



HOA SEN
GROUP

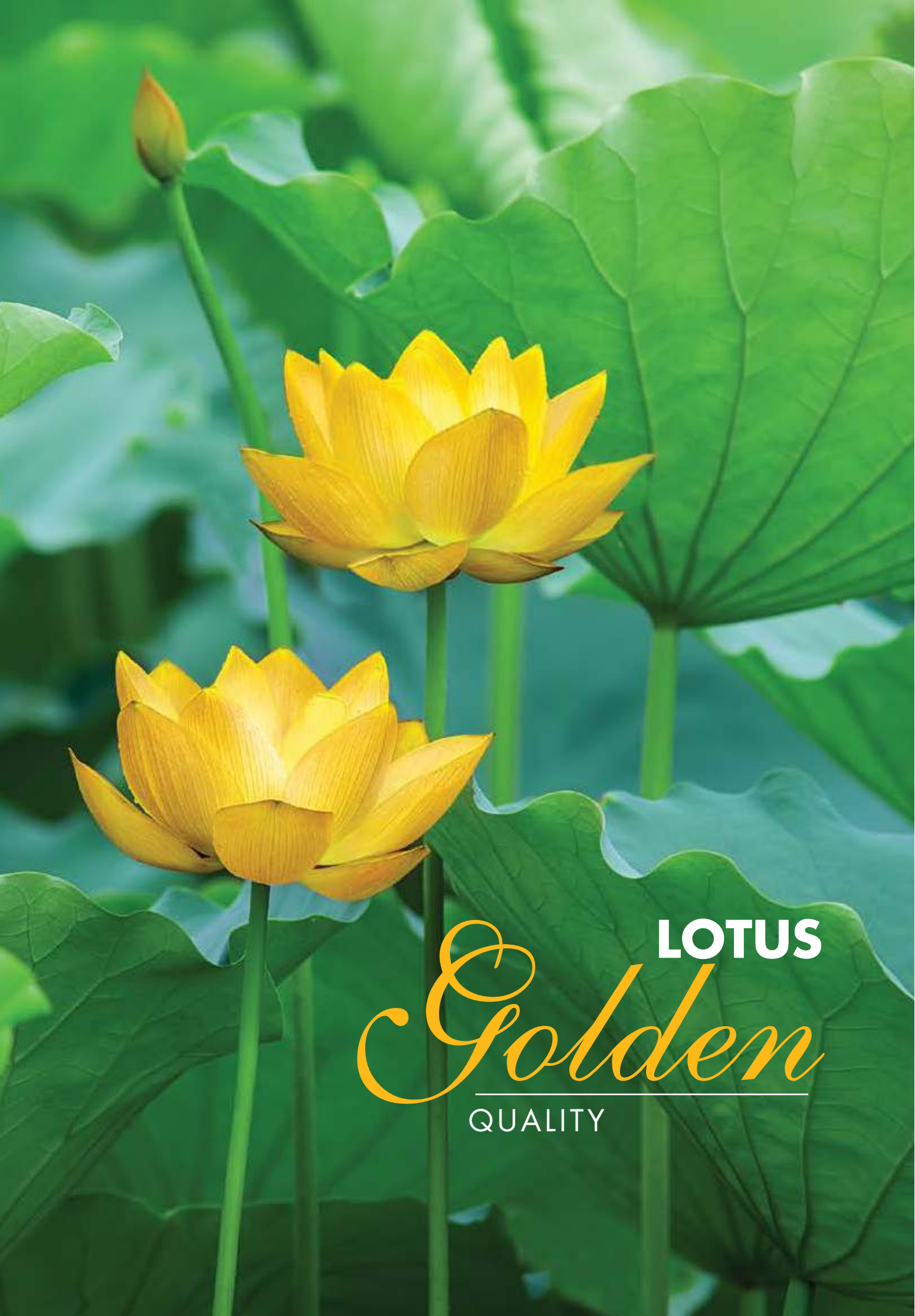
Vietnam Value 

ANNUAL REPORT
Fiscal year 2016 - 2017

Cohesion

For development





LOTUS
Golden
QUALITY

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Culture of

10 "T" LETTERS

INTEGRITY
LOYALTY
DEDICATION
TALENT
FRIENDLINESS

Vision

Becoming a leading economic group in Vietnam and in the region in which major area is manufacturing and distributing building materials through sustainable development strategy that focuses on core competitive advantages as well as community development, environment protection in order to maximize values for shareholders, employees, customers and society.

Mission

Providing Hoa Sen products and services that ensuring international quality, reasonable prices, diverse designs and environmental friendliness in order to qualify customer's demands, to contribute to changing the country's architectural landscape, and to develop community. Hoa Sen Group continues innovating and developing to affirm the position and mission of dynamic, creative, vanguard Vietnamese enterprise in both business and community activities, reaching higher position in global market.

Core values

Integrity – Community – Development

Business philosophy



Product's quality is the focus



Customer's benefit is the key



Employee's income is the responsibility



Sharing to community is the obligation



MESSAGE FROM CHAIRMAN OF THE BOARD OF DIRECTORS

“ HOA SEN GROUP HAS SUCCESSFULLY COMPLETED ITS FIVE-YEAR DEVELOPMENT PLAN WITH SALES VOLUME FAR EXCEEDING 1,000,000 TONS OF FINISHED PRODUCTS, NET SALES REACHING MORE THAN USD 1 BILLION AND AFTER-TAX PROFIT EXCEEDING VND 1 TRILLION. ”

SALES VOLUME

1.6

MILLION TONS

NET SALES

26,149

Billion VND

AFTER-TAX PROFIT

1,332

Billion VND



Dear Esteemed Shareholders,

The year of 2017 closed with many complicated developments in the steel industry. Raw material price fluctuated continuously and unpredictably. Domestic market faced fierce competition, while export market was hampered by trade barriers from major export markets in the world. In addition, natural disasters, storms, floods and extreme weather are also affecting the demand of consumers.

Under such circumstance, the Board of Directors and all employees of Hoa Sen Group have tried our best to focus resources on completing the targets and plans assigned by the General Assembly of Shareholders.

All of the aforementioned efforts have contributed to Hoa Sen Group a successful fiscal year. At the end of the fiscal year 2016 - 2017, sales volume and net sales target far exceeded the assigned plan. Specifically, sales volume of finished products reached 1,559,007 tons, exceeding 5% of the plan, increasing 25% over the same period of the previous fiscal year. Net sales reached VND 26,149 billion, equivalent to USD 1.1 billion, exceeding 14% of the plan, increasing 46% over the same period of the previous fiscal year.

As for the profit target in particular, despite the unfavorable movements of raw material prices which affected profit margin, we still managed to reach VND 1,332 billion, achieving 81% of the plan. However, the compound annual growth rate reached 23.1%, which was quite high compared to the general level of the steel industry.

With the above business performance, Hoa Sen Group continues to consolidate its leading position in the domestic market with the distribution system which is continuously expanded to nearly 400 branches/retail stores. Hoa Sen products also present in many construction sites and large construction projects, and Hoa Sen Group occupies more than 30% of galvanized steel sheet market and nearly 20% of steel pipe market. In addition, the export market also expanded to more than 70 countries/territories.

In the fiscal year 2016 – 2017, the Group has also inaugurated a number of production projects in the North and Central regions of the country, contributing to utilize and promote the competitive advantages of location, to increase the efficiency of supply - transport, to quickly meet consumption demand in the country. Moreover, the implementation of ERP system since October 2017 has improved synchronization and standardization in professional operations, creating a premise for the application of new technologies to serve the demand in the future.

Year 2017 closed the 2013 – 2018 term of the Board of Directors. Looking back on the past, we can proudly affirm that: Hoa Sen Group has successfully achieved development goals in 5-year period with the sales volume far exceeding 1,000,000 tons of finished products, net sales reaching over USD 1 billion and after-tax profit exceeding VND 1 trillion.

In 2018, the steel market is forecasted to be complicated and to continue unpredictably. Therefore, in order to prepare for the difficulties and challenges, the Board of Directors aims to focus on the following key tasks:

- To perfect and restructure the management system in a professional and effective operation, promote the important role of the young and key leaders.
- To concentrate on the domestic market which focus on the fast development of the distribution branch network/retail stores across the country, in parallel with consolidating management effectiveness throughout the distribution network.
- To complete quickly and put the production projects into operation soon, in combination with the improvement of technology, increasing the rate of authentic products, increasing production capacity.
- To implement a creative and logical communication strategy to develop the image and brand of the Group.

Year 2018 also begins a new term of the Board of Directors. Therefore, the Board of Directors and all employees must work together and try our best to achieve the objectives and plans in order to ensure the stable growth, create the foundation for strong progress in the future. With an effective management system, the right development strategies and all employees who are young, professional and imbued with "Honest - Community - Development" culture, the Board of Directors firmly believes in successes that we will achieve.

On behalf of the Board of Directors and all employees of Hoa Sen Group, I would like to express my gratitude to Shareholders - who have always supported and believed in us. We hope that esteemed shareholders are always companions of Hoa Sen Group to promote continuously the good cooperation for our prosperous development in the future.

We wish your health, happiness and success
Best regards,

Chairman of the Board of Directors



LE PHUOC VU

EXPORT CHANNEL TO

70

COUNTRIES/TERRITORIES



“ Hoa Sen Group continues to consolidate its leading position in the domestic market with the distribution system which is continuously expanded to nearly 400 branches/retail stores. Hoa Sen products also present in many construction sites and large construction projects, and Hoa Sen Group occupies more than 30% of galvanized steel sheet market and more than 20% of steel pipe market. In addition, the export market also expanded to nearly 70 countries/territories. ”



Centralizing **resources**

CREATING DEVELOPING IMPETUS

DEVELOPING HUMAN RESOURCES IS THE TOP PRIOR POLICY, HOA SEN GROUP ALWAYS TAKES THE INITIATIVE IN PLANNING BUSINESS STRATEGY AS WELL AS IMPROVING EMPLOYEES' SKILLS IN ORDER TO REACT COMPLICATED MOVEMENTS OF THE MARKET AND ASSURE THE SUSTAINABLE DEVELOPMENT.



GENERAL INFORMATION

VIETNAMESE NAME	CÔNG TY CỔ PHẦN TẬP ĐOÀN HOA SEN	
English name	HOA SEN GROUP	
Business Registration Certificate	No. 3700381324 issued by the Department of Planning and Investment of Binh Duong Province on 8 August 2001, as amended.	
Chartered capital	VND 3,499,966,830,000	
Headquarters	No.09, Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An District, Binh Duong Province, Vietnam.	
Telephone	0274.3790955	Fax: 0274.3790888
Website	http://www.hoasengroup.vn	

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

PRINCIPAL ACTIVITIES:

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



OUTSTANDING FIGURES AND ACTIVITIES OF FISCAL YEAR 2016-2017



- 1** Hoa Sen Group continued to affirm its position as the leading manufacturer and trader of steel sheets in Vietnam, accounting for 34.3% of the domestic market (According to Vietnam Steel Association's statistic in the first 10 months of 2017).
- 371** Hoa Sen Group owns the nationwide distribution – retail network with 371 branches, increasing 121 branches in comparison with the year of 2016.
- 70** Hoa Sen Group's products are exported to more than 70 countries and territories over the world. Hoa Sen Group's products meet all standards of difficult markets such as: AS Standard of Australia, BS Standard of British, JIS Standard of Japan, ASTM Standard of US, etc.

Sales volume reached 1.6 MILLION TONS

In fiscal year 2016-2017, sales volume of Hoa Sen Group reached 1.6 million tons, which is the highest level so far, increasing 26% in comparison with the previous fiscal year 2015-2016.

Net sales exceeded USD 1 BILLION

In fiscal year 2016-2017, Hoa Sen Group's net sales reached VND 26,149 billion, increased 46% in comparison with the net sales of fiscal year 2015-2016 and exceeded the plan of USD 1 billion in period 2013-2018.

ACTIVITY HIGHLIGHTS



October 17th, 2016: The Cooperation Agreement Signing Ceremony of Startup Program between Hoa Sen Group and Vietnam National University – Ho Chi Minh City



October 16th, 2016: The Signing Ceremony of Youth's Startup Program



May 30th, 2017: Hoa Sen Group exported the steel sheet batch of 12,000 tons to Europe



March 1st, 2017: The Commencement Ceremony of Hoa Sen Yen Bai Steel Pipe Factory



October 28th, 2017: The Inauguration Ceremony the First Phase of Hoa Sen Nhon Hoi - Binh Dinh Factory Định



October 28th, 2017: The Commencement Ceremony the Second Phase of Hoa Sen Nhon Hoi - Binh Dinh Factory



AWARDS AND ACHIEVEMENTS



01/2017
BEST MANAGED COMPANY
IN ASIA 2016
awarded by Euromoney Magazine.



02/2017
500
Top 500
Fastest Growing Companies
in Vietnam - FAST 500



2016-2017
Achieved "Vietnam Value" for 3 main products:
Hoa Sen Steel Sheet - Hoa Sen Plastic Pipe - Hoa Sen Steel Pipe



6/2017

50
Top Vietnam's Best Performing Companies awarded by Business Review Magazine (4 consecutive years of 2014 – 2017)



9/2017

50
Top Best Vietnamese Listed Companies 2016 voted by Forbes Vietnam (5 consecutive years of 2013 – 2017)



25/7/2017

30
Top Best Annual Reports 2017



4/2017

15
Top Vietnamese Strong Brands announced by Vietnam Economic Times (3 consecutive years of 2014-2016)



11/2017

3
Top Mid Cap Listed Companies with the best IR activities 2017 awarded by Vietstock and Vietnam Association of Financial Executives (VAFE)

03/7/2017

40
Top Vietnamese Brands 2017 voted by Forbes

12/2017

50
Top Vietnamese Brands announced by Brand Finance (UK)



HISTORY OF ESTABLISHMENT AND DEVELOPMENT

8/8/2001

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



30

Billion



22

Employees

08/8/2004

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

11/2006

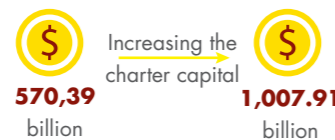
Establishing Hoa Sen Steel Sheet Joint Stock Company with charter capital of VND 320 billion.

01/2007

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

12/2007

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



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

EXPORT SALES ACHIEVED USD 180 MILLION

Becoming the leading exporter of steel sheets in Southeast Asia.

ANNOUNCING THE NEW BRAND IDENTITY SYSTEM



150 Branches

08/01/2014

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



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

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



09/10/2015

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

08/01/2016

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

17/3/2016

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

15/4/2016

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

19/5/2016

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

06/6/2016

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

22/7/2016

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

06/8/2016



9/2016

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



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

250 Branches

2001
2007

2019
2010

2011
2012

2013
2014

2015
2016

2008
2009

2010
2011

2012
2013

2014
2015

2016
2017

01/10/2008

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

5/12/2008

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



57,038,500

shares



82

branches

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

EXPORT SALES ACHIEVED USD 101 MILLION

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



106

Branches

Third-grade Labor Medal



Top 10 of Vietnam Gold Star 2013



Top 10 of Corporate Social Responsibility

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

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



115 Branches

04/2015

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

19/6/2015

Inaugurating the Hoa Sen Nghe An Steel Sheet Plant at Nam Cam Industrial Park, Dong Nam Economic Zone, Nghe An Province and starting to invest in Hoa Sen Nghe An Plant Project at Dong Hoi Industrial Park, Nghe An Province.

11/2014

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

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



28/3/2015

Inaugurating Phase 1 of Hoa Sen Binh Dinh Steel Pipe Plant

190 Branches



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

6/2017

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

7/2017

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

9/2017

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



30/11/2016

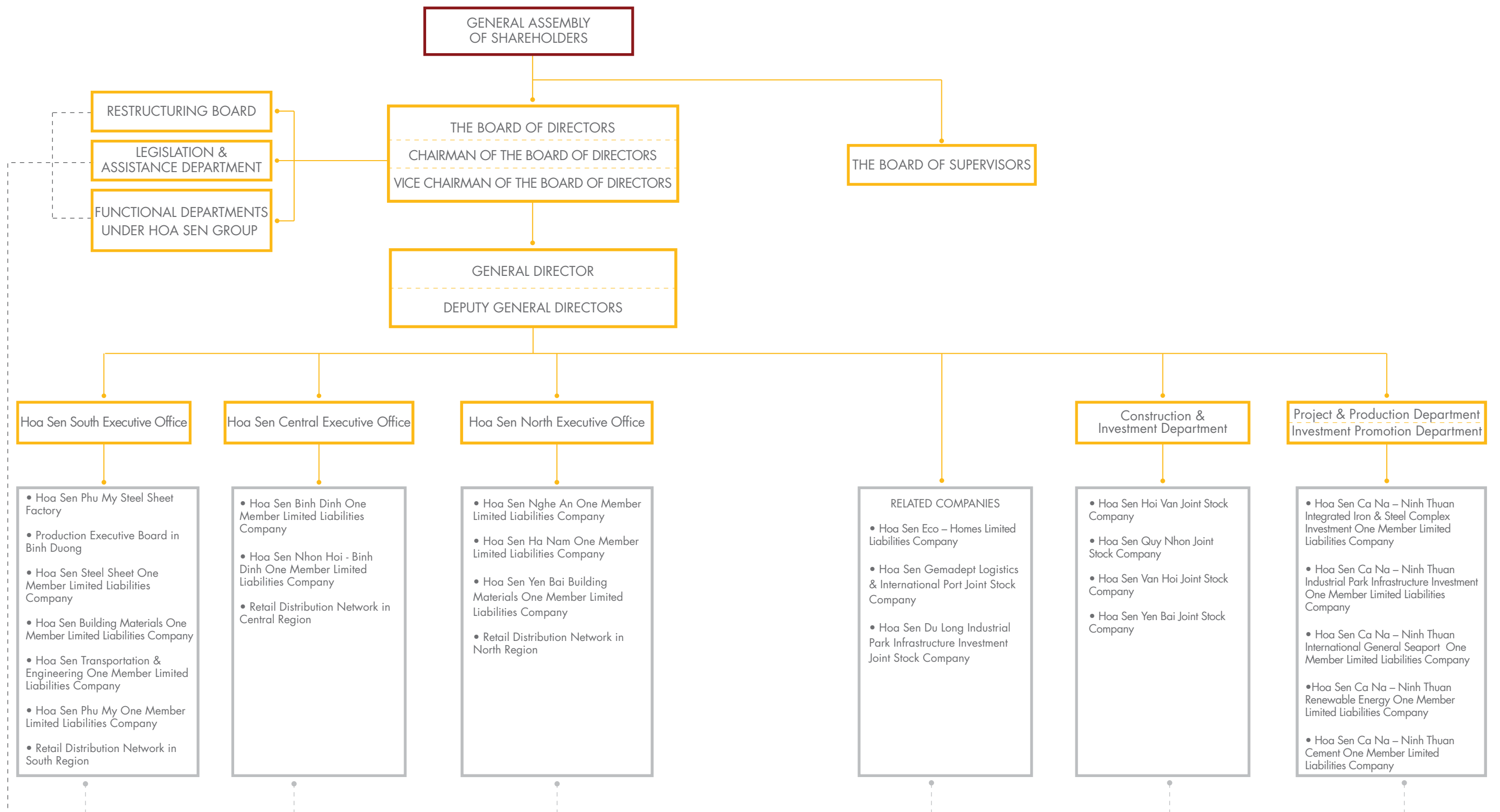
Achieving "Vietnam Value" in 2016 for three major product groups:
HOA SEN STEEL SHEET
HOA SEN PLASTIC PIPE
HOA SEN STEEL PIPE.

01/3/2017

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

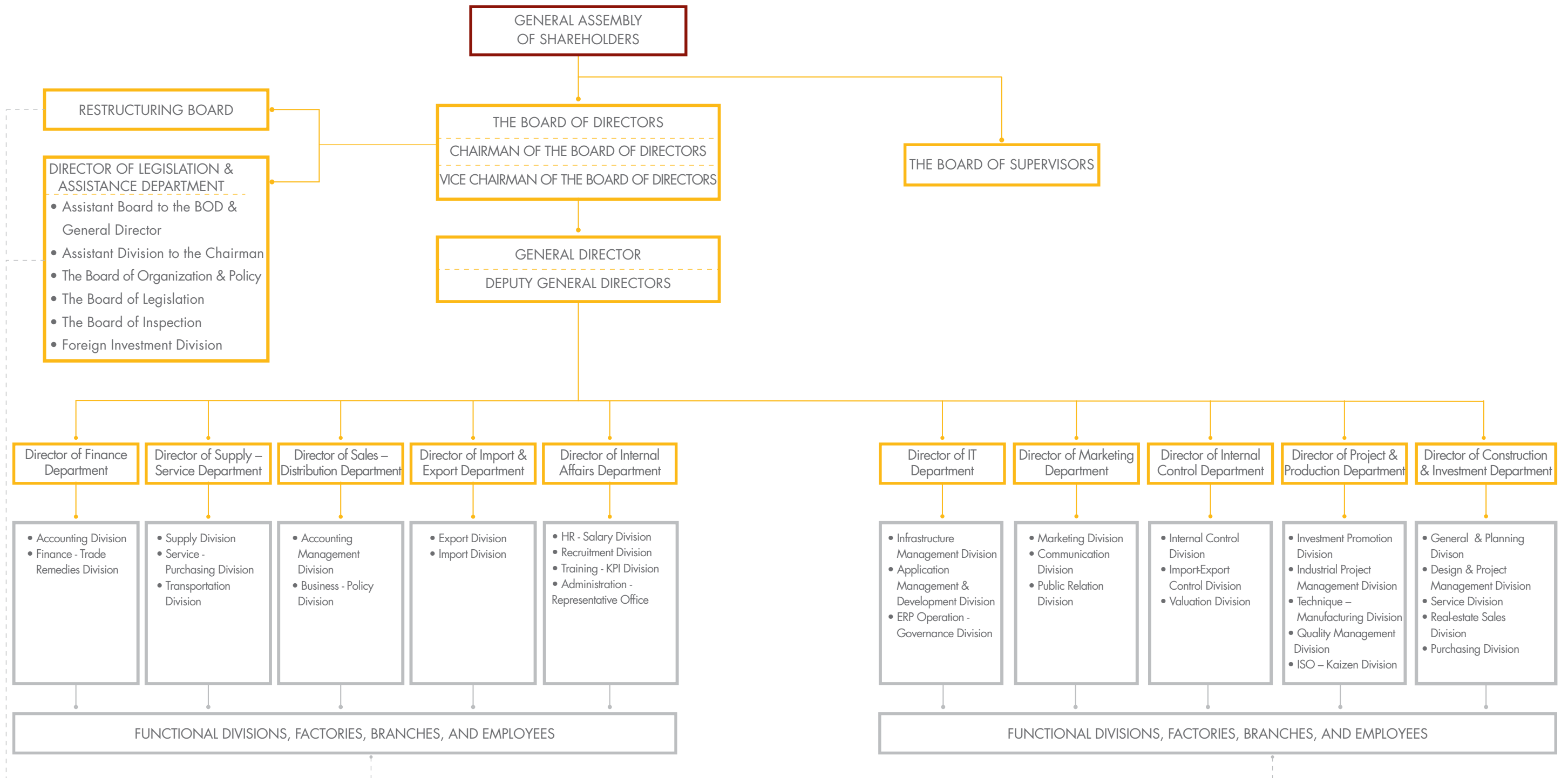


343 Branches





ORGANIZATIONAL STRUCTURE OF HOA SEN GROUP





MEMBERS OF THE BOARD OF DIRECTORS



Mr. LE PHUOC VU
Chairman



Mr TRAN NGOC CHU
Vice Chairman

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

After over 16 years of building and developing, with intelligence, assertiveness, responsibility and integrity, he developed Hoa Sen Group from a small company to the leading manufacturer and trader of steel in Vietnam and Southeast Asia.

