

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

24 December 2021

Prepared by



Nguyen Thi Thanh Tuyen
Accountant

Approved by



Nguyen Thi Ngoc Lan
Chief Accountant

Tran Quoc Tri
General Director