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

On October 09th, 2017, he was also honorably awarded Certificate of Merit by Binh Duong People's Committee as Outstanding Businessman - Binh Duong province in 2017.

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

Currently, Mr. Le Phuoc Vu is taking responsibility for subcommittees under the Board of Directors, including: Strategic Development & Investment Subcommittee and Restructuring, HR, Salary and Bonus Subcommittee. At the same time, he directly creates the strategies and directions for the divisions assisting the Board of Directors and other divisions such as Restructuring Board, HR Board, and Investment Promotion Board, etc.

As the Chairman of the Board of Directors, Mr. Le Phuoc Vu is together with all the members of the Board of Directors to make resolution and decision timely leading Hoa Sen Group to achieve outstanding accomplishments during the past 16 years.

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

He graduated from Finance and Accounting University Ho Chi Minh City with much experience in the sectors of finance, accounting, taxation and corporate governance; he was elected in the Board of Directors for many consecutive terms by the General Assembly of Shareholders as well as entrusted with many great responsibilities at the Group. Currently, Mr Tran Ngoc Chu is Vice Chairman cum General Director of Hoa Sen Group. As the Vice Chairman, he administrates all operations related to Restructuring, HR, Salary and Bonus Subcommittees as well as to participate in directing, making decisions and policies in the fields of internal affairs, finance and banking, projects investment.

In 2014, Mr Tran Ngoc Chu was honorably awarded Third-grade Labor Medal by the President of Vietnam and certificates of merit by Binh Duong Province People's Committee many times for his contributions to the development of the enterprise and Binh Duong Province.



Mr PHAM GIA TUAN
Member of the Board of Directors

Mr. Pham Gia Tuan graduated from Sydney University of Technology (Australia) with major of Accounting and he is currently a member of Certified Practicing Accountants of Australia. He has over 10 years of experience in taxation and auditing in leading companies such as VinaCapital, PricewaterhouseCoopers and Dutch Lady Vietnam, etc.

Mr. Pham Gia Tuan is a member of the Board of Directors cum General Director of Viet Capital Asset Management (VCAM). Simultaneously, he is CEO of Viet Capital Healthcare Fund (VCHF) and directly supervises financial investment activities and private enterprises of the Fund.

At Hoa Sen Group, in fiscal year 2016 – 2017, he is taking responsibility for Finance and Investor Relation Subcommittee of the Board of Directors. Mr. Pham Gia Tuan actively participates in all operations of the Board of Directors of Hoa Sen Group, especially in all activities related to shareholders and investors.



Mr TRAN QUOC TRI
Member of the Board of Directors

Joining Hoa Sen Group since 2004, Mr. Tran Quoc Tri has proved his management ability in many positions such as Manager of Planning Department of the Distribution Network, Director of the Distribution Network and Deputy General Director of Sales. He has been Managing Deputy General Director of Hoa Sen Group since April 1st, 2011. On April 29th, 2014, he was elected as a member of the Board of Directors and approved officially by General Assembly of Shareholders at Annual General Meeting on January 19th, 2015.

Mr. Tran Quoc Tri graduated from University of Economics Ho Chi Minh City with major of Accounting and Auditing.

In 2017, the Prime Minister awarded the Certificate of Merit to Mr. Tran Quoc Tri for his achievements in work from 2012 to 2016 and his great contributions to the country.



Mr. LY VAN XUAN
Member of the Board of Directors

Mr. Ly Van Xuan is a loyal individual shareholder of Hoa Sen Group from the first days of establishment. With his personal reputation and dedication to the Group, he was elected by the as a member of the Board of Supervisor for the term of 2013 – 2017. On July 31st 2015, Mr. Ly Van Xuan was elected as a member of the Board of Directors and resigned as a member of the Board of Supervisor at the same time. On January 18th 2016, he was approved officially as a member of the Board of Directors at Annual General Meeting of the fiscal year 2015 – 2016.

Mr. Ly Van Xuan is Associate Professor, Doctor of Medicine and a Head of Training Department of Ho Chi Minh City Medicine and Pharmacy University. At Hoa Sen Group, in the fiscal year 2016 – 2017, Mr. Ly Van Xuan is an independent member of Board of Directors who is in charge of overseeing and approving transactions with affiliated parties.



MEMBERS OF THE BOARD OF MANAGEMENT



Mr. TRAN NGOC CHU
General Director



Mr. TRAN QUOC TRI
Managing Deputy General Director

With many years of experience in finance, accounting, taxation and corporate governance, besides the title of Vice Chairman, Mr. Tran Ngoc Chu was elected to the Board of Directors by the General Assembly of Shareholders as General Director of Hoa Sen Group in many years.

Mr. Tran Ngoc Chu manages all operations of the Group's departments. Besides, he is in charge of banking transactions, foreign affairs and investment activities of the Group's projects (including industrial projects, real-estate - hotel - tourism investment projects and projects which are expected to be implemented in Ninh Thuan province) Currently, Mr. Tran Ngoc Chu undertakes key positions in Hoa Sen Group's subsidiaries/associates as follows:

- Chairman of Hoa Sen Building Materials One Member Limited Liabilities Company;
- Chairman of Hoa Sen Steel Sheet One Member Limited Liabilities Company;
- Chairman of the subsidiaries in Ninh Thuan province, including: Hoa Sen Ca Na - Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company; Hoa Sen Ca Na - Ninh Thuan International General Seaport One Member Limited Liabilities Company; Hoa Sen Ca Na - Ninh Thuan Cement One Member Limited Liabilities Company and Hoa Sen Ca Na - Ninh Thuan Renewable Energy One Member Limited Liabilities Company.
- Chairman of the Board of Directors in associate companies including: Hoa Sen Yen Bai Joint Stock Company, Hoa Sen Van Hoi Joint Stock Company, Hoa Sen Quy Nhon Joint Stock Company, Hoa Sen Hoi Van Joint Stock Company, Hoa Sen Du Long Industrial Park Infrastructure Investment Company.

Joining Hoa Sen Group since 2004, Mr. Tran Quoc Tri has proved his management ability in many positions such as Manager of Planning Department of the Distribution Network, Director of the Distribution Network and Deputy General Director of Sales. He has been Managing Deputy General Director of Hoa Sen Group since April 1st, 2011.

By managing all the Group's operations on behalf of General Director, Mr. Tran Quoc Tri is also assigned by the Board of Directors to coordinate the business activities of the Regional Executive Offices. He is also in charge of directing and managing human resources - internal affairs and business of the Group.

In 2014, he was awarded certificate of merit by People's Committee of Binh Duong Province for his contributions to the development of the enterprise and Binh Duong Province.

In 2017, the Prime Minister awarded the Certificate of Merit to Mr. Tran Quoc Tri for his achievements to the company from 2012 to 2016 and his great contributions to the country.



Mr. HOANG DUC HUY
Deputy General Director

Mr. Hoang Duc Huy currently is Deputy General Director of Internal Control of Hoa Sen Group. He was one of the founders of Hoa Sen Joint Stock Company (the precursor of Hoa Sen Group) since 2001.

Mr. Hoang Duc Huy has over 14 years working in finance, accounting and internal control at large companies under the Department of Transportation of Tay Ninh Province. As Deputy General Director of Internal Control, he has made great contributions to the Group's development. In 2014, he was awarded certificate of merit by Binh Duong Province People's Committee for his contributions to the development of the enterprise and Binh Duong Province.

Mr. Hoang Duc Huy was honorably awarded certificate of merit by Prime Minister of the Socialist Republic of Viet Nam for great contributions to the country in accordance to Decision No. 1329 QD/TTg on September 21st 2012.



Mr. VU VAN THANH
Deputy General Director

Mr. Vu Van Thanh has joined Hoa Sen Group with the position of Chief Financial Officer since 2008. He made significant contributions to the Group based on his knowledge and experience in operating businesses for many years. In 2014 and 2015, he was awarded Certificate of Merit by Binh Duong Province People's Committee for his contributions to the development of the enterprise and Binh Duong Province. In 2017, he is awarded the Certificate of Merit by the Prime Minister for his achievements to the company from 2012 to 2016 and his great contributions to the country. As assigned by the Board of Directors, Mr. Vu Van Thanh is in responsible for Hoa Sen Group's Finance area and is in charge of all business operations of subsidiaries and retail distribution network located in the North. In addition, he undertakes as Chairman in Hoa Sen Group's subsidiaries as follows:

- Chairman of Hoa Sen Nghe An One Member Limited Liabilities Company;
- Chairman of Hoa Sen Ha Nam One Member Limited Liabilities Company;
- Chairman of Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company
- Chairman of Hoa Sen Transportation & Engineering One Member Limited Liabilities Company;

Mr Vu Van Thanh obtained a Master Degree in Development Economics and is visiting lecturer of many universities in Ho Chi Minh City.



Mr. NGUYEN MINH KHOA
Deputy General Director

Mr. Nguyen Minh Khoa, Deputy General Director, has joined Hoa Sen Group since early 2008. Currently, Mr. Nguyen Minh Khoa is assigned to manage Hoa Sen Group's supply - service, production - project and investment promotion activities.

Mr. Nguyen Minh Khoa obtained a Construction Engineering Degree from University of Architecture Ho Chi Minh City and a Master Business Administration Degree from Industrial Management Department of University of Technology Ho Chi Minh City.



MEMBERS OF THE BOARD OF MANAGEMENT



Mr. HO THANH HIEU
Deputy General Director

Joining Hoa Sen Group in early 2002, he was appointed to many positions such as Deputy Director of the Distribution Network, Director of the Distribution Network, Director of Sales. In June 2012, he was appointed as Deputy General Director of Hoa Sen Group.

Mr. Ho Thanh Hieu currently is in charge of directing the central region executive office and all business operations of subsidiaries and retail distribution network located in the central region. In addition to that, he is in charge of directing Group's domestic operations.

Mr. Ho Thanh Hieu is also assigned by the Board of Directors to manage the activities related to the application of information technology to the Group's management system, highlighting that the ERP Project which is strongly deployed in recent times.

Mr. Ho Thanh Hieu also undertakes as Chairman in Hoa Sen Group's subsidiaries such as Hoa Sen Binh Dinh One Member Limited Liabilities Company and Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Liabilities Company.

Mr. Ho Thanh Hieu graduated from University of Economics Ho Chi Minh City with major of Accounting and Auditing.



Mr. TRAN QUOC PHAM
Deputy General Director

Mr. Tran Quoc Pham graduated as constructive engineer with major of industrial and civil construction in 1998. Before joining Hoa Sen Group, he has nearly 20 years of experience in construction area, and has taken many important positions in construction companies. He was honorably awarded Certificate of Merit by Ministry of Construction for great achievements in 2009, 2010 and 2012.

Since June 11th 2016, Mr. Tran Quoc Pham was appointed to Deputy General Director. Currently, he is assigned by the Board of Directors to take responsibility for primary construction of the Group's projects as well as be in charge of implementing hotel - real estate projects in Yen Bai province and Binh Dinh Province.



Mr. NGUYEN NGOC HUY
Acting Deputy General Director

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

On 03rd March, 2017, Mr. Nguyen Ngoc Huy has been appointed by the Board of Directors as Acting Deputy General Director who is directly responsible for the export activities of Hoa Sen Group.



MEMBERS OF THE BOARD OF SUPERVISORS



Mr. LE VU NAM
Head of the Board of Supervisors

Mr. Le Vu Nam is Associate Professor and Doctor of Law with major of Economics Law.

He is currently Dean of the Faculty of Law and Head of Banking-Finance-Security Law Subject of University of Economics and Law, Ho Chi Minh City National University. He has the highest level experience in areas: Securities Law, Banking Law, Enterprise Law and Corporate Governance.

He was formerly Head of Market Research and Development Department of Ho Chi Minh City Stock Exchange Centre (currently is Ho Chi Minh City Stock Exchange).

Currently, Mr. Le Vu Nam is a head of the Board of Supervisors of Hoa Sen Group for the term of 2013 – 2018.



Mr. LE DINH HANH
Member of the Board of Supervisors

Mr. Le Dinh Hanh has profound experience in controlling and auditing at Hoa Sen Group through the following positions: Internal Auditing Associate, Vice Director of Internal Control Division and Director of Internal Control Division.

The General Assembly of Shareholders elected him as a member of the Board of Supervisors for the term of 2013-2018. Mr. Le Dinh Hanh graduated from University of Economics Ho Chi Minh City with major of Finance-Currency-Credit.



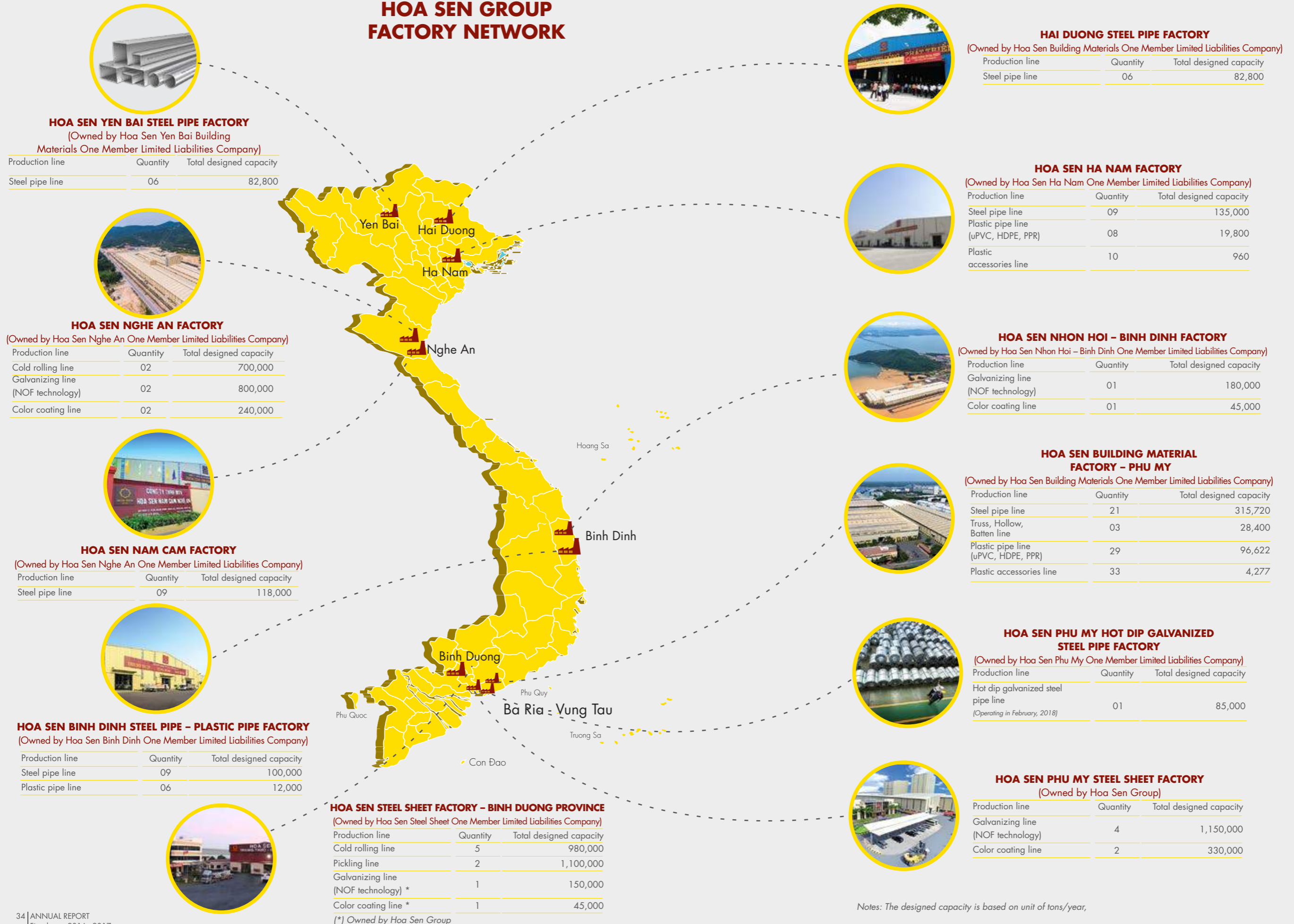
Ms. DONG THI THANH HANG
Member of the Board of Supervisors

Ms. Dong Thi Thanh Hang, joining Hoa Sen Group since 2010, was appointed to many positions such as trade promotion officer, Assistant to Deputy General Director of Export, Head of Export Documents Division, Deputy Director of Import, Director of Import & Export Control and Deputy Director of Control Division.

Ms. Dong Thi Thanh Hang was elected as a member of the Board of Supervisors for the term of 2013 – 2018 by the General Assembly of Shareholders in the Annual Meeting of the General Assembly of Shareholders of the fiscal years 2015 – 2016.

PRODUCTION CAPACITY

HOA SEN GROUP FACTORY NETWORK



HOA SEN YEN BAI STEEL PIPE FACTORY

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

Production line	Quantity	Total designed capacity
Steel pipe line	06	82,800



HOA SEN NGHE AN FACTORY

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

Production line	Quantity	Total designed capacity
Cold rolling line	02	700,000
Galvanizing line (NOF technology)	02	800,000
Color coating line	02	240,000



HOA SEN NAM CAM FACTORY

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

Production line	Quantity	Total designed capacity
Steel pipe line	09	118,000



HOA SEN BINH DINH STEEL PIPE – PLASTIC PIPE FACTORY

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

Production line	Quantity	Total designed capacity
Steel pipe line	09	100,000
Plastic pipe line	06	12,000



HOA SEN STEEL SHEET FACTORY – BINH DUONG PROVINCE

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

Production line	Quantity	Total designed capacity
Cold rolling line	5	980,000
Pickling line	2	1,100,000
Galvanizing line (NOF technology) *	1	150,000
Color coating line *	1	45,000

(*) Owned by Hoa Sen Group



HAI DUONG STEEL PIPE FACTORY

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

Production line	Quantity	Total designed capacity
Steel pipe line	06	82,800



HOA SEN HA NAM FACTORY

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

Production line	Quantity	Total designed capacity
Steel pipe line	09	135,000
Plastic pipe line (uPVC, HDPE, PPR)	08	19,800
Plastic accessories line	10	960



HOA SEN NHON HOI – BINH DINH FACTORY

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

Production line	Quantity	Total designed capacity
Galvanizing line (NOF technology)	01	180,000
Color coating line	01	45,000



HOA SEN BUILDING MATERIAL FACTORY – PHU MY

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

Production line	Quantity	Total designed capacity
Steel pipe line	21	315,720
Truss, Hollow, Batten line	03	28,400
Plastic pipe line (uPVC, HDPE, PPR)	29	96,622
Plastic accessories line	33	4,277



HOA SEN PHU MY HOT DIP GALVANIZED STEEL PIPE FACTORY

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

Production line	Quantity	Total designed capacity
Hot dip galvanized steel pipe line	01	85,000

(Operating in February, 2018)



HOA SEN PHU MY STEEL SHEET FACTORY

(Owned by Hoa Sen Group)

Production line	Quantity	Total designed capacity
Galvanizing line (NOF technology)	4	1,150,000
Color coating line	2	330,000

Notes: The designed capacity is based on unit of tons/year,

ADVANCED TECHNOLOGY CREATES DIVERSE PRODUCTS WITH HIGH QUALITY AND INTERNATIONAL STANDARDS

HOA SEN STEEL SHEET

COLD ROLLED COIL

Hoa Sen Group has successfully installed and operated 2 cold rolling lines with 6 high single-stand reversing technology. These cold rolling lines are applied the most advantage technology by the SMS supplier (Germany). The significant advance of the production line is high capacity up to 350,000 tons/year. Within tiny design, the production line applies the modern technology in cold rolling area, specially in automation such as operating automation and steel quality control automation (flatness, thickness, deformation controlling). The cold rolled coil meets the strictest requirements in accordance with Japanese standard of JIS G3141 and improves the effective resolution of losses during production process.



GALVANIZED STEEL SHEET (GI)

Being manufactured by the advanced and environmentally friendly NOF technology, the GI products meet the strictest requirements of galvanized steel sheet in accordance with Japanese standard of JIS G3302. Thanks to good corrosion resistance and smooth coating layer, Hoa Sen galvanized steel sheet products are the top choice of consumers, ensuring high quality according to ASTM A653/A653M (U.S.), AS 1397 (Australia), EN 10346 (Europe), MS 2384, MS 2385 (Malaysia), SNI 07-2053 (Indonesia) standards.



PRE-PAINTED GALVANIZED STEEL SHEET (PPGI)

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



ALUMINUM-ZINC ALLOY COATED STEEL SHEET (GL)

Being manufactured by the modern and environmentally friendly NOF technology line, aluminum-zinc alloy coated steel sheet meets the requirements of ASTM A792/A792M (U.S.), AS 1397 (Australia), JIS G 3321 (Japan), MS 1196 (Malaysia), EN 10346 (Europe), SNI 4096 (Indonesia) standards. The surface of the product is bright and beautiful with silver color, outstanding corrosion resistance, effective heat resistance, flexibility in design and has 4 times longer life than normal galvanized steel sheet.

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

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

WOOD PATTERN STEEL SHEET

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



PRE-PAINTED GL/GI WITH PVDF

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



METALLIC STEEL SHEET

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



WRINKLE STEEL SHEET

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



HOT DIP GALVANIZED STEEL (HGI)

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



ADVANCED TECHNOLOGY CREATES DIVERSE PRODUCTS WITH HIGH QUALITY AND INTERNATIONAL STANDARDS

HOA SEN GALVANIZED STEEL PIPE

GALVANIZED STEEL PIPE

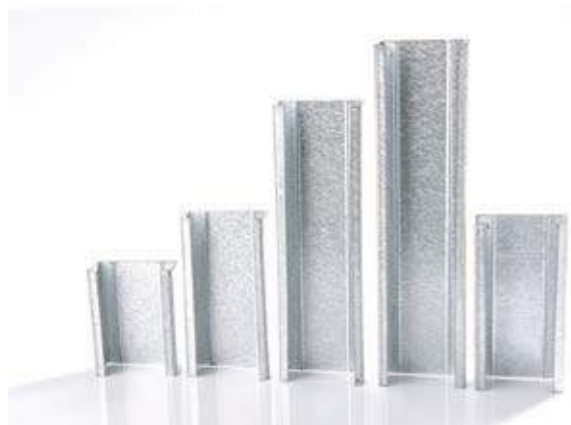
Being manufactured through the process of pickling, cold rolling, annealing, galvanizing, slitting, formed rolling, Hoa Sen galvanized steel pipe has clean and smooth surface, steady thickness, high plasticity and good adhesion as well as high quality in accordance with international standards: JIS G3344,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

HOT DIP GALVANIZED STEEL PIPE

Hoa Sen Hot-Dip Galvanized Steel Pipe is our new product which is widely used in various fields such as: fire alarm system, gas transmission system, scaffolding, construction structure, etc. This product is the top choice of mass consumers. Being manufactured through following process: pipe shaping, surface pick-ling and cleaning, surface treatment, hot-dip galvanizing, Hoa Sen Hot-Dip Galvanized Steel Pipe has high durability and high quality in accordance with various international standards: BS 1387 - 1985; BS EN 10255 - 2004; ASTM A53/A53M - 12; AS 1074 - 1989. Hoa Sen Hot-Dip Galvanized Steel Pipe has a wide range of dimensions: thickness from 1.2mm to 8.2mm, coating mass from 320g/m² to 705g/m² (coating thickness from 45µm to 100µm), size from Ø21.2mm to Ø219.1mm, which facilitates construction and installation process.

TRUSS BAR, BATTEN BAR AND HOLLOW PIPE

These products are made of high strength aluminum alloy coated steel G550 AZ100 with extremely corrosive resistance, high aestheticism for constructions, without needs of covering the rust-proof paint, ability to protect against insects such as termites and other harmful insects, satisfy many strict requirements.



HOA SEN PLASTIC PIPE

UPVC PLASTIC PIPE AND ACCESSORIES

Being manufactured by the modern production line with the advanced Europe technology and the centralized blending system, the plastic products are homogeneous and high-quality in accordance with standards of BS EN ISO 1452-2, AS/NZS 1477 (Australia), TCVN 8699 (Vietnam), Hoa Sen Group successfully produced uPVC with 630mm in diameter, 30mm in thickness and 12.5 bar in pressure. Hoa Sen Group's plastic pipe is widely used in various fields such as public and civil drainage system, electricity works, telecommunication and sand pumping, etc.



ELASTIC CONDUIT (COILS)

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



RIGID CONDUIT (PIPE CONDUIT)

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



HDPE PLASTIC PIPE

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



PPR PLASTIC PIPE - 2 LAYERS PPR PLASTIC PIPE

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

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

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





**CORE COMPETITIVE
ADVANTAGES**
FOUNDATION FOR
SUSTAINABLE DEVELOPMENT

5

- 1 Vertically integrated value chain
- 2 Owning 371 distribution-retail branches
- 3 The leading, friendly and community-oriented brand
- 4 Professional corporate governance and unique corporate culture
- 5 Pioneering in advanced technology investment



**IMPLEMENT THE
MANUFACTURING
COST-LEADERSHIP
STRATEGY**



**VERTICALLY INTEGRATED
VALUE CHAIN**

HOA SEN GROUP IS THE
LEADING MANUFACTURER
OF STEEL SHEETS IN
SOUTHEAST ASIA

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

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

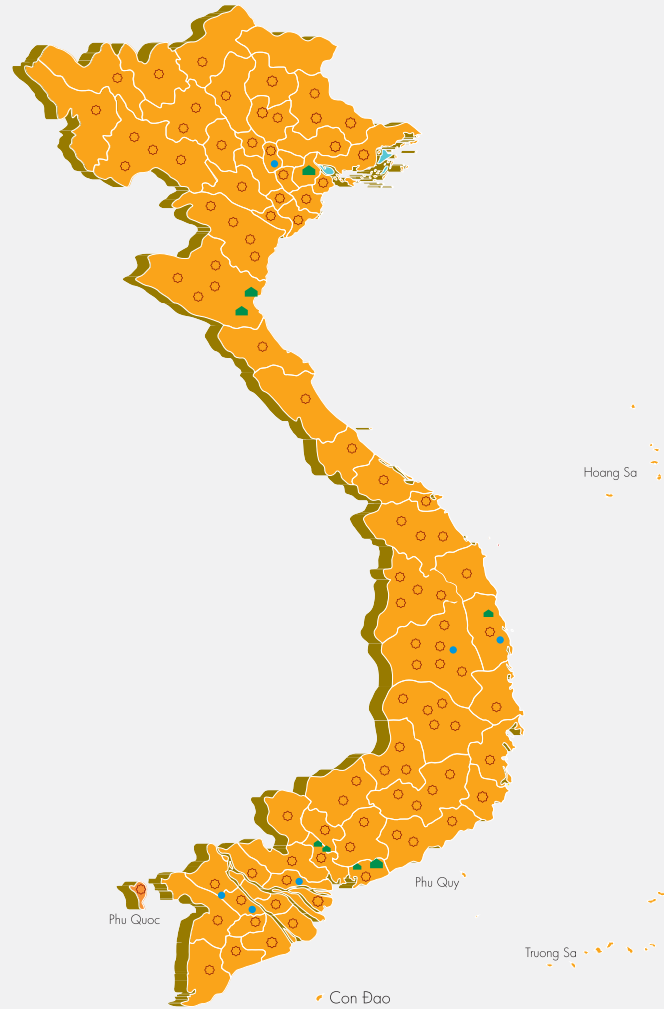
Through nationwide distribution-retail branches, high quality products of Hoa Sen Group are delivered to the end-users.

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



2

OWNING 371 DISTRIBUTION-RETAIL BRANCHES



THE NATIONWIDE DISTRIBUTION-RETAIL BRANCHES ARE INDISPENSABLE FOUNDATION OF IMPLEMENTING THE STRATEGY OF "BUYING DIRECTLY FROM PRODUCERS AND SELLING DIRECTLY TO END-USERS"

With the centralized and unified management in accordance with the general policies, the nationwide distribution-retail branches have become an outstanding competitive advantage of the Group in directly approaching to the end-users, tightly controlling products' quality and promptly delivering the products to the market. In the period of the fluctuating economy, the strategic roles of the distribution-retail branches are more promoted when the Group can flexibly apply sales policies to maintain the cash flow. This is foundation that enables the Group to quickly settle the manufacturing and business activities when macroeconomic conditions become unfavorable and keep on affirming the number one position in Vietnamese coated steel sheet market. By the end of 2017, the number of Hoa Sen Group's retail branches is 371.

371
BRANCHES

The number of Hoa Sen Group's branches is planning to reach 500 branches by the end of 2018.

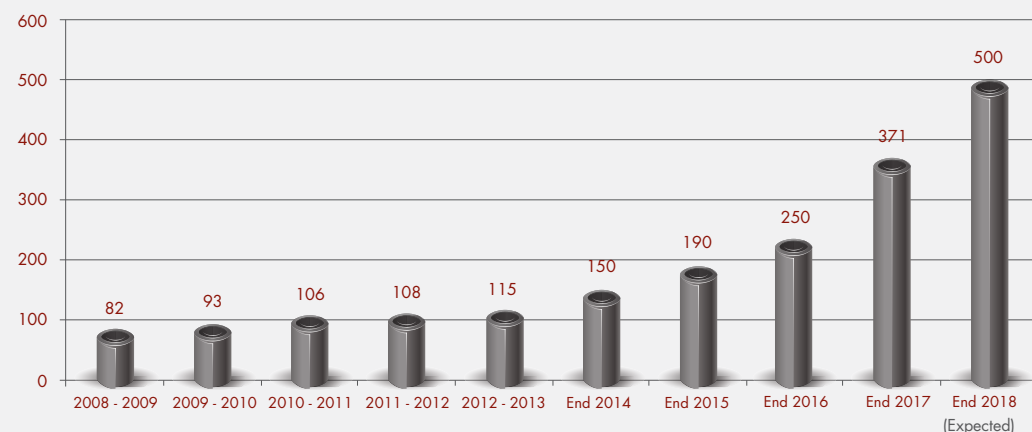
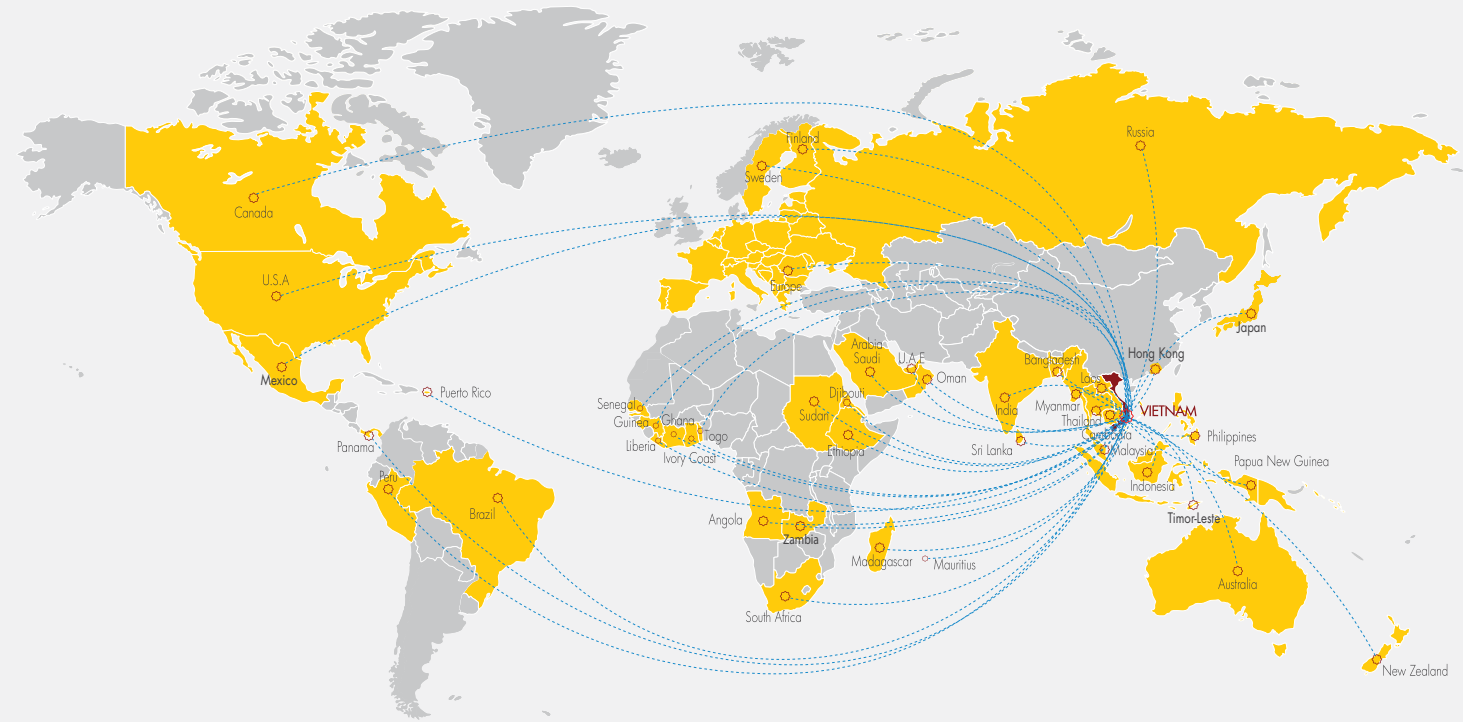


CHART OF DISTRIBUTION-RETAIL NETWORK DEVELOPMENT IN VIETNAM

CONTINUING DEVELOPMENT AND GROWING MARKET SHARE



DISTRIBUTION CHANNELS TO COUNTRIES

HOA SEN PRODUCTS ARE PRESENTED IN MORE THAN
70
COUNTRIES AND TERRITORIES

Besides maintaining domestic market, Hoa Sen Group also continuously strengthens export activities to traditional markets and expands its presence to potential markets in Middle East, Southern Asia, Africa, Australia, Europe, and America. Currently, Hoa Sen Group's products are presented in 70 countries and territories.

3

THE LEADING, FRIENDLY AND COMMUNITY - ORIENTED BRAND



THE UNIQUE BRANDING STRATEGY

“With unceasing efforts, Hoa Sen Group rapidly obtains the leading position in Vietnam steel sheet market and is the top leading steel exporter in Southeast Asia. As a result, unique strategies have made a strong and sustainable Hoa Sen brand in not only domestic market but also global market. Hoa Sen Group always focuses on brand promotion, maintains its “Global Growth Company” position in the World Economic Forum and continues to present the leading, friendly and community - oriented brand.”

Since the first days of establishment, Hoa Sen Group has chosen the strategy of building brand in accordance with its core business philosophy: “Integrity – Community – Development”. Over the last 16 years, Hoa Sen Group not only focuses on well organizing business and manufacturing activities but also pioneers in necessary social activities through sponsoring and diverse charity programs: Viet Families’ Sweet Home, Hoa Sen Steel Sheet – School together, the Futsal cup for underprivileged children, the VTV television international cycling tournament – Hoa Sen Steel Sheet Cup 2017, the Binh Duong television cycling tournament – Hoa Sen Plastic Pipe Cup 2017, VTV television International Woman Volleyball – Hoa Sen Steel Sheet Cup 2017, donating steel sheet for people in flood zone, sponsoring for television programs with humanity such as Golden Small Bell, Overcome yourself, etc. In addition, Hoa Sen Group always affirms the brand value by good quality of products and services. For Hoa Sen Group, the products’ quality is the prestige and the survival of the brand. By performing seriously four commitments: “Right price, right quality, and warranty”, Hoa Sen Group has delivered products to customers with “international standard, reasonable price, fast

delivery and good after sale service”. In order to deliver products directly to end-users, Hoa Sen Group has established a nationwide retail distribution network with over 350 branches across the country. In particular, Hoa Sen Group is the pioneer in the construction materials industry in Vietnam deploying online sales on website www.hoasengroup.vn to bring the best benefits to customers with the message “No need to go far - buy Hoa Sen steel sheet, steel pipe, plastic pipe at home”. Currently, Hoa Sen Group continues promoting the community-oriented Hoa Sen brand to reinforce position in domestic market and expand to other countries in region as Hoa Sen products are presented over 70 countries and territories. With continuous effort on improving products’ quality and services, Hoa Sen Group has built successful brand which consistently taking competitive advantage and strong demand from its brand. During the past time, Hoa Sen Group has achieved many awards including Second Grade Labor Medal from the Prime Minister, Top 10 Vietnam Gold Star in many consecutive years, achieved the title of “Vietnam Value” for both 3 product lines: Hoa Sen Steel Sheet, Hoa Sen Steel Pipe, Hoa Sen Plastic Pipe, Top 30 Best Annual Reports voted by Ho Chi Minh

Stock Exchange (HOSE), Ha Noi Stock Exchange (HNX) and Stock Investment Newspaper, Top 50 Vietnam’s Best Performing Companies awarded by Business Review Magazine in 4 consecutive years, Top 10 Vietnamese Strong Brands 2017, The 50 Best Vietnamese listed companies 2017 by Forbes, Best managed company in Asia 2014 and 2016 awarded by Euromoney Magazine, Top 40 Typical Enterprises in the South East of 2017 by Business Forum Newspaper and the People’s Committee of the Southeastern provinces, being the only representative in Vietnam chosen in the Community of Global Growth Companies in 2015. These prestigious awards are significant evidences demonstrating brand building process successfully, creating Hoa Sen Group’s position and prestige as the leading brand in the market. Hoa Sen Group, which continuously is developing and growing, has consistently affirmed its brand commitment that always creates the highest values for consumers and society, orienting to become the leading supplier and distributor of building materials in Southeast Asia.

4

PROFESSIONAL CORPORATE GOVERNANCE AND UNIQUE CORPORATE CULTURE

CORPORATE CULTURE

Hoa Sen Group established its governance system upon the foundation of corporate culture of 10 "T" letters: Integrity – Loyalty – Dedication – Talent – Friendliness. This is an important factor contributing to the rapid and sustainable development of Hoa Sen Group in over 16 years.

<p>INTEGRITY Being honest and transparent in all activities.</p>	<p>COMMUNITY Sharing our achievements with the community is Hoa Sen Group's humanistic beauty.</p>	<p>DEVELOPMENT Continuously developing and bringing the Hoa Sen brand name to new heights.</p>
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COMMUNITY-ORIENTED DEVELOPMENT

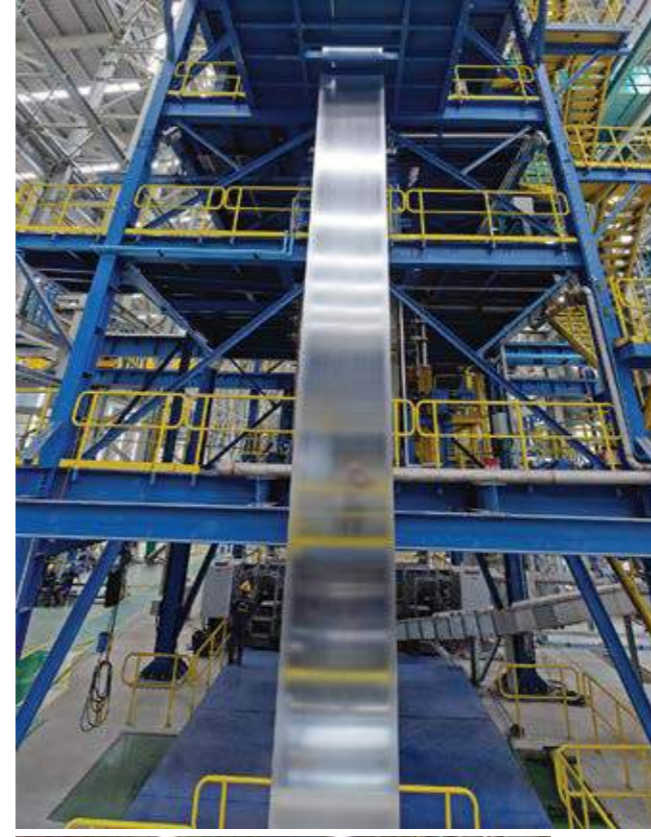


5 PIONEERING IN ADVANCED TECHNOLOGY INVESTMENT

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



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



DEVELOPING SUSTAINABLY WITH ADVANCED TECHNOLOGY





DEVELOPMENT ORIENTATION IN THE PERIOD 2018-2023

THE YEAR OF 2018 BEGINS A PERIOD OF NEW MANAGEMENT TERM, THEREFORE, THE BOARD OF DIRECTORS SET OUT THE DIRECTIONS AND DEVELOPMENT STRATEGIES OF THE GROUP IN THE FOLLOWING YEARS, AS FOLLOWS:



FOR ADMINISTRATION – RESTRUCTURE OPERATIONS:

- Continuously improving the internal management system, ensuring that the growth of the Group must be closed to the management mechanism, promoting transparency and honesty in all operations of the Group.
- Researching, developing, planning and applying modern management models, enhancing the governance quality of the Group, focusing on the restructuring of the distribution system which is following the model of provincial center branch in order to ensure the streamlined, effective, in parallel with the promotion of competitive advantages of the distribution system.
- Completing the ERP system, applying technology in business management to streamline the processes as well as increase the efficiency of work.



FOR BUSINESS OPERATIONS

- Concentrating on the development of domestic market through expanding and quickly developing the distribution-retail network. By 2020, the entire Hoa Sen Group's distribution network will reach 1,000 to 1,200 branches/retail stores.
- Increasing consumption and domestic market share, improving competitiveness, developing and applying flexible and effective business policies. At the same time, researching and developing new sales methods to meet consumer's demands, affordability and consumer's trend such as online sales through the Group's website, installment sales, etc.
- Developing export activities by increasing consumption in traditional markets, in combination with the expansion of export activities in new potential markets, at the same time to diversify export products of the Group to meet the demands of customers.
- Increasing sales volume of plastic products, diversifying products, combining with rational, flexible and effective business policies. Targeted to 2020, consumption of plastic products will reach 5,000 tons/month.
- Researching, surveying and developing in new sectors such as real estate, hotels, modern technology industries to create a premise for future development.



FOR PROJECT - MANUFACTURING INVESTMENT ACTIVITIES

- Concentrating on completing and quickly putting production projects into stable operation in order to increase production capacity, optimize geographical advantages and transport costs.
- Improving the production system, technology, quality of products, increasing the proportion of finished products, minimizing raw material consumption and operating costs of machinery, optimizing production cost, ensuring stable and safe production.
- Maintaining the feasibility study and investment promotion of domestic and foreign projects such as projects in Ninh Thuan province, investment expansion activities in Australia, Singapore, Indonesia, etc. ensuring that the implementation of future projects will bring efficiency and growth for the Group.



FOR HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT ACTIVITIES

- Focusing on promoting the effectiveness of human resource management based on the system of operating procedures and behavior standards in order to build and develop a young and professional staff in accordance with Hoa Sen culture.
- Strengthening and perfecting the management team of the Group, focusing on the key managers, successors and administrators.
- Improving the effectiveness of training activities to enhance knowledge and professional skills of the Group's employees.



FOR COMMUNICATION ACTIVITIES

Implementing a diversified and innovative PR - marketing strategy, in combination with events, charity activities, sponsorship, oriented to community and friendly with environment in order to promote the brand image of the Group.



Increasing **capacity**

CAPTURING THE MARKET

BEING THE FIRST POSITION IN VIETNAM STEEL MARKET AND THE LEADING EXPORTER IN SOUTHEAST ASIA, HOA SEN GROUP CONTINUES TO REACH OUT AND AFFIRM INTEGRATIVE ABILITY IN INTERNATIONAL ECONOMY EXTENSIVELY.

**BUSINESS PERFORMANCE
OF THE FISCAL YEAR
2016 - 2017**

NET SALES EXCEEDING
1 BILLION
US DOLLAR

OVERVIEW

• Socio – Economic overview

In 2017, the socio-economic situation in our country has many positive developments as well as opportunities and challenges; generally, still maintaining the growth momentum, as follows:

- Gross domestic product (GDP) in the first 10 months of 2017 is estimated to increase by 6.41%, higher than that of the same period in 2016, promoting the efficiency, flexibility and timeliness of Government's executive solutions.

- Average consumer price index in the first 10 months of 2017 increased by 3.71% compared to the same period in the previous year, but still within the 5% limitation set by the National Assembly. Basic inflation has controlled effectively.

- Credit continued to grow well, with a growth rate of 12%, showing a positive trend of development and good capital absorption capacity of the economy.

- According to the World Economic Forum (WEF) in the Competitiveness Report of 2017, the competitiveness index of Vietnam increased 5 ranks, ranking 55/137.

• Market situation

In 2017, the steel market faced with complicated situations, significantly affecting the production and business situation of enterprises in the same industry, specifically as follows:

- The price of steel material in 2017 fluctuated continuously, difficult to



forecast, affecting production costs, product price and profit margin of enterprises in the same industry.

- A number of steel and galvanized steel enterprises increased their capacity dramatically, which may lead to surplus of products used for the construction industry but the shortage of products used in processing and manufacturing industry.

- Low quality steel products continue to be imported into Vietnam through various types of fraud, lack of transparency, threatening the production and business of domestic enterprises, despite the efforts to overcome and prevent from the authorities.

- Although the Government of Vietnam has implemented a number of trade remedies for the steel industry,

the trade frauds of imported steel are likely to increase by incorrectly declaring the goods code.

- Exporting steel products to foreign countries is difficult due to the trade protection of domestic production and the establishment of trade barriers from major markets in the world such as USA, Malaysia, Indonesia, Thailand, etc.

- In 2017, the situation of storms, floods, heavy rain and landslides occur continuously and complicatedly, thus affecting the domestic consumption demand, affecting the production and business situation of enterprises.

**BUSINESS PERFORMANCE OF
FINANCIAL YEAR 2016 - 2017**

At the end of the fiscal year 2016 - 2017, Hoa Sen Group completed and surpassed the plan for sales volume and net sales, achieving high growth compared to the previous fiscal year, specifically as follows:

- Consumption of finished products reached 1,559,007 tons, exceeding 5% compared with the plan, increased 25% compared to the same period. The average annual growth rate reached 27.1%

- Total net sales of the Group reached 26,149 billion VND, exceeding 14% compared with the plan, increased 46% compared to the same period. The growth rate was 22.1%.

Thus, in five consecutive fiscal years, the sales volume and net sales growth rate has been stable, the average growth rate over the years has been maintained above 20%, indicating the effectiveness of the Group's business development strategy which focus on the following development orientations:

- Over the past five years, the Group's distribution network has grown strongly. From 115 distribution branches in the fiscal year of 2012 – 2013, up to present (the end of 2017), the Group owns total 371 branches/retail stores which have become the main sales channel, fulfilling domestic consumption demand and supporting export channel when export markets are difficult and disadvantageous.

- Presently, Hoa Sen Group owns the production network including 11 production factories, with production capacity of more than 2,000,000 tons per year and the Group is continuing to invest in increasing capacity. The factories are allocated equally in favorable locations in the North - Central – South regions, with a system of roadway and sea transport infrastructure which is invested synchronously, creating the advantage of supply capacity and expenditure. It is a solid foundation for maintaining and developing the Group's sales channels.

Consolidated after – tax profit in the fiscal year of 2016 – 2017 was 1,332 billion VND, accounting for 81% of the plan. However, the compound annual growth rate was 23.1% in the last 5 fiscal years. This is due to the following reasons:

- In 2017, the price of steel material for production on the market fluctuated continuously from the beginning of the year, difficult to forecast. Specifically, the price increased in the first quarter of 2017, sharply reduced in the second quarter of 2017 and suddenly increased in the third quarter 2017. This causes difficulties in the purchase of raw materials, affecting the cost of products, as well as affecting financial costs and working capital for production.

- The export market in 2017 also has a lot of fluctuations as large consumption markets implemented a number of policies and actions to protect the production, trade remedies and the establishment of non-tariff barriers (import quota, quality standards system, etc.). This influenced the consumption and significantly impacted on the Group's export channels.

- Natural disasters, floods and storms in 2017 are also the factors making the after-tax profit below expectations. Heavy rain in many areas continued to slow down the progress of many construction projects in the country, leading to the decrease of demand for construction material, affecting the domestic sales channels. In addition, unpredictable weather also affected the Group's schedule, supply and transportation costs.

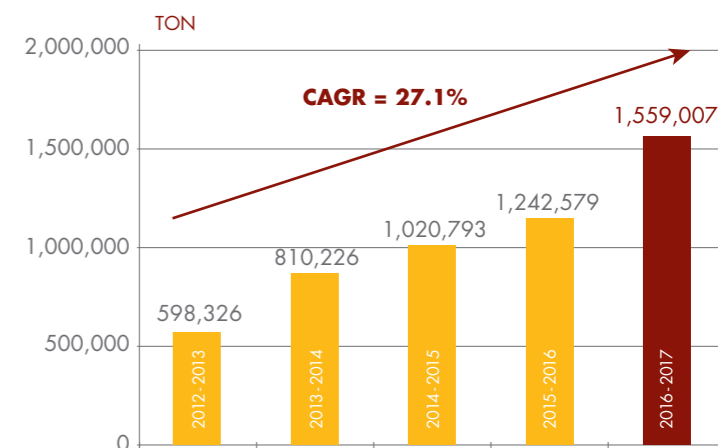


CHART OF SALES VOLUME'S GROWTH OF FINISHED PRODUCTS

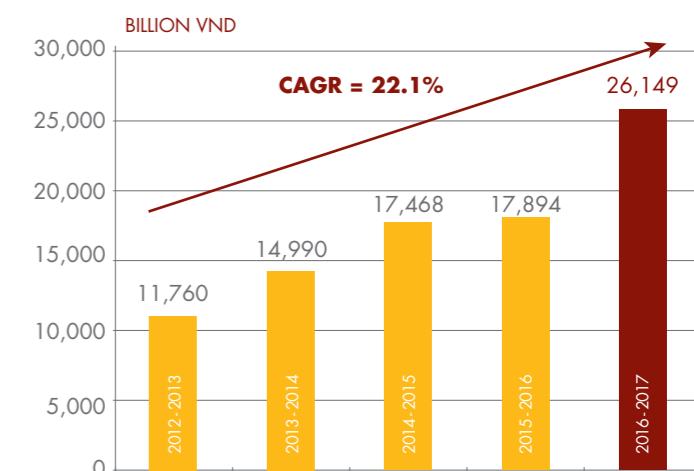


CHART OF NET SALES' GROWTH

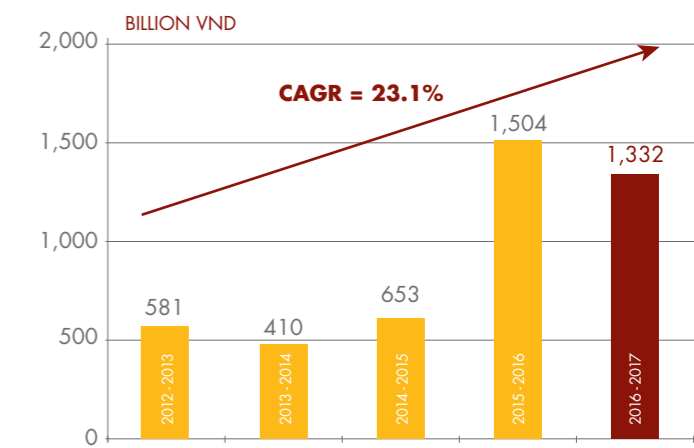
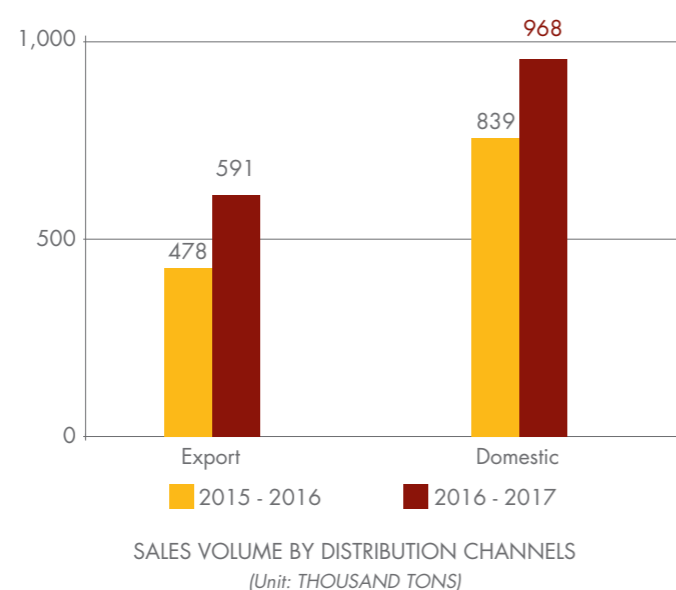


CHART OF CONSOLIDATED AFTER-TAX PROFIT'S GROWTH

According to the consolidated financial statements of the five consecutive years, the Group's gross margin/net sales was 17%, which was quite high compared to the others in the steel industry.

NO	ITEM	UNIT	FISCAL YEAR 2012 - 2013	FISCAL YEAR 2013 - 2014	FISCAL YEAR 2014 - 2015	FISCAL YEAR 2015 - 2016	FISCAL YEAR 2016 - 2017
1	Net sales	Billion VND	11,760	14,990	17,468	17,894	26,149
2	Gross profit	Billion VND	1,708	1,750	2,599	4,176	4,418
3	Gross profit /net sales	%	14.5	11.7	14.9	23.3	16.9

In the fiscal year 2016 - 2017, the sales channels have made efforts to complete the assigned targets. Specifically, the domestic sales channel continued to be the main consumption channel of the Group with the output reached 968,000 tons, increased 15% compared to the previous fiscal year. Export channel continued the growth momentum with output reached 591,000 tons, increasing 24%.



BUSINESS PERFORMANCE IN 5-YEAR TERM OF THE BOARD OF DIRECTOR (2013 - 2018)

At the end of the 5-year term of 2013-2018, thanks to the right directions and orientations of the Board of Directors, Hoa Sen Group has gradually developed and gained many remarkable achievements, fulfilling and surpassing the targets set by the General Assembly of Shareholders at the Annual General Meetings of the fiscal year 2012 - 2013. Specifically, the business performance of the fiscal year at the end of the term 2013 - 2018 achieved the following accomplishments:

- Sales volume reached 1,660,204 tons, exceeding the target of 1,000,000 tons, increased 2.6 times compared to the first fiscal year of the term, growth rate reached 27.1%.
- Net sales reached VND 26,149 billion (USD 1.1 billion), fulfilling USD 1 billion, an increase of 2.2 times against the beginning of the year, growth of 22.1%.
- After-tax profit reached VND 1,332 billion, far exceeded the target of VND 1,000 billion of the term, increased 2.3 times compared to the beginning of the term, growth rate reached 23.1%.

REPORT ON IMPLEMENTATION OF THE RESOLUTION OF ANNUAL GENERAL MEETING OF THE FISCIAL YEAR 2016 - 2017

In the fiscal year 2016 - 2017, Hoa Sen Group held one Annual General Meeting of Shareholders. At the meeting, the General Assembly of Shareholders approved a number of reports and undertakings related to production and business activities of the Company. The contents approved by the General Meeting of Shareholders are shown in Resolution No. 01/NQ/ĐHĐCĐ/2017 dated 06/01/2017. The implementation of the Resolution of the General Assembly of Shareholders in the fiscal year 2016-2017 as follows:

NO.	MAIN CONTENTS	RESULTS
1	Implementing business plan for the fiscal year 2016 - 2017	At the end of the fiscal year 2016 - 2017, sales volume and net sales of the Group exceeded the plan. Details are presented in the business performance reports of the fiscal year 2016 - 2017.
2	Dividend payment of the fiscal year 2015 - 2016 and issuance of shares to existing shareholders to increase charter capital	The Board of Directors completed the dividend payment of the fiscal year 2015-2016 and issued shares to existing shareholders to increase charter capital as follows: - Dividend payment in cash: dividend payout ratio of 10% of share par value. - Issue shares to existing shareholders, in which + Issuance of shares to pay dividends from undistributed earnings: Issue ratio was 55%. + Issuance of shares to increase charter capital from share premium: Issuance ratio was 20%. - The dividend payment was carried out on schedule. Details are presented in the stock - shares and investor relations reports.
3	Setting up funds in the fiscal 2016 - 2017	The Group has set up funds in the fiscal year 2016 - 2017 in accordance with the policy approved by the General Assembly of Shareholders.
4	Deploying the investment projects of the Group	The Group has implemented and completed the investment projects as scheduled. Details are presented in the project investment reports.
5	Selecting audit company for auditing financial statements of the fiscal year 2016 - 2017.	The Board of Directors selected Ernst & Young Vietnam as the audit company of the Group's financial statements in the fiscal year 2016-2017. The selection of audit company is presented in the Resolution No. 22/NQ/HDQT/2017 dated March 15, 2017 and has been disclosed according to regulations.
6	Issuing shares under "Selection program for key managers and senior employees on the occasion of Hoa Sen Group 15 th Anniversary of Establishment"	The Board of Directors has completed the issuance of shares under the program on the occasion of the Group's 15 th anniversary of establishment. Details are presented in the stock - shares and investor relations reports.
7	Implementing the plan to restructure the Group's operation model towards the establishment of the Regional Hoa Sen Joint Stock Companies.	The Board of Directors has been considering restructuring options in accordance with the Group's orientations and development strategy.

CONSOLIDATED BUSINESS PLAN FOR THE FISCAL YEAR 2017 - 2018

Based on the forecast for growth rate of domestic and export markets, production and business capacity of the Group, the Board of Directors submitted the consolidated business plan for the fiscal year 2017 - 2018 to General Assembly of Shareholders as follows:

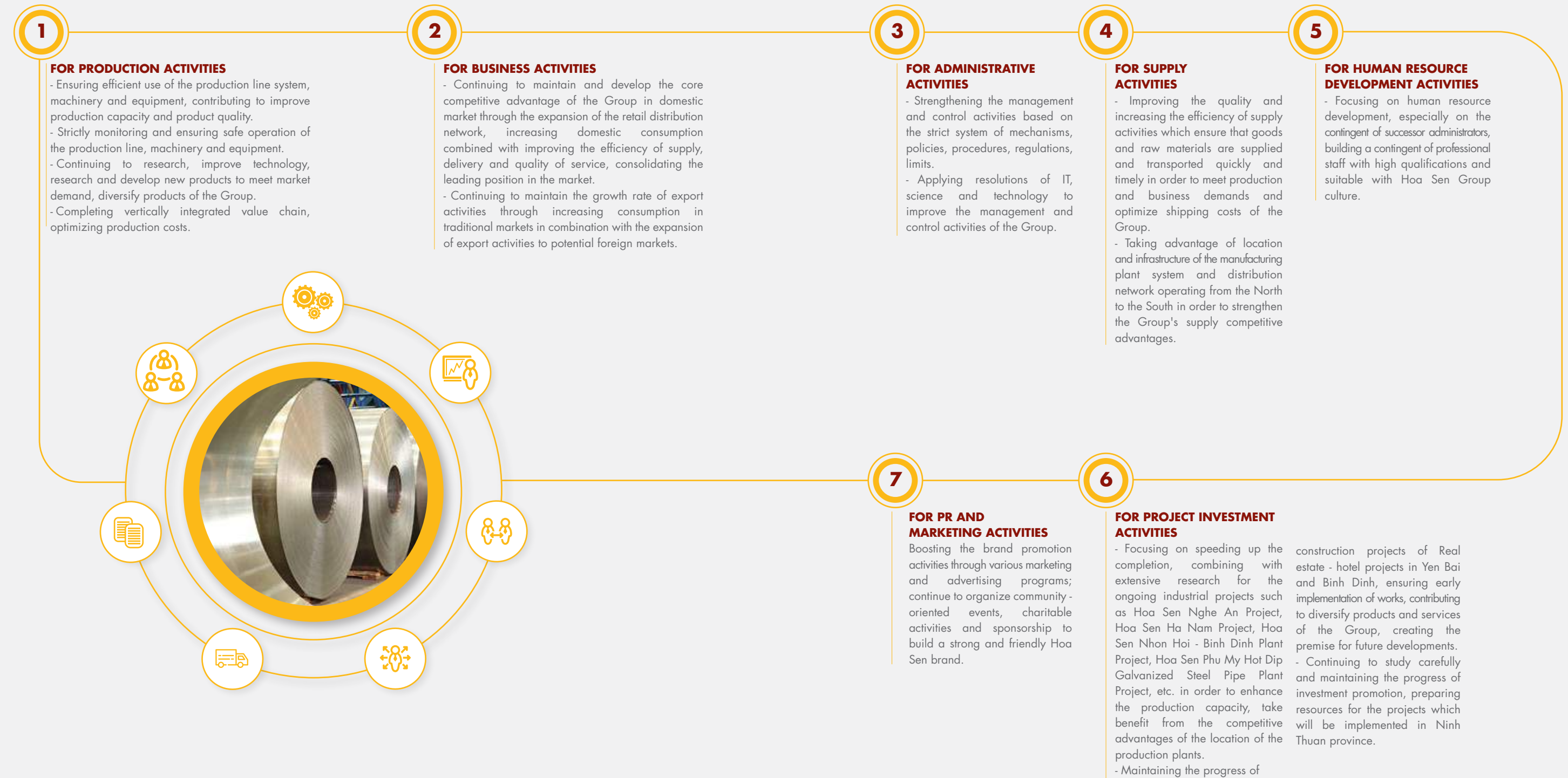
ITEM	UNIT	PERFORMANCE OF THE FY 2016 - 2017	PLAN OF THE FY 2017 - 2018 (*)	COMPARE WITH THE PERFORMANCE OF FY 2016 - 2017	
				ABSOLUTE NUMBER	RELATIVE NUMBER
(A)	(B)	(C)	(D)	(E = D - C)	(F = ((D/C)-1)*100)
Sales Volume	Tons	1,660,204	1,908,000	247,796	15%
- Finished Goods	Tons	1,559,007	1,800,000	240,993	15%
- By-product	Tons	101,197	108,000	6,803	7%
Net sales	VND billion	26,149	30,000	3,851	15%
After-tax profit	VND billion	1,332	1,350	18	1%

In 2018, steel market is forecasted to have complex movements. Therefore, in the fiscal year 2017 - 2018, Hoa Sen Group proposes a business plan with more careful than the fiscal year 2016 - 2017. In particular, the sales growth target is 15%, net sales growth rate is 15% and after-tax profit increases 1% compared with the fiscal year 2016 - 2017.

IMPLEMENTATION ORIENTATION OF BUSINESS PLAN FOR THE FISCAL YEAR 2017 – 2018

The steel market in 2018 is forecasted to face many disadvantages and fluctuations, especially the following features:

- Steel prices fluctuate continuously, difficult to keep stable momentum, likely to continue affecting the profit margin of enterprises in the same industry.
- Major markets in the world tend to increase trade remedies measures and protect domestic production, which caused big challenges to export activities of the Group.
- The fact that enterprises continue to push up their production capacity could lead to excess supply over demand in the market. Therefore, the Board of Directors set out the actions as follows to ensure the successful achievement of targets and business plans for the fiscal year 2017-2018:



REPORT OF THE BOARD OF MANAGEMENT



“ IMPLEMENTING GUIDELINES AND ORIENTATIONS OF THE GENERAL ASSEMBLY OF SHAREHOLDERS AND THE BOARD OF DIRECTORS, THE BOARD OF MANAGEMENT APPLIED FLEXIBLE, EFFECTIVE MANAGEMENT SOLUTIONS TO TAKE AN OPPORTUNITY AND TO RESPOND PROMPTLY FLUCTUATIONS OF THE MARKET AND THE ECONOMY.”

PRODUCTION AND BUSINESS PERFORMANCE OF THE FISCAL YEAR 2016 - 2017

PRODUCTION AND BUSINESS PERFORMANCE OF THE FISCAL YEAR 2016 – 2017 IN COMPARISON WITH THE PLAN

Ending the fiscal year 2016 – 2017, the sales volume of finished products reached 1,559,007 tons and exceeded 5% in comparison with the plan. The net sales reached VND 26,149 billion and exceeded 14% in comparison with the plan, the after-tax profit reached VND 1,332 billion.

ITEM	UNIT	PLAN OF THE FISCAL YEAR 2016 - 2017	PERFORMANCE OF THE FISCAL YEAR 2016 - 2017	COMPARING THE PERFORMANCE WITH THE PLAN
(A)	(B)	(C)	(D)	(E=(D/C)*100)
Total sales volume	Ton	1,575,000	1,660,204	105%
- Finished products	Ton	1,486,000	1,559,007	105%
- By-products	Ton	89,000	101,197	114%
Net sales	billion VND	23,000	26,149	114%
Consolidated after-tax profit	billion VND	1,650	1,332	81%

COMPARING THE BUSINESS PERFORMANCE OF THE FISCAL YEAR 2016 – 2017 WITH THE PLAN

BUSINESS PERFORMANCE OF THE FISCAL YEAR 2016 - 2017 IN COMPARISON WITH BUSINESS PERFORMANCE OF THE FISCAL YEAR 2015 - 2016

Compared to the fiscal year of 2015 - 2016, the business performance of the fiscal year 2016 - 2017 showed impressive figures of sales volume and net sales. Accordingly, the sales volume of finished products in the fiscal year of 2016 - 2017 increased 26% and the net sales increased 46% in comparison with the previous fiscal year.

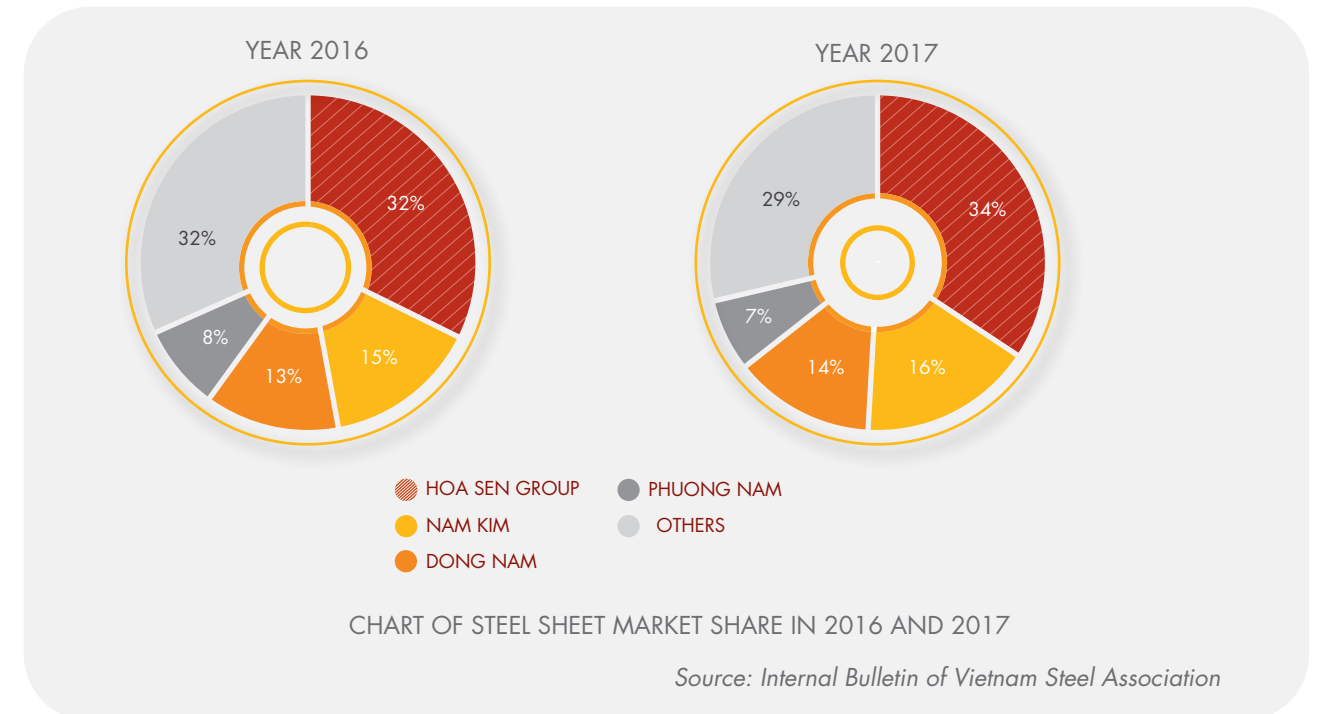
ITEM	UNIT	PERFORMANCE OF THE FISCAL YEAR 2015 - 2016	PERFORMANCE OF THE FISCAL YEAR 2016 - 2017	COMPARING THE PERFORMANCE OF FY 2016 – 2017 WITH THE PERFORMANCE OF FY 2015 – 2016
(A)	(B)	(C)	(D)	(E=(D/C)*100)
Total sales volume	Ton	1,317,101	1,660,204	126%
- Finished products	Ton	1,242,579	1,559,007	125%
- By-products	Ton	74,522	101,197	136%
Net sales	Billion VND	17,894	26,149	146%
Consolidated after-tax profit	Billion VND	1,504	1,332	89%

PERFORMANCE OF THE FISCAL YEAR 2015 - 2016

MARKET SHARE OF HOA SEN GROUP IN THE FISCAL YEAR 2016 - 2017

STEEL SHEET MARKET SHARE

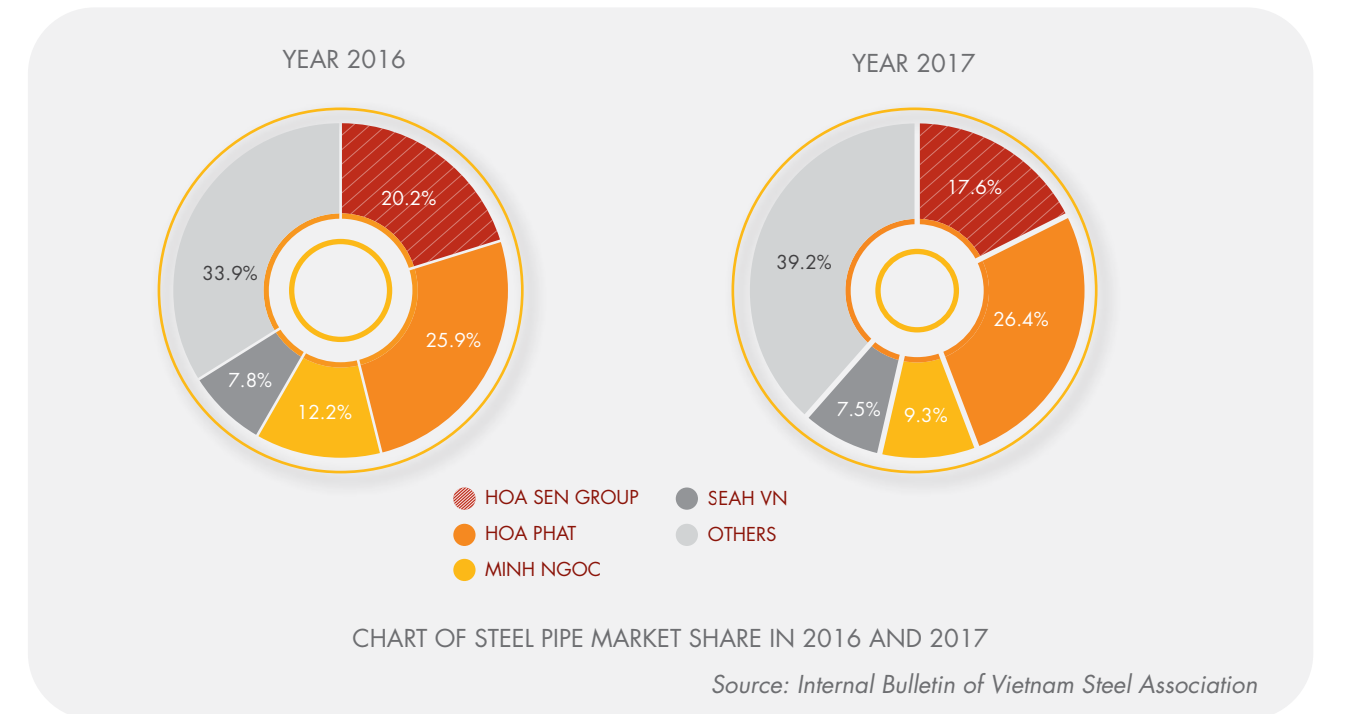
In 2017, Hoa Sen Group continued to maintain the leading position in domestic steel sheet market share by accounting for 34.3% of market share, increased 2% in comparison with the market share of 2016. In the fiscal year 2016 – 2017, the steel sheet sales volume of Hoa Sen Group reached over 1 million ton, increased 283,317 tons (equivalent increased 33%) in comparison with the market share of the fiscal year 2015 – 2016.



Remark: The statistics only consist of sales volumes of Vietnam Steel Association’s members and exclude sales volume of Pestima Vietnam because the tin coated steel sheets are not used for construction industry.

STEEL PIPE MARKET SHARE

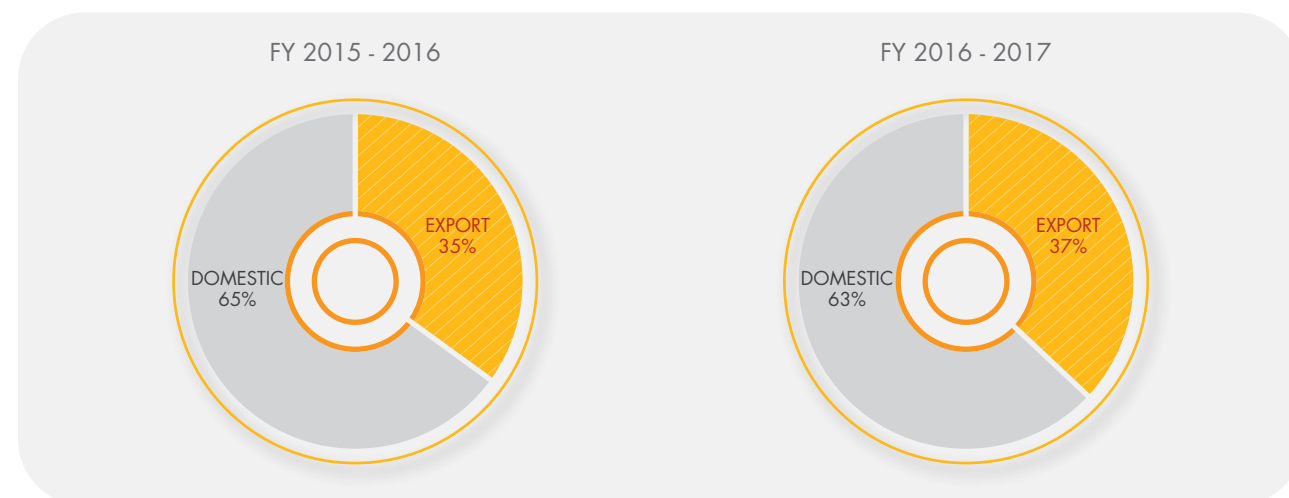
In 2017, Hoa Sen Group’s steel pipe market share ranked second position in the domestic steel pipe market share. In the fiscal year 2016 – 2017, Hoa Sen Group’s steel pipe sales volume reached 375,377 tons, increased 28,240 tons (equivalent increased 8%) in comparison with the market share of fiscal year 2015 – 2016.



Remark: The statistics only consist of sales volumes of members of Vietnam Steel Association

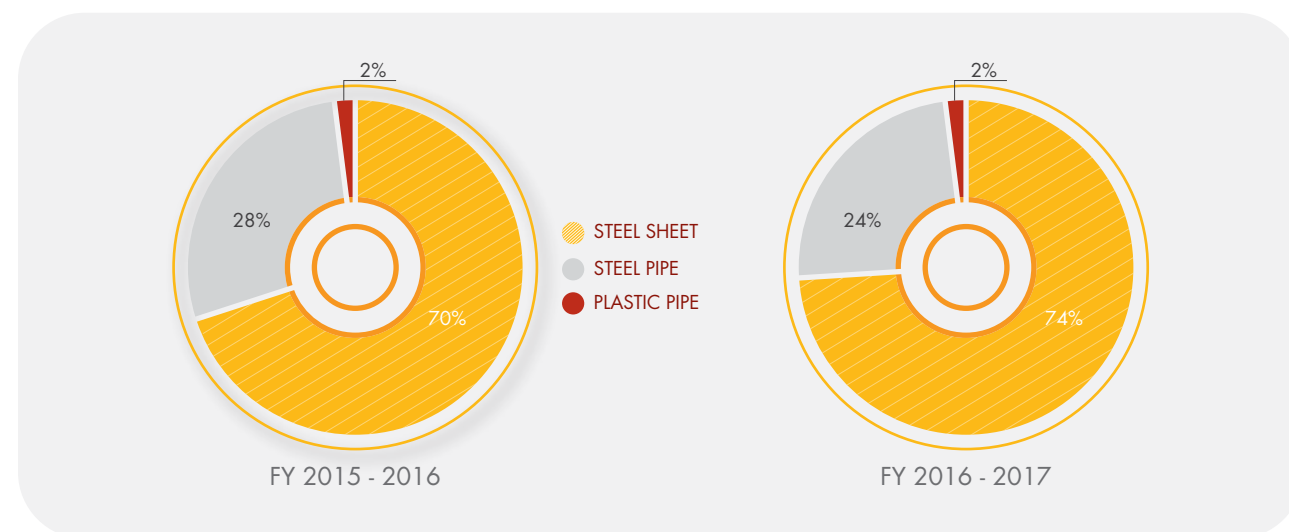
NET SALES STRUCTURE BY SALES CHANNELS

In the fiscal year 2016 – 2017, the domestic consumption channel continued to be the key channel that accounted for 63% of total net sales of the Group. In addition, the export channel remained stable, accounting for 37% of revenue structure.



SALES VOLUME STRUCTURE BY PRODUCT CATEGORY

The products of coated steel sheet and hot dip galvanized steel including galvanized steel sheet (GI), aluminum-zinc alloy coated steel sheet (GL), pre-painted galvanized steel sheet (pre-painted GI), pre-painted aluminum-zinc alloy coated steel sheet (pre-painted GL), pre-painted cold rolled coil (pre-painted CRC), etc. continued to be the main products which contributing 74% of the total sales volume. The steel pipe including galvanized steel pipe, steel pipe, galvanized purlin, purlin contributed 24% of the total sales volume; and plastic pipe products contributed 2% of the total sales volume of the Group.



THE EXPENSE TO SALES RATIO AS PER THE CONSOLIDATED FINANCIAL STATEMENTS

NO	ITEM	UNIT	FISCAL YEAR 2015 - 2016	FISCAL YEAR 2016 - 2017
1	Sales volume	Ton	1,317,101	1,660,204
1.1	- Finished products	Ton	1,242,579	1,559,007
1.2	- By-products	Ton	74,522	101,197
2	Net sales	Billion VND	17,894	26,149
3	Gross profit/Net sales	%	23.3	16.9
4	Financial expenses/Net sales	%	1.4	2.3
	Interest expenses/Net sales	%	1.2	1.8
5	Selling expenses/Net sales	%	6.4	5.8
6	General and Administrative expenses/Net sales	%	5.0	3.1

FINANCIAL RATIOS AS PER THE CONSOLIDATED FINANCIAL STATEMENTS

NO	ITEM	UNIT	FISCAL YEAR 2015 - 2016	FISCAL YEAR 2016 - 2017
	SOLVENCY RATIO			
1	Current ratio	Time	1.0	1.0
	Quick ratio		0.3	0.3
	CAPITAL STRUCTURE RATIO			
2	Debt/Total assets ratio	%	66	76
	Debt/Owners' Equity ratio	%	198	315
	Total assets/ Owners' Equity ratio	%	298	415
	OPERATION CAPABILITY RATIO			
3	Inventory turnover	Time	3.3	3.2
	Net sales/Total assets	Time	1.5	1.2
	PROFITABILITY RATIO			
	Net profit after tax/Net sales ratio	%	8.4	5.1
4	Net profit after tax/Owner's Equity Ratio	%	36.4	25.8
	Net profit after tax/Total assets ratio	%	12.2	6.2
	Operating profit/Net sales ratio	%	10.7	6.0
	Earnings per share	VND/share	4,226	3,672

MANAGEMENT OPERATIONS IN THE FISCAL YEAR 2016 - 2017

In order to maintain steady growth and to complete the guidelines, orientations of the General Assembly of Shareholders and the Board of Directors, as well as to maintain the stable growth momentum, the Board of Directors has deployed effective solutions to promote the core competitiveness of the Group, contributing to the business performance of 2016-2017. The management solutions focus on 5 specific tasks:

PERFECTING THE MANAGEMENT AND ADMINISTRATION SYSTEM

To implement the guidelines and orientations of the General Assembly of Shareholders and the Board of Directors to perfect and improve the effectiveness of the management system and internal supervising system of the Group. The Board of Directors has implemented many flexible solutions to fulfill the tasks which are focusing on the following key tasks:

- Continuing to improve and strengthen the operations of the Regional Executive Offices in order to promote the Group's management efficiency, contributing to the growth of the Group.
- Coordinating with advisory divisions assisting the Board of Directors in improving the organizational structure, hierarchy system, managerial titles under the Group in order to strengthen the management capacity and promote the resources of the Group.
- Researching and proposing ways to restructure the management model of the



Group to the Board of Directors for the distribution system in order to build up a strict, effective administrative apparatus, along with leveraging and promoting the core competitiveness of the Group.

DEVELOPING NATIONWIDE DISTRIBUTION-RETAIL NETWORK

By implementing the strategy of "Buying directly from producers – Selling directly to end - users", at the same time to make use of and promote the competitive advantages of cost, delivery time, Hoa Sen Group continued to establish more distribution - retail branches across the country. Until the end of December, 2017, the total number of branches was 371 branches including 6 base depots. The branches are built, designed according to the technical - construction regulations issued by the Group and applied uniformly throughout the system, meeting the construction standards, ensuring the aesthetic, contributing to

spread image of the Group across the country.

The sale policy at every branch is flexible depends on each region and area, and is made and applied quickly in order to response timely to market changes.

The branches are managed consistently in accordance with model of Branch – Regional/Provincial Sales Manager – Regional Executive Office – Sales & Distribution Department. The smooth flow of information is always ensured, the branches also understand the Group's business directions and orientations. Therefore, Hoa Sen Group continues to increase significantly domestic sales volume and to maintain the leading position in steel sheet and steel pipe market share in the fiscal year 2016 – 2017.

DIVERSIFYING EXPORT MARKETS

In the fiscal year 2016 – 2017, Hoa Sen Group exported over 591,000 tons of products, increased by 24% in comparison with export sales volume of the previous fiscal year 2015 - 2016.

In addition, Hoa Sen Group always focuses on expanding and diversifying export markets, especially on potential markets in Europe, Americas, etc. Hoa Sen Group's products are recently presented more than 70 countries and territories over the world. The quality of Hoa Sen Group's products always meets international standards such as ASTM standards (American Society for Testing and Materials), BS EN standards of Europe (British Standards European Norms), JIS (Japanese Industrial Standards), AS (Australian Standards) of Australia, SNI (Indonesian National Standards) of Indonesia, MS (Malaysian Standards) of Malaysia.

COMPLETING KEY INVESTMENT PROJECTS, IMPROVING PRODUCTION CAPACITY, AND DIVERSIFYING PRODUCTS

In the fiscal year 2016 - 2017, Hoa Sen Group continued to implement investment projects to improve production capacity, diversify products and implement strategies to bring the plant close to the market to optimize transportation costs. The results of the implementation of investment projects in the 2016 - 2017 of Hoa Sen Group as of September 30th, 2017 as follows:

PROJECT HOA SEN NGHE AN PLANT

Hoa Sen Nghe An Plant Project is located in Dong Hoi Industrial Zone, Quynh Lap Commune, Hoang Mai Town, Nghe An Province with designed capacity of 1,000,000 tons/year.

In the fiscal year 2016 - 2017, Hoa Sen Group has completed and put into operation a number of categories, machinery and equipment including:

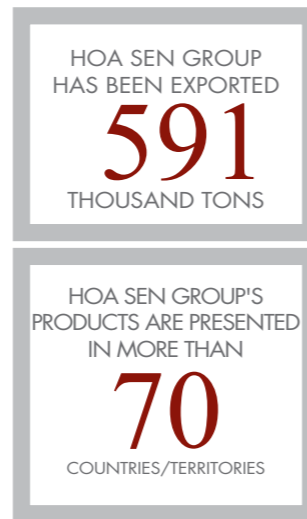
- 01 pickling line with designed capacity of 800,000 tons/year;
- 01 galvanizing line (NOF technology) with designed capacity of 400,000 tons/year (Galvanizing line No. 2)
- 01 cold rolling line with designed capacity of 350,000 tons/year (Cold rolling line No. 1)
- 01 color coating line with designed capacity of 120,000 tons/year

PROJECT HOA SEN NHON HOI - BINH DINH PLANT

Hoa Sen Nhon Hoi - Binh Dinh Plant Project was implemented in Hoi Son Village, Nhon Hoi Commune, Quy Nhon City, Binh Dinh Province, including the following two phases: "Hoa Sen Nhon Hoi – Binh Dinh Plant Project" and "Hoa Sen Nhon Hoi - Binh Dinh Plant Project Phase 2".

In the fiscal year 2016 – 2017, Hoa Sen Group completed and put into operation a number of categories, machinery and equipment in the first phase of the project, including:

- 01 galvanizing line (NOF technology) with designed capacity of 180,000 tons/year (Galvanizing line No. 1)
- 01 color coating line with designed capacity of 45,000 tons/year (Color coating line No. 1)



(Color coating line No. 2)
- 01 cold rolling line with designed capacity of 350,000 tons/year (Cold rolling line No. 2)
Currently, Hoa Sen Group is continuing to complete categories of the second phase of the project including: 01 slitting line with designed capacity of 100,000 tons/year (Slitting line No. 2); 01 acid recycling line with designed capacity of 5,000 liters/hour; 01 NOF technology galvanizing line with designed capacity of 250,000 tons/year (Galvanizing line No. 3).
It is expected that in March 2018, Galvanizing line No. 3 – designed capacity of 250,000 tons/year will be officially put into operation.

- 01 slitting line with designed capacity of 100,000 tons/year
- Waste water treatment system
- Workshop, infrastructure, office
Currently, the Group is focusing on completing the second phase of the project. It is expected that in the fiscal year 2017 - 2018, the Group will put into operation the following items: 01 Galvanizing line (NOF technology) with designed capacity of 250,000 tons/year (Galvanizing line No. 2); 01 color coating line with designed capacity of 150,000 tons/year (Color Coating Line No. 2); 01 cold rolling line with designed capacity of 350,000 tons/year; 01 acid recycling line with capacity of 5,000 liters/hour; 01 pickling line with capacity 800,000 tons/year.

PROJECT HOA SEN HA NAM PLANT

Hoa Sen Ha Nam Plant Project was implemented in Kien Khe I Industrial Zone, Kien Khe Town, Thanh Liem District, Ha Nam Province.

In the fiscal year of 2016 – 2017, Hoa Sen Group put into operation some categories of the first phase of the project, including:

- 01 centralized blending system – designed capacity of 12,000 tons/year
- 05 uPVC Plastic Pipe line – total designed capacity of 12,000 tons/year
- 01 PPR Plastic Pipe line – designed capacity of 1,800 tons/year
- 02 HDPE Plastic Pipe line – total designed capacity of 6,000 tons/year
- 10 Plastic accessories line
- 01 Slitting line
- 09 Steel pipe line.

PROJECT HOA SEN YEN BAI GALVANIZED STEEL PIPE

The project is expected to be implemented at IC-12 traffic point, Minh Quan commune - Bao Hung commune, Tran Yen district, Yen Bai province.

The project aims to produce 220,000 tons of galvanized steel pipes per year and 12,000 tons of insulated PU panel per year.

In the fiscal year 2016 – 2017, the Group focuses on implementing legal procedures for the project and ground leveling, basic construction to serve the installation of machinery.

It is expected that at the beginning of the fiscal year 2017 – 2018, the first phase of the project will be finished, including the following main items:

- 06 steel pipe line with designed capacity of 82,800 tons/year

EXPANDING INVESTMENT TO POTENTIAL AREAS, CREATING A PREMISE FOR NEW DEVELOPMENTS IN THE FUTURE

In the fiscal year 2016 - 2017, implementing the orientations and guidelines of the Board of Directors, Hoa Sen Group has conducted research and promotion investment for projects in the potential areas to create a premise for new developments of the Group, as follows:

PROJECT HOA SEN YEN BAI EVENT, RESTAURANT, HOTEL AND COMMERCIAL CENTER COMPLEX

- The project is implemented in the economic, political and cultural center of Yen Bai province, convenient for trade and tourist attraction.
- The project aims to build and operate a complex of commercial, service, hotel, restaurant and event holding in combination with selling shophouses associated with the land use right, contributing to the development of tourism, socio-economic in Yen Bai city in particular and the whole Yen Bai province in general.
- Currently, Hoa Sen Group is carrying out the following activities to support the implementation of the project:

- Legal procedures: At present, the Group has been granted the land use right certificate for residential land with an area of 4,090.3 m² for the construction of the shophouse area, at the same time signed the Land Rental agreement No.68/2017/HDTD on the rent of 5,585.2 m² for the construction of hotel buildings, commercial center and events. On October 30, 2017, the project was also granted construction license by Department of Construction of Yen Bai province for the construction implemented on the project.

- Construction and preparation for operation: The Group is currently focusing on implementing hotel buildings, commercial center and events holding. It is expected to put the project into operation in 2018.

PROJECT HOA SEN PHU MY HOT DIP GALVANIZED STEEL PIPE PLANT

The project is implemented at 1A Street, Phu My I Industrial Park, Phu My Town, Tan Thanh District, Ba Ria - Vung Tau Province.

The project aims to build a hot dip galvanized steel pipe plant with designed capacity of 240,000 tons/year on a 10.3 ha plot and divided into 04 phases.

In the fiscal year 2016 – 2017, the Group is focusing on finishing the production lines, machinery and equipment of the project's first phase, including:

- 01 Hot dipped galvanized steel pipe line, designed capacity of 85,000 tons/year
- 06 Steel pipe line
- 01 Slitting line
- Workshop, infrastructure



PROJECT HOA SEN QUY NHON TOWER – COMMERCIAL CENTER, HOTEL AND LUXURY APARTMENT COMPLEX

- The project is implemented at No. 01 Ngo May Street, Nguyen Van Cu Ward, Quy Nhon City, Binh Dinh Province, one of potential places for tourism development in the Central Coast.

- The project aims to build a complex of commercial, service, hotel and luxury apartment in harmony with the coastal park, creating a green, modern and environmentally friendly landscape.

- By the end of the fiscal year 2016 - 2017, Hoa Sen Group is in the process of research, selecting the design and preparation of resources for the effective implementation of the project.

PROJECTS IN NINH THUAN PROVINCE

The projects which are being implemented in Ninh Thuan province including the project of infrastructure investment and operation in Du Long Industrial Park and component projects belonging to Hoa Sen Ca Na - Ninh Thuan integrated iron and steel complex project.

HOA SEN DU LONG INDUSTRIAL PARK INFRASTRUCTURE INVESTMENT PROJECT:

In the fiscal year 2016 - 2017, after the assessment, study of conditions and potential in the Northern area of Ninh Thuan province, the Group has decided to acquire the whole Hoa Sen Du Long Industrial Park Infrastructure Investment Project in Thuan Bac district - Ninh Thuan province to meet the needs of future development.

By the end of the fiscal year 2016 - 2017, Hoa Sen Group is implementing the procedures of adjusting investment registration information for Hoa Sen Du Long Industrial Park Infrastructure Investment Project, at the same time design plans, construct the infrastructure of the project in the first phase and prepare necessary resources to implement the project.

THE COMPONENT PROJECTS OF HOA SEN CA NA - NINH THUAN INTEGRATED IRON AND STEEL COMPLEX PROJECT:

Currently, Hoa Sen Group is preparing, implementing and finalizing necessary legal procedures to register for projects investment. At the same time to continue to cooperate with prestigious consulting parties to select appropriate technology and machinery solutions to deploy the projects.



BUILDING PROFESSIONAL HUMAN RESOURCES

Implementing the guideline of the Board of Directors to build the human resources with "Integrity - Dedication - Effectiveness" and "Genius - Caste - Leading", the Board of Managements has directed Internal Affairs Division and supported departments including Restructuring Division, Human Resources Council to perform the following tasks:

- Continuing to implement KPI (Key Performance Indicator) to assess the operational effectiveness of each employee and each department specifically and comprehensively, making adjustment, placement and screening HR reasonably.
- Recruiting overseas students for the team of management trainees, making plans of arranging HR as well as having reasonable HR policies.
- Maintaining the cooperative relationship with prestigious colleges and universities through scholarships sponsor and job fairs to attract young and qualified workforce. This also is the Group's recruitment channel frequently.
- Establishing and completing the policy of salary and welfare which has favorable treatments for qualified human resources.

BUILDING THE STRONG BRAND NAME

These effective activities of PR and marketing in previous fiscal years were continuously conducted in the fiscal year 2016 - 2017 in order to strengthen the presence density of Hoa Sen brand name including:

- Implementing new TVCs with more creative contents and ideas and broadcasting in rush times on National and Local Television Channels.
- Installing outdoor advertising pannels at the locations with high traffic density and attractive view, providing sponsorship of signboards for building material stores, changing to new brand identification for all Hoa Sen Group distribution retail network.
- Strengthening the application of technology, digital technology such as Digital marketing, viral marketing, etc. to enhance activities, communication, brand name promotion of the Group.
- Changing interact of the new website, becoming a pioneer in the building materials industry to deploy online trading to bring the best utility for customers, thereby improving the value and brand image of the Group.

In the fiscal year 2016 - 2017, Hoa Sen Group achieved many significant achievements and made a strong impression on the partners and customers such as: Being recognized as "Vietnam Value" for three main product category: Hoa Sen Steel Sheet - Hoa Sen Plastic Pipe - Hoa Sen Steel Pipe for three consecutive times, etc.

Moreover, Hoa Sen Group also concerned to the fulfilment of social responsibilities by sponsoring many community-oriented and humanistic events such as: sponsoring for Startup Program of Vietnam National University - Ho Chi Minh City; support for people affected by flood in Central of Vietnam; sponsoring for "VTV International Cycling Tournament - Hoa Sen Steel Sheet Cup 2017".

Therefore, Hoa Sen brand name has gone into the consumers' minds deeply as a strong, friendly and community-oriented brand name.

BUSINESS PLAN OF THE FISCAL YEAR 2017 - 2018

Based on the forecast of growth rate of domestic and export markets, production capacity and business performance of the Group, the Board of Directors submitted the consolidated business plan of the fiscal year 2017 - 2018 to the General Assembly of Shareholders as follows:

ITEM	UNIT	PERFORMANCE OF FY 2016 - 2017	PLAN OF FY 2017 - 2018	IN COMPARISON WITH THE PERFORMANCE OF FY 2016- 2017	
				ABSOLUTE NUMBERS	RELATIVE NUMBERS
(A)	(B)	(C)	(D)	(E = D - C)	(F = ((D/C)-1)*100)
Total sales volume	Ton	1,660,204	1,908,000	247,796	15%
- Finished products	Ton	1,559,007	1,800,000	240,993	15%
- By-products	Ton	101,197	108,000	6,803	7%
Net sales	Billion VND	26,149	30,000	3,851	15%
Consolidated after-tax profit	Billion VND	1,332	1,350	18	1%

PERFORMANCE ORIENTATION

In order to perform objectives of the fiscal year 2017 - 2018, based on the Board of Directors' guideline, the Board of Management has oriented the key duties as follows:

FOR BUSINESS OPERATIONS:

- Continuing to expand the network of distribution and retail branches. It is expected that by the end of 2018, the total number of branches will reach 500. The development of the distribution retail network must be in combination with improving management effectiveness, controlling and perfecting the mechanism, management model as well as appropriate salary policy in order to further improve the performance of this key consumer channel.
- Boosting continuously export activities, looking and expanding new potential markets, having reasonable solutions and responding actively to trade remedies from the Group's strict export markets.
- Researching into the diversification of products based on the group of steel sheet - steel - plastic of the Group. In 2018, the Group will launch hot dip galvanized steel pipe and many new products and accessories in the plastic segment.
- Applying and implementing new sales methods such as online sales, installment sales to meet the consumer's trends.

FOR PRODUCTION ACTIVITIES

- Strengthening production system, upgrade technique, improving skills of engineers and workers to strengthen operational effectiveness of production lines, enhance products' quality, increase rate of finished products, minimize consumption of raw material and operating costs of machinery and equipment, lower products' price and ensure safety and continuity of the production.
- Controlling operation costs, watching carefully the fluctuations of raw materials'

price, calculating demands and suitable time to purchase raw materials with the best offer as well as ensuring continuously the Group's production operations.

- Researching and completing production system to create new products with good quality which meet the market demand.

FOR SUPPLY AND TRANSPORTATION OPERATIONS

- Implementing synchronous solutions in order to minimize time and costs of transportation and supply including: Researching and calculating methods and optimized transportation routes for each order; Conducting bid and competitive price offer to choose the transportation company with good quality and appropriate price; Building and promulgating rules and guidelines for road transportation and sea transportation in order to restrain risks and ensure the products' quality in transportation.
- Increasing in total of transportation means to serve for high-level transportation demand.
- Building professional management model of logistics - transportation system in order to control and manage these operations effectively.

FOR INVESTMENT ACTIVITIES

- Rapidly completing industrial projects such as Hoa Sen Nghe An Plant Project, Hoa Sen Nhon Hoi - Binh Dinh Plant Project, Hoa Sen Yen Bai Building Materials Plant Project, Hoa Sen Phu My Hot Dip Galvanized Steel Pipe Plant Project, etc. to increase production capacity, strengthen cost competitiveness and increase cash flow efficiency.
- Researching new investment plan to expand production scale, meet market's demands better and get ready for new period of growth.

FOR HR DEVELOPMENT ACTIVITIES

- Developing HR, focusing on inherited staff and management trainees, strengthening training activities and improving professional competences and skills for employees.
- Enhancing gradually standard and criteria in recruitment and strengthening initial training in order to build qualified inherited team.
- Applying completely the KPIs (Key Performance Indicators) system to evaluate effective performance.
- Ensuring the policy of salary, bonus and welfare for all employees of the Group.

FOR PR AND MARKETING ACTIVITIES

- Relentlessly promoting the branding through diverse, creative and effective marketing programs.
- Carrying out PR events, humanistic and community-oriented charity and sponsorship activities to fulfill its social responsibilities and contribute to building a strong and friendly Hoa Sen brand name.
- Building PR campaign to express the strong commitment that Hoa Sen Group always guarantees the customer's benefits by providing them with right price, right standard and right quality.
- Strengthening PR activities in online purchasing on Hoa Sen Group's website to suggest convenience online trading method, bringing the actual benefits to customer.
- Implementing marketing activities via digital marketing to enhance the influence of Hoa Sen brand name on social network, since approaching customer through advertisement tools with modern technology.



“ IN THE FISCAL YEAR 2016 – 2017, THE BOARD OF SUPERVISORS CONTINUOUS TO FULFILL THE MISSION ENTRUSTED BY THE GENERAL ASSEMBLY OF SHAREHOLDERS.”



ASSESSMENT OF MANAGEMENT ACTIVITIES OF THE FISCAL YEAR 2016 - 2017

ASSESSMENT OF THE BOARD OF DIRECTORS' ACTIVITIES

The Board of Directors has 5 members including independent and non-executive members. This is appropriate with legal stipulations and the Group's charter.

Monthly, the Board of Directors holds periodic meetings to monitor the Group's operations closely. The Board of Directors also holds extraordinary meetings to discuss and approve important issues under jurisdictional limits. All meetings of the Board of Directors were carried out in accordance with correct procedures and with the attendance of representative of the Board of Supervisors. The Board of Supervisors always receives all reports of guidelines and orientations which are approved by the Board of Directors in the extraordinary meetings.

The discussed and voted issues at all meetings were under the decisive authority of the Board of Directors in accordance with legal stipulations or authorization of the Board of Directors. The discussion and vote were implemented publicly and suitably in accordance with functions, duties and rights of the Board of Directors, Enterprise Law and Hoa Sen Group's charter.

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

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

ASSESSMENT OF THE BOARD OF MANAGEMENT'S ACTIVITIES

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

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



ASSESSMENT OF FINANCIAL AND ACCOUNTING ACTIVITIES OF THE FISCAL YEAR 2016 – 2017

Basing on periodic and extraordinary inspections of financial and accounting activities during the fiscal year 2016 – 2017, the Board of Supervisors has presented issues as follows:

- Hoa Sen Group fully complied with the requirements of Vietnamese Accounting Standards and Vietnamese Accounting System to organize financial and accounting activities.
- Hoa Sen Group's accounting documents are managed and archived systematically to ensure quick and full accessibility when having requirements of inspection and audit.
- The opening of ledger and cash book was performed in accordance with current stipulations. The Group also timely and accurately recorded and updated receipt vouchers, payment vouchers, debit and credit notices daily.

- These basic ratios include debt, loan, liquidity, asset utilization efficiency, provision and owner's equity met high standards.
- The sales volume and net sales of Hoa Sen Group exceeded the business plan.

Based on the reports presented by the Board of Management at periodic meetings of the Board of Directors and figures audited by Ernst & Young Vietnam, the Board of Supervisors identify that the financial situation of Hoa Sen Group is healthy. The basic figures of debt, loan, liquidity, asset utilization efficiency, provision and owners' equity met high standards.



INDUSTRIAL PROJECTS
1 HOA SEN NGHE AN PLANT PROJECT

- Location: Dong Hoi Industrial Park, Quynh Lap Commune, Hoang Mai Town, Nghe An Province.
- Area: 45 hectares
- Designed capacity: The total capacity of 1,000,000 tons/year.
- Implementing progress of project: The project has completed Phase 1 and is finishing all categories of Phase 2.

IMPLEMENTING PROGRESS OF PROJECT:

NO.	CATEGORY	STARTING TIME	COMPLETING TIME
HOA SEN NGHE AN PLANT PROJECT – PHASE 1			
1	01 Galvanizing line (NOF technology) with capacity of 400,000 tons/year (NOF line No.1)	The project's phase 1 has completed in fiscal year 2015-2016. All production lines are operating stably.	
2	01 Color coating line with capacity 120,000 tons/year (Color coating line No.1)		
3	01 Slitting line with capacity 100,000 tons/year (Slitting line No.1)		
4	Waste water treatment station		
HOA SEN NGHE AN PLANT PROJECT – PHASE 2			
1	01 Pickling line with capacity of 800,000 tons/year	April 2016	January 2017
2	01 Galvanizing line (NOF technology) with capacity of 400,000 tons/year (NOF line No.2)	August 2016	April 2017
3	01 Cold rolling line with capacity of 350,000 tons/year (Cold rolling line No.1)	April 2016	June 2017
4	01 Color coating line with capacity of 120,000 tons/year (Color coating line No.2)	November 2016	July 2017
5	01 Cold rolling line with capacity of 350,000 tons/year (Cold rolling line No.2)	September 2016	September 2017
6	01 Slitting line with capacity of 100,000 tons/year (Slitting line No.2)	January 2016	September 2017
7	01 Acid recycling line with capacity of 5,000 liters/hour.	October 2016	January 2018
8	01 Galvanizing line (NOF technology) with capacity of 250,000 tons/year (NOF line No.3)	October 2017	March 2018

(*) All these production lines currently are managed and operated by Hoa Sen Nghe An One Member Limited Liabilities Company.

2 HOA SEN NHON HOI – BINH DINH PLANT PROJECT

- Location: Hoi Son village, Nhon Hoi commune, Quy Nhon city, Binh Dinh province.
- Area: 21,8 hectares
- Hoa Sen Nhon Hoi – Binh Dinh plant project has two element projects including:
 - Hoa Sen Nhon Hoi - Binh Dinh Plant Project has approved Investment Certificate No. 008865456 issued by the Economic Zone Management Board – Binh Dinh province on November 30, 2015.
 - Hoa Sen Nhon Hoi - Binh Dinh Plant Project – Phase 2 has approved Investment Decision No. 3989/QĐ-UBND issued by Binh Dinh People Committee on October 27, 2017.
- IMPLEMENTING PROGRESS OF PROJECT:

NO.	CATEGORY	STARTING TIME	COMPLETING TIME
HOA SEN NHON HOI – BINH DINH PLANT PROJECT – PHASE 1			
1	01 Galvanizing line (NOF technology) with capacity of 180,000 tons/year (NOF line No.1)	January 2016	September 2017
2	01 Color coating line with capacity of 45,000 tons/year (Color coating line No.1)	January 2016	June 2017
3	01 Slitting line with capacity of 100,000 tons/year	January 2016	May 2017
4	Waste water treatment system	October 2016	April 2017
5	Workshop, infrastructure, office	March 2016	October 2017
HOA SEN NHON HOI – BINH DINH PLANT PROJECT – PHASE 2			
1	01 Galvanizing line (NOF technology) with capacity of 250,000 tons/year (NOF line No.2)	September 2017	June 2018
2	01 Color coating line with capacity of 150,000 tons/year (Color coating line No.2)	September 2017	May 2018
3	01 Cold rolling line with capacity of 350,000 tons/year	October 2017	September 2018
4	01 Acid recycling line with capacity of 5,000 liters/hour	January 2018	October 2018
5	01 Pickling line with capacity of 800,000 tons/year	September 2017	July 2018

(*) All these production lines currently are managed and operated by Hoa Sen Nhon Hoi – Binh Dinh One Member Limited Liabilities Company.

3 HOA SEN PHU MY HOT DIP GALVANIZED STEEL PIPE PLANT PROJECT

- Location: Street 1A, Phu My 1 Industrial Park, Phu My town, Tan Thanh district, Ba Ria – Vung Tau province.
- The project's target and scale: The project plans to build hot dip galvanized steel pipe plant with capacity of 240,000 tons/year on area of 10.3 hectares and is divided to 4 stages.
- IMPLEMENTING PROGRESS OF PROJECT:

NO.	CATEGORY	STARTING TIME	COMPLETING TIME
1	01 Hot dip galvanized steel pipe line with capacity of 85,000 tons/year.	September 2016	February 2018
2	06 Steel pipe lines	September 2016	December 2017
3	01 Slitting line	August 2016	December 2017
4	Workshop, infrastructure	December 2016	December 2017

(*) All these production lines currently are managed and operated by Hoa Sen Phu My One Member Limited Liabilities Company.

4 HOA SEN HA NAM PLANT PROJECT

- **Location:** Kien Khe I Industrial Zone, Kien Khe town, Thanh Liem district, Ha Nam province
- **Area:** 20.4 hectares
- **The total designed capacity:** The project plans to produce various products including galvanized steel pipe with capacity of 50,000 tons/year, uPVC plastic pipe with capacity of 60,000 tons/year, HDPE/PPR pipe with capacity of 18,000 tons/year, plastic accessories with capacity of 5,000 tons/year.

In which, designed capacity of project's Phase 1 includes plastic pipe with capacity of 19,800 tons/year, galvanized steel pipe with capacity of 135,000 tons/year.

- **IMPLEMENTING PROGRESS OF PROJECT:** the project has completed phase 1.

IN DETAIL:

NO.	CATEGORY	STARTING TIME	COMPLETING TIME
PLASTIC PIPE PLANT			
1	01 Module of centralized blending system with capacity of 12,000 tons/year	July 2016	February 2017
2	05 uPVC plastic pipe lines with total capacity of 12,000 tons/year	July 2016	February 2017
3	01 PPR plastic pipe line with capacity of 1,800 tons/year	July 2016	February 2017
4	02 HDPE plastic pipe line with capacity of 6,000 tons/year	July 2016	February 2017
5	10 plastic accessories lines with total capacity of 960 tons/year	July 2016	February 2017
GALVANIZED STEEL PIPE PLANT			
1	01 Slitting line with capacity of 150,000 tons/year	November 2016	July 2017
2	09 galvanized steel pipe lines with total capacity of 135,000 tons/year	November 2016	July 2017

(*) All these production lines currently are managed and operated by Hoa Sen Ha Nam One Member Limited Liabilities Company

5 HOA SEN YEN BAI GALVANIZED STEEL PIPE

- **Location:** IC-12 traffic point, Minh Quan commune - Bao Hung commune, Tran Yen district, Yen Bai province.
- **Area:** 20 hectares
- **The total designed capacity:** The project aims to produce 220,000 tons/year of galvanized steel pipe.

IN THE FIRST PHASE, THE PROJECT IMPLEMENTS CATEGORIES AS FOLLOWS:

06 steel pipe lines with capacity of 82,800 tons/year.

IMPLEMENTING PROGRESS OF PROJECT:

March 1st, 2017: the project has officially commenced

From March 2017 to September 2017: implementing ground leveling and constructing workshop, infrastructure.

From October – November 2017: installing and putting in operation production lines, main equipment of phase 1.

December 2017: The plant will provide first finished products.

HOTEL – REAL ESTATE PROJECTS

In the fiscal year of 2016 - 2017, after assessing the demands and favorable conditions of the market, and at the same time to implement the strategy of development and diversification of products and services, Hoa Sen Group has invested in a number of hotel - real estate projects to prepare resources for the next stages of development, as follows:

1 HOA SEN YEN BAI EVENT, RESTAURANT, HOTEL AND COMMERCIAL CENTER COMPLEX PROJECT

- **Project:** Hoa Sen Yen Bai Event, Restaurant, Hotel and Commercial Center Complex Project
- **Location:** Group 45 & 48, Dong Tam Ward, Yen Bai City, Yen Bai Province.
- **Scope of project:** The project is oriented to build 2 components as follows:
 - Hoa Sen Yen Bai Event, Restaurant, Hotel and Commercial Center Complex Project will be built on the land of 5,585.2 m² leased by the People's Committee of Yen Bai Province according to Decision No. 3514/QĐ-UBND dated December 14, 2016.
 - The shophouse area will be constructed on the land of 4,090.3 m² allocated by the People's Committee of Yen Bai Province in accordance with Decision No. 3514/QĐ-UBND dated December 14, 2016.
- **Investment objective:** Building and trading the commercial complex of hotels, restaurants, events located in the center of Yen Bai City with harmonious design, in combination with the beauty of the North West mountains and Hoa Sen Brand's symbol. At the same time, the project also aims to trade shophouses associated with the land area.

PROGRESS BY THE END OF THE FISCAL YEAR 2016 - 2017:

NO	CATEGORIES	PROGRESS
1	Legal procedures	<ul style="list-style-type: none"> • On August 2, 2017: The company has been granted the land use right certificate for residential land with an area of 4,090.3 m² for the construction of the shophouse area. • On September 5, 2017: the company signed the Land Rental agreement No. 68/2017/HĐTD on the rent of 5,585.2 m² for the construction of hotel building, commercial center and event. • On October 30, 2017: the project was also granted construction permit by Department of Construction of Yen Bai province for the construction implemented on the project.
2	Construction and preparation for operation	<ul style="list-style-type: none"> • The company is currently focusing on implementing hotel building, commercial center and event holding. Recently, the project has completed the foundation, basin, basement, 1st and 2nd floor of the building. • At present, the company is planning to design and divide blocks for the shophouse project and prepare the resources, personnel and the project operating plans after finishing the construction.

2 HOA SEN QUY NHON TOWER – COMMERCIAL CENTER, HOTEL AND LUXURY APARTMENT COMPLEX PROJECT

- **Project:** Hoa Sen Quy Nhon Tower – Commercial center, hotel and luxury apartment complex project (HOA SEN TOWER)
- **Location:** Lot 01 Ngo May Street, Nguyen Van Cu Ward, Quy Nhon City, Binh Dinh Province
- **Area:** Approximate 8,109.16 m²
- **Investor:** HOA SEN QUY NHON JOINT STOCK COMPANY - Certificate of Business Registration No.4101464326 issued by Department of Planning and Investment of Binh Dinh Province on May 05, 2016.
- **Scope of Project:** Constructing 2 towers, the beach park opposite the project and the tunnel connecting the park with the towers, specifically as follows:
 - The complex consists of 2 towers used for hotel, commercial center, supermarket, etc.
 - Improving the landscape of the park opposite the project to serve the needs of rest, relaxation and recreation of guests.
 - Improving the beach area opposite the project to serve the guests.
 - Building underground access to the beach and underground facilities for entertainment, dining.

PROGRESS BY THE END OF THE FISCAL YEAR 2016 - 2017

By the end of the fiscal year 2016 – 2017, the company is in the process of researching, selecting the design and preparing resources for the effective implementation of the project.

PROJECTS IN NINH THUAN PROVINCE

The projects which are being implemented in Ninh Thuan province including the project of infrastructure investment and business in Du Long Industrial Park and component projects belonging to Hoa Sen Ca Na - Ninh Thuan integrated iron and steel complex project.

1 HOA SEN DU LONG INDUSTRIAL PARK INFRASTRUCTURE INVESTMENT PROJECT

In the fiscal year 2016 - 2017, after the assessment, study of conditions and potential in the Northern area of Ninh Thuan province, the Group has decided to acquire the whole Hoa Sen Du Long Industrial Park Infrastructure Investment Project in Thuan Bac district - Ninh Thuan province to meet the demand of future development, specifically as follows:

- **Investment objective:** Investing, constructing and operating the infrastructure of Du Long Industrial Park, including the construction of workshops, offices and warehouses in the industrial park and attract for secondary investors to enter the industrial zone.
- **Location:** Du Long Industrial park in Loi Hai commune and Bac Phong commune, Thuan Bac district, Ninh Thuan province.
- **Scope of project:** 407,8 ha.

PROGRESS:

NO	DATE	PROGRESS
1	September 5, 2017	The Board of Directors approved Resolution No. 85/NQ/HĐQT/2017 on the transfer of the entire capital contribution to take over Hoa Thin Long Duc Phong International Investment Limited Company (the Investor of Du Long Industrial park infrastructure investment project), at the same time renamed the company to " Hoa Sen Du Long Industrial Park Infrastructure Investment One Member Limited Company".
2	October 10, 2017	The Board of Directors approved Resolution No. 98A/NQ/HĐQT/2017 dated October 10, 2017 on the conversion of Hoa Sen Du Long Industrial Park Infrastructure Investment One Member Limited Company to "Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company".
3	October 17, 2017	The Department of Planning and Investment of Ninh Thuan Province granted Certificate of Business Registration No. 4500272658 to Hoa Sen Du Long Industrial Park Infrastructure Investment Joint Stock Company.

At present, Hoa Sen Group is carrying out procedures for adjusting information on investment registration for Du Long Industrial park infrastructure investment project, and at the same time to work out the project design and construction of the infrastructure of the project in the initial stage and prepare the necessary resources to implement the project.

2 THE COMPONENT PROJECTS OF HOA SEN CA NA - NINH THUAN INTEGRATED IRON AND STEEL COMPLEX PROJECT

Currently, Hoa Sen Group is implementing, finalizing and preparing necessary legal procedures to register for projects investment. At the same time to continue to work with prestigious consulting parties to select appropriate technology and machinery solutions to deploy the projects.

PROMOTION OF FOREIGN INVESTMENT

In order to implement the growth strategy, Hoa Sen Group always focus on developing its products to foreign markets. It is not only about exporting products to more than 70 countries and territories in the world, Hoa Sen Group has been researching and promoting the abroad investment activities.

In the fiscal year of 2016 - 2017, Hoa Sen Group has established Representative offices in Singapore and Australia to research markets, business opportunities, develop projects and carry out trade promotion activities, step by step expand production and business, as the premise for building the manufacturing and commercial companies in potential countries.

	Singapore Representative Office	Australia Representative Office
Address	171 Chin Swee Road, 02 – 02 Ces Center, Singapore.	22 Tamarind St Inala QLD 4077, Australia
Date of Operating License	April 24, 2017	June 08, 2017
Operating License	T17RF0028K	4072 1830 501
Issuing agency	Singapore International Investment Promotion Agency	Australian Securities and Investments Commission



**HOA SEN GROUP
IS THE GLOBAL
GROWTH COMPANY
OF THE WORLD
ECONOMY FORUM**



ACCUMULATING BELIEFS IMPROVING GOVERNANCE

HOA SEN GROUP'S OUTSTANDING GROWTH FIGURES PRESENT THE MANAGEMENT'S THINKING EFFORT IN LOOKING FOR THE RIGHT GOVERNANCE ORIENTATION. THIS HELPS HOA SEN GROUP TO CREATE THE VALUE CHAIN SUCCESSFULLY, ACCUMULATE BELIEFS OF RELATED PARTIES.

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



THE BOARD OF DIRECTORS



MEMBERS OF THE BOARD OF DIRECTORS

By the end of 2016 - 2017, the Board of Directors has five members as follows:

NO.	MEMBER	TITLE
1	Mr. Le Phuoc Vu	Chairman
2	Mr. Tran Ngoc Chu	Vice Chairman
3	Mr. Tran Quoc Tri	Member
4	Mr. Pham Gia Tuan	Independent member
5	Mr. Ly Van Xuan	Independent member

SUBCOMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors establishes 3 subcommittees in order to specialize in functions and missions of the BOD as well as assigns its members to take responsibility for subcommittees as the following:

- **Strategic development & Investment Subcommittee:** Researching & deploying medium and long-term strategic development of the Group. Mr. Le Phuoc Vu – Chairman of the BOD takes responsibility as Head of the committee.
- **Restructuring, HR, Salary & Rewards Subcommittee:** Researching restructuring plans and establishing mechanism, policies, regulations, salary & bonuses, welfare, HR development of the Group. The committee is led by Mr. Le Phuoc Vu – Chairman of the BOD. Mr. Tran Ngoc Chu – Vice Chairman of the BOD is authorized to take responsible for specialized operations of the committee.
- **Finance & Investor Relations Subcommittee:** Monitoring financial activities and investor relations of the Group. Mr. Pham Gia Tuan – BOD Independent Member takes responsibility as Head of the committee.

In order to implement its functions and missions, each subcommittee is supported by other divisions as follows:

- Divisions are established and managed by the BOD to assist the BOD including Restructuring Board, HR Council, Legislation & Assistant Department, etc.
- Department – Division – Board under the Board of Management including Finance Department, Construction & Investment Department, Project & Manufacturing Department, etc.

THE BOARD OF DIRECTORS'S OPERATIONS

MEETINGS OF THE BOARD OF DIRECTORS

During the fiscal year 2016 – 2017 (from October 1st, 2016 to September 30th, 2017), the Board of Directors held 133 meetings including monthly and extraordinary meetings to issue promptly policies and decisions in production and business operations of the Group.

The number and rate of attendance of the Board of Directors' members:

NO.	MEMBER	TITLE	MEMBER SINCE	NO. OF MEETINGS	ATTENDING RATE
1	Mr. Le Phuoc Vu	Chairman	March 6, 2013	133	100%
2	Mr. Tran Ngoc Chu	Vice Chairman	March 6, 2013	133	100%
3	Mr. Tran Quoc Tri	Member	April 29, 2014	133	100%
4	Mr. Pham Gia Tuan	Independent member	March 6, 2013	133	100%
5	Mr. Ly Van Xuan	Independent member	July 31, 2015	133	100%

The contents of the Board of Directors' important meetings during the fiscal year 2016 – 2017 are summarized as follows:

NO.	RESOLUTION	DATE	APPROVED CONTENTS
1	78A/NQ/HĐQT/2016	October 1, 2016	Adjusted registered information of Hoa Sen Nam Cam – Nghe An project. In details, changing the project investment owner due to Hoa Sen Nam Cam – Nghe An One Member Limited Liabilities Company was merged to Hoa Sen Nghe An One Member Limited Liabilities Company.
2	85/NQ/HĐQT/2016	October 28, 2016	Approved the holding of the General Assembly of Shareholders Meeting of fiscal year 2016 – 2017.
3	87/NQ/HĐQT/2016	October 28, 2016	Approved the reappointment of General Director, Deputy General Director, Chief Accountant and appointed officially Deputy General Director of Export.
4	91/NQ/HĐQT/2016	November 7, 2016	Approved the transactions among Hoa Sen Group, its subsidiaries and Hoa Sen Investment & Tourism Co., Ltd., individuals/organizations that related to internal shareholders of the Group.
5	97/NQ/HĐQT/2016	December 7, 2016	Approved changes in program of the General Assembly of Shareholders Meeting of fiscal year 2016 – 2017.
6	102/NQ/HĐQT/2016	December 26, 2016	Adjusted registered information of investment project of Hoa Sen Binh Dinh One Member Limited Liabilities Company. In details: Dividing Steel Pipe plant and Plastic Pipe plant into 2 separate projects.
7	01/NQ/HĐQT/2017	January 5, 2017	Approved the establishment of Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company.
8	07/NQ/HĐQT/2017	January 18, 2017	Approved the transaction of land use rights at Loc An commune, Bao Lam district, Lam Dong province from Hoa Sen Group to Hoa Sen Holdings Group.
9	07A/NQ/HĐQT/2017	February 2, 2017	Approved the investment undertakings of Hoa Sen Yen Bai Building Materials Plant project. - Project: Hoa Sen Yen Bai Building Materials Plant project - Location: Minh Quan & Bao Hung commune, Tran Yen district, Yen Bai province. - Area: 20 hectares. - Total capex: 1,050 billion VND.
10	09/NQ/HĐQT/2017	February 7, 2017	Performed the first dividend payment in cash for fiscal year 2015 – 2016. Payment ratio: 10%.

NO.	RESOLUTION	DATE	APPROVED CONTENTS
11	17/NQ/HĐQT/2017	March 9, 2017	Implement the stock issue in accordance with "Selection program for key managers and senior employees in Hoa Sen Group 15 th Anniversary of Establishment".
12	21/NQ/HĐQT/2017	March 15, 2017	Established Hoa Sen Group representative office in Singapore.
13	22/NQ/HĐQT/2017	March 15, 2017	Selected Ernst & Young Vietnam to audit financial statements of Hoa Sen Group and its subsidiaries for the fiscal year 2016 – 2017.
14	23/NQ/HĐQT/2017	March 15, 2017	Approved the resignation of Mr. Phan Duy Quang – Deputy General Director of Export and appointed Mr. Nguyen Ngoc Huy – Acting Deputy General Director of Export.
15	23A/NQ/HĐQT/2017	March 15, 2017	Approved the capital contribution to establish Hoa Sen Eco-Homes Limited Liabilities Company. - Charter capital: 22,260,000,000 VND - Location: Lot C3, No.19 street, Song Than II Industrial Park, Di An ward, Di An district, Binh Duong province.
16	23B/NQ/HĐQT/2017	March 15, 2017	Increased in charter capital of Hoa Sen Phu My One Member Limited Liabilities Company: - Initial charter capital: 50 billion VND - Increase in capital: 50 billion VND - Charter capital after increase: 100 billion VND.
17	33A/NQ/HĐQT/2017	April 7, 2017	Changed the headquarters's address of Hoa Sen Phu My One Member Limited Liabilities Company.
18	35A/NQ/HĐQT/2017	April 12, 2017	Approved the result of stock issue in accordance with "Selection program for key managers and senior employees in Hoa Sen Group 15 th Anniversary of Establishment".
19	38/NQ/HĐQT/2017	May 3, 2017	Implemented stock issues for dividend payment of the fiscal year 2015 – 2016 and issued stocks for shareholders to increase capital from owners' equity. Total number of shares: 150,000,000 shares Total amount: 1,500,000,000 VND
20	43/NQ/HĐQT/2017	May 10, 2017	Approved the transaction of land use rights from Hoa Sen Group to Hoa Sen Holdings Group.
21	44/NQ/HĐQT/2017	May 10, 2017	Approved the transaction of assets from Hoa Sen Group to Hoa Sen Holdings Group.
22	49/NQ/HĐQT/2017	May 22, 2017	Established Hoa Sen Group representative office in Australia.
23	55A/NQ/HĐQT/2017	June 19, 2017	Approved result of stock issues for dividend payment and stock issue for shareholders to increase capital from owners' equity.
24	61/NQ/HĐQT/2017	July 6, 2017	Adjusted the registered information of Hoa Sen Phu My Hot Dip Galvanized Steel Pipe Plant project.
25	67/NQ/HĐQT/2017	July 27, 2017	The extraordinary meeting on July 27, 2017 regarding to increase charter capital of Hoa Sen Nghe An One Member Limited Liabilities Company. - Initial charter capital: 330 billion VND - Initial charter capital: 330 billion VND - Charter capital after increase: 450 billion VND.
26	80/NQ/HĐQT/2017	August 17, 2017	Transferred Hoa Sen Group's shares at Hoa Sen – Gemadept Logistics and International Port Corporation.
27	85/NQ/HĐQT/2017	September 5, 2017	Acquired contributed shares and adjusted business registered information of Hoa Thin Long Duc Phong International Investment One Member Limited Liabilities Company (Vietnam).



OPERATIONS OF THE BOARD OF DIRECTORS' SUBCOMMITTEES

At periodic meetings of the Board of Directors, the subcommittees report their operations and propose the Board of Directors to approve policies and orientations in accordance with subcommittees' functions and duties. At periodic meetings of the Board of Directors, the subcommittees report their operations and propose the Board of Directors to approve policies and orientations in accordance with subcommittees' functions and duties.

OPERATIONS OF RESTRUCTURING, HUMAN RESOURCE, SALARY AND REWARD SUBCOMMITTEE

In fiscal year 2016 – 2017, the subcommittee operated the activities as:

RESTRUCTURING AND HR ACTIVITIES

- Building and perfecting hierarchy that is suitable to practical operations of the Group. In which, mainly focusing on completing governance model in accordance with Region – Area management and organizational structure of Department – Division – Board at the Group's executive office.
- Composing and promulgating internal governance system of the Group, ensuring all the Group's operations conform with current regulations.
- Building and perfecting organizational structure of HR such as criteria of assessing managerial officers management trainees; stipulations about appointment and dismissal of managerial officers of the Group; policies of planning, displacing, training and developing HR.
- Researching and improving the Group's organizational structure and governance model in response to demand and development strategy in the following period.

SALARY, REWARD AND WELFARE POLICY

- Researching, building and proposing policies on salary, welfare, reward – discipline of the Group.
- Besides, the subcommittee also handles other operations relating to salary and reward issues of the Group.

OPERATIONS OF PROJECT INVESTMENT SUBCOMMITTEE

In fiscal year 2016 – 2017, the subcommittee cooperated with related departments to implement activities regarding to project investments, including:

- Researching, implementing and investment promoting projects that have been approved by the General Assembly of Shareholders/ the Board of Directors, including:
 - Industrial projects: Hoa Sen Nghe An plant project, Hoa Sen Nhon Hoi – Binh Dinh plant project, Hoa Sen Ha Nam plant project, Hoa Sen Phu My hot dip galvanized steel pipe plant project;
 - Researching, preparing the resources for the real estate, tourism and resort projects such as: Hoa Sen Yen Bai Event, Restaurant, Hotel and Commercial Center complex project; Hoa Sen Quy Nhon Tower – Commercial center, hotel and luxury apartment complex project.
 - Promoting investment and proceeding necessary procedures to implement investment projects in Ninh Thuan province.
- Researching, counseling and recommending promising investment plans for the Board of Directors' decision or proposing for the General Assembly of Shareholders' approval. In the fiscal year 2016 – 2017, the subcommittee played a role in consultant, promotion of foreign investment activities in Singapore and Australia in order to perform the Group's development strategy.
- Implementing and supervising other investment activities of the Group

OPERATIONS OF FINANCE AND INVESTOR RELATIONS SUBCOMMITTEE

FINANCIAL SUPERVISION ACTIVITY

- Reviewing periodically of the Group's financial statements to ensure accuracy and transparency of financial data when reporting to state agencies, shareholders and investors.
- Verifying financial expenses reports made by the Board of Management monthly, and then proposing orientations of financial management to the Board of Directors.
- Performing extraordinary verification of the Group's financial figures to ensure the financial situation is always in a good state.

INFORMATION DISCLOSURE ACTIVITY

- Performing periodic and extraordinary information disclosure in accordance with Circular 155/2015/TT-BTC of Ministry of Finance.
- Implement important information disclosure whether or not directly affected to investors' benefits and investment decisions.

DIVIDEND PAYMENT ACTIVITY

- Advising to the Board of Directors about ratio, plan and date for dividend payment to ensure that not affect to the Group's operation.
- Instructing and answering shareholders' questions and requirements related to shares, share transfer and other requirements.

OTHER ACTIVITIES

- Participating in annual and extraordinary meetings of General Assembly of Shareholders; preparing meeting documents and posting these on Hoa Sen Group's website for shareholders to discuss and vote at the meeting in accordance with legal stipulations; responding to shareholders' questions at the meeting fully, carefully, and timely.
- Holding customers' conference to build and strengthen cooperative relationship with partners and investors.
- Meeting and discussing with Vietnamese and foreign investors, introducing Hoa Sen Group and responding to the investors' issues to ensure the investors' trust.



SUPERVISION OF BOARD OF MANAGEMENT'S OPERATIONS

In the fiscal year 2016 – 2017, the Board of Directors approved the appointment and resignation of positions in the Board of Management as follows:

- Approved the resignation of Mr. Phan Duy Quang – the Deputy General Director of Export and appointed Mr. Nguyen Ngoc Huy – Acting Deputy General Director in accordance with Resolution No. 23/NQ/HDQT/2017 on March 15, 2017.

The current members and responsibility of each Board of Management member as follows:

NO.	MEMBER	TITLE	RESPONSIBILITY
1	Mr. Tran Ngoc Chu	General Director	Administrating general operations of the Group's departments. Besides, undertaking banking transactions, foreign affairs and investment activities of the Group's projects (including industrial projects, real-estate - hotel - tourism investment projects and projects which are expected to be implemented in Ninh Thuan province)
2	Mr. Tran Quoc Tri	Managing Deputy General Director	Managing business activities of the Regional Executive Offices and directing operations related to human resources - internal affairs and business of the Group. Implementing orientations related to internal affairs from the Board of Directors, the Chairman, the General Director.
3	Mr. Hoang Duc Huy	Deputy General Director	Undertaking all the Group's supervision activities.
4	Mr. Vu Van Thanh	Deputy General Director in charge of North executive office	Undertaking Finance activities of the Group. Undertaking all business operations of subsidiaries and retail distribution network located in the North region.
5	Mr. Nguyen Minh Khoa	Deputy General Director of Supply - Manufacturing	Undertaking all operations of supply – service, manufacturing – project and investment promotion of the Group.
6	Mr. Ho Thanh Hieu	Deputy General Director in charge of Central executive office	Undertaking all business operations of subsidiaries and retail distribution network located in the Central and the South region. Undertaking directly all operations of Sales – Distribution Department of the Group. Operating generally activities related to ERP project of the Group.
7	Mr. Tran Quoc Pham	Deputy General Director of Construction & Investment	Undertaking basic construction operations of the Group as well as taking responsible of projects belongs to hotel, real-estate in Yen Bai and Binh Dinh provinces.
8	Mr. Nguyen Ngoc Huy	Acting Deputy General Director of Export	Undertaking export operations.

In order to understand closely the Group's operations, in monthly meetings, the Board of Directors required the participation of the Board of Management and key managers to report on production and business activities of current month to the Board of Directors and the implementation of policies and guidelines supervised by the Board of Directors, as well as presenting business plan of the following months and the detailed orientations to achieve the plan.

In addition, the Chairman and other members of the Board of Directors also joined weekly meetings of the Board of Management, key managers of functional divisions and

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

Ending fiscal year 2016 – 2017, the Board of Management fulfilled its role presented timely and flexible solutions of production and business management which were appropriate to guidelines and orientations of the Board of Directors. All commands of the Board of Directors were also fully and timely implemented by the Board of Management and reported in details with high responsibility.

ASSESSMENT OF THE GROUP'S CONTROL AND AUDIT ENVIRONMENT

STRICTLY INTERNAL CONTROL ENVIRONMENT

Internal control is one of the most important activities at Hoa Sen Group and more sticky to all the Group's operations. Internal control is not only the effective monitoring tool of the Board of Supervisor, but also is the effective supporter of the Board of Directors, Board of Management to protect the Group's assets and shareholders' interest at the maximum level.

Hoa Sen Group maintained professional internal control system and participated in monitoring and controlling all activities of the Group strictly to ensure the compliance with issued processes. In addition, the Group also has professional functional divisions to implement for bidding, price controlling in order to minimize the input costs.

Besides, the internal control division has identified high risks during the year, determined production – business process relating to risks and evaluated the coincidence of controlling system as well as the compliance of operational processes.

TRANSPARENT AUDIT ENVIRONMENT

Hoa Sen Group always creates the most transparent and convenient audit environment for audit organizations as well as state agencies to approach easily. Documents and files are arranged and achieved scientifically for easy consultation, extraction and collection. The figures in the Group's financial statements truly and fully reflected financial situation, business performance and cash flow in accordance with Vietnamese Accounting Standards, Vietnamese Standards on Auditing and legal stipulations.

REMUNERATION AND OTHER INCOMES OF THE BOARD OF DIRECTORS

(according to Appendix 4 of Annual Report in Circular 155/2015/TT-BTC of Ministry of Finance)

REMUNERATIONS OF THE BOARD OF DIRECTORS IN THE FISCAL YEAR 2016 - 2017

NO.	TITLE	REMUNERATION (VND/month)
1	Chairman of the Board of Directors	30,000,000
2	Vice Chairman of the Board of Directors	25,000,000
3	Members of the Board of Directors	20,000,000

OTHER INCOMES OF THE BOARD OF DIRECTORS' MEMBERS

NO.	MEMBER	TITLE	REMUNERATION (VND/month)
1	Le Phuoc Vu	Head of Project Management Division	100,000,000
		Head of Restructuring Division	12,000,000
		General Director	100,000,000
2	Tran Ngoc Chu	Deputy Head of Restructuring Division	9,000,000
		Chairman of Subsidiaries of the Group	20,000,000
3	Tran Quoc Tri	Managing Deputy General Director	80,000,000
		Deputy Head of Restructuring Division	9,000,000

* Note: The actual salary of the Head of Project Management Division, General Director and Managing Deputy General Director positions are the scale of salary plus commission. In which, the commission is based on monthly business performance of the Group.



THE BOARD OF SUPERVISORS' ACTIVITIES



THE BOARD OF SUPERVISORS ACTIVITIES

In the fiscal year 2016 - 2017, the Board of Supervisors continued to fulfill the mission of supervising and controlling all the Group's activities to ensure benefits of shareholders. Specifically, during the fiscal year, the Board of Supervisors carried out the following tasks:

- Participating fully in periodic and extraordinary meetings of the Board of Directors; requesting for explanations to the Board of Directors and the Board of Management; issuing contributed opinions and proposals timely in order to maintain production and business operations stably and effectively,

therefore ensuring benefits of shareholders and investors.

- Reviewing and verifying the Group's financial statements including the interim consolidated financial statements, annual consolidated financial statements, separate financial statements of Hoa Sen Group and its subsidiaries, debts, inventories, receipt vouchers, payment vouchers, import and export, etc.

- Supervising and monitoring activities in accordance with investor relations such as updates of shareholders' information, stocks' issues and information disclosure, etc.

- Coordinating with Internal Control Division to conduct inspections of branches and the Group's subsidiaries; verifying and confirming completion vouchers and payment vouchers of the projects and supervising the implementation as well as effectiveness of the projects in order to propose appropriate and timely adjustments.

REMUNERATIONS OF THE BOARD OF SUPERVISORS

NO.	TITLE	REMUNERATION (VND/month)
1	Head of the Board of Supervisors	20,000,000
2	Member of the Board of Supervisors	15,000,000

OTHER INCOMES OF THE BOARD OF SUPERVISORS' MEMBERS

NO.	MEMBER	TITLE	REMUNERATION (VND/month)
1	Mr. Le Dinh Hanh	Director of Internal Control Division	80,000,000
		Head of the Board of Supervisors of Hoa Sen Building Materials One Member Limited Liabilities Company	3,000,000
2	Ms. Dong Thi Thanh Hang	Deputy Director of Internal Control	45,000,000
		Head of the Board of Supervisors of Hoa Sen Nghe An One Member Limited Liabilities Company	3,000,000

HOA SEN GROUP ACHIEVED TOP 3 – MID CAP* LISTED COMPANIES WITH THE BEST IR ACTIVITIES 2017

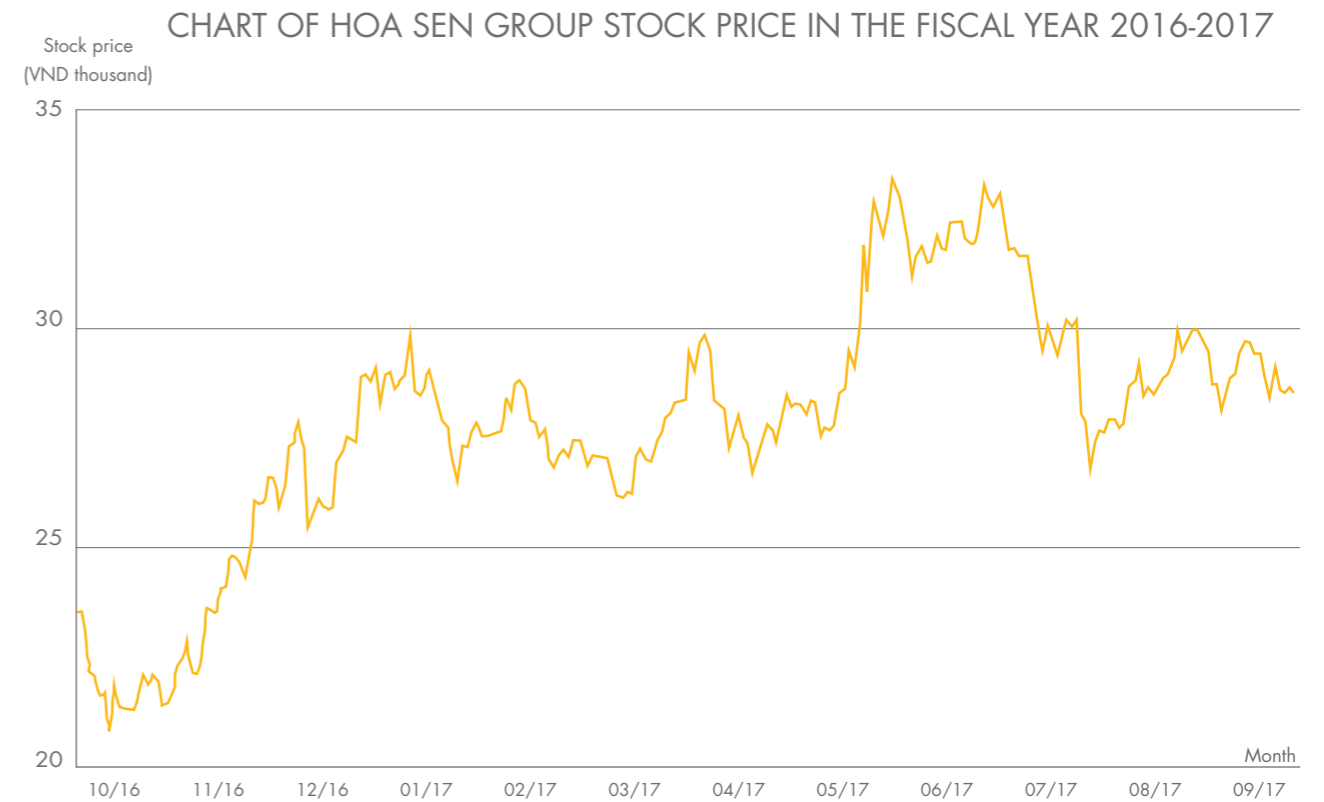
The investor relations (IR) activity always earn specific attention from the Board of Management and get direct command from the Board of Directors, Spokesman. The activities of investor relations are founded on the core values of Hoa Sen Group and in conformity with law. It is to guarantee the equity and transparency to the investors and shareholders. Prominent IR activities in fiscal year 2016 - 2017:

- Successfully holding the Annual General Meeting of the fiscal year 2016 - 2017
- Fulfill the information disclosure according to Circular 155/2015/TT-BTC
- Reimburse dividend payment of fiscal year 2015 - 2016 according to the Resolution 01/NQ/DHDCD/2017 of Annual General Meeting on January 6th, 2017.
- Organize meetings between investors to enhance the cooperation. In fiscal year 2016 - 2017, Hoa Sen Group had more than 100 meetings from domestic and international investors for Hoa Sen Group's operations.
- With constant effort in investor relations activities through the "Transparency – Expeditiousness – Efficiency" on press, marketing and website, Hoa Sen Group is honorably among the Top 3 of Best IR activities 2017, which was voted by investors.

(*) Mid Cap: The average amount of stock trading is at least VND 10.29 billion per day in the period from July 1st, 2016 to June 30th, 2017. Source: ir.vietstock.vn



STOCK INFORMATION



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

DIVIDEND PAYMENT INFORMATION

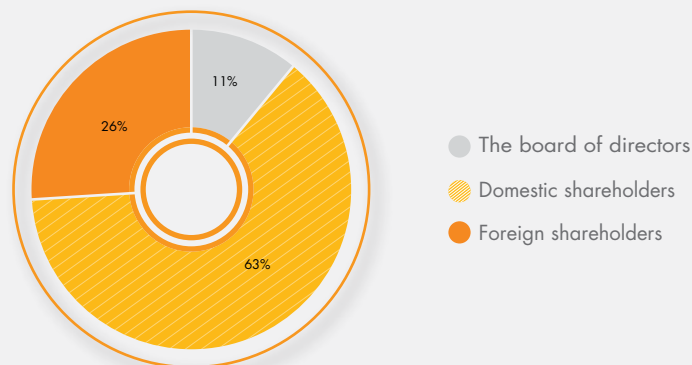
In order to implement the Resolution of General Assembly of Shareholders at Annual General Meeting held on January 06th, 2017, in the fiscal year 2016-2017, Hoa Sen Group paid completely its dividend payment. The details are as follows:

NO.	ITEM	DIVIDEND PAYOUT RATIO	PAYMENT METHOD	PAYMENT DATE
1	Dividend payment by cash	10% par value (VND 1,000/share)	In cash	March 31 st , 2016
2	Share issuance to shareholders	75% par value. Details: - Stock issuance for dividend payment of fiscal year 2015-2016: 55% (ratio: 100:55) - Stock issuance for shareholders to increase the share capital from equity: 20% (ratio: 100:20)	In stock	July 10 th , 2017

In addition, in accordance with the Resolution of General Assembly of Shareholders regarding the share issuance in 2017 for efficient employees to motivate and encourage them for long-term working, Hoa Sen Group successfully implemented the stock issuance regarding to "Selection program for key managers and senior employees in Hoa Sen Group 15th Anniversary of Establishment". The total number of issued share reached 3,460,171 with the price of 10,000 VND/share. The completion rate: 100%.

Shareholder structure on November 28th, 2017

NO.	SHAREHOLDER	OWNING VOLUME	OWNING RATE
1	The Board of Directors	38,477,106	10.99%
2	Domestic shareholders	221,851,495	63.39%
	Domestic individuals	104,471,821	29.85%
	Domestic organizations	117,379,674	33.54%
3	Foreign shareholders	89,668,082	25.62%
4	Treasury stocks	0	0%



SHAREHOLDERS OWNING OVER 5% OF SHARE CAPITAL ON NOVEMBER 28TH, 2017

NO.	ORGANIZATION/INDIVIDUAL	ID CARD NO./ BUSINESS REGISTRATION CERTIFICATE NO.	ADDRESS	OWNING VOLUME	OWNING RATE
1	Hoa Sen Holdings Group	5800921584	Hamlet 2, Da M'ri Commune, Da Huoi District, Lam Dong Province	87,843,749	25.10%
2	Le Phuoc Vu	052063000096	No. 19 Giang Van Minh Street, An Phu Ward, District 2, Ho Chi Minh City	36,924,900	10.55%
3	Tam Thien Tam One Member Limited Liabilities Company	3702259048	No. 9, Thong Nhat Boulevard, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province	24,211,820	6.92%

FOUNDING SHAREHOLDERS

NO.	FULL NAME	OWNING VOLUME	OWNING RATE
1	Le Phuoc Vu	36,924,900	10.55%
2	Hoang Duc Huy	175,000	0.05%
3	Ho Van Hoang	175,012	0.05%

NUMBER AND PERCENTAGE OF SHARES OWNED BY THE BOARD OF DIRECTORS ON NOVEMBER 28TH, 2017

NO.	FULL NAME	TITLE	OWNING VOLUME	OWNING RATE
1	Le Phuoc Vu	Chairman of the Board of Directors	36,924,900	10.55%
2	Tran Ngoc Chu	Vice Chairman of the Board of Directors	732,340	0.21%
3	Pham Gia Tuan	Member of the Board of Directors	140,000	0.04%
4	Tran Quoc Tri	Member of the Board of Directors	262,526	0.08%
5	Ly Van Xuan	Member of the Board of Directors	417,340	0.12%

NUMBER AND PERCENTAGE OF SHARES OWNED BY THE BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT ON NOVEMBER 28TH, 2017

NO.	FULL NAME	TITLE	OWNING VOLUME	OWNING RATE
1	Tran Ngoc Chu	General Director	732,340	0.21%
2	Tran Quoc Tri	Managing Deputy General Director	262,526	0.08%
3	Hoang Duc Huy	Deputy General Director	175,000	0.05%
4	Vu Van Thanh	Deputy General Director	210,568	0.06%
5	Nguyen Minh Khoa	Deputy General Director	160,816	0.05%
6	Ho Thanh Hieu	Deputy General Director	175,000	0.05%
7	Tran Quoc Pham	Deputy General Director	76,125	0.02%
8	Nguyen Ngoc Huy	Acting Deputy General Director	8,925	0.00%
9	Nguyen Thi Ngoc Lan	Chief Accountant	185,863	0.05%

NUMBER AND PERCENTAGE OF SHARES OWNED BY THE BOARD OF SUPERVISORS ON NOVEMBER 28TH, 2017

NO.	FULL NAME	TITLE	OWNING VOLUME	OWNING RATE
1	Le Vu Nam	Head of the Board of Supervisors	170,712	0.05%
2	Le Dinh Hanh	Member of the Board of Supervisors	149,043	0.04%
3	Dong Thi Thanh Hang	Member of the Board of Supervisors	56,000	0.02%

NUMBER AND PERCENTAGE OF SHARES OWNED BY SHAREHOLDERS WHO RELATE TO INTERNAL SHAREHOLDERS ON NOVEMBER 28TH, 2017

NO.	FULL NAME	RELATED SHAREHOLDERS	RELATIONSHIP WITH INTERNAL SHAREHOLDERS	OWNING VOLUME	OWNING RATE
1	Le Phuoc Vu	Tam Hy One Member Limited Liabilities Company	Mr. Le Phuoc Vu is the owner of the company	875,000	0.25%
		Hoa Sen Holdings Group	Mr. Le Phuoc Vu is the owner of the company	87,843,749	25.10%
2	Ly Van Xuan	Vo Thi Son Ca	Spouse	85,775	0.02%
		Ly Hoang Long	Son	52,500	0.02%
		Ly Khanh Van	Daughter	110,842	0.03%
3	Hoang Duc Huy	Hoang Duc Hoang	Brother	55,129	0.02%
		Hoang Duc Canh	Brother	11	0%
4	Nguyen Minh Khoa	Nguyen Thi Minh Thu	Sister	27	0%



RISK MANAGEMENT

“ In order to minimize possible risks in business operations, the Group has built a strategy of risk management, which not only guarantees business objectives but also creates competitive advantage in order to ensure the Group’s best operation. The establishment of the functional units such as Internal Control Division, Legal Division, Valuation Division and Purchasing Division aim to control the possible risks and make the positive outcomes in business operation and supervision of the Group. In addition, Hoa Sen Group has issued the flowchart of "Risks Identification and Risks Assessment Process" for guiding the implementation of risks identification and risks assessment, thereby issuing proper control measures to minimize the possibility of risks, stabilize the business operations of the Group, and create comfortable workplace for employees. ”



RISKS IN BUSINESS ACTIVITIES

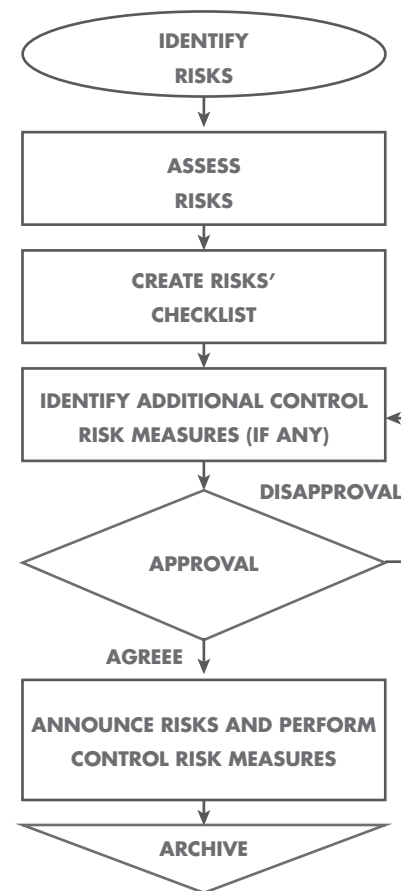
Identifying: The economic growth rate is a factor that directly affects the aggregate demand. As the economy grows, the demand of steel and building materials products including the demand of Hoa Sen Group products will also increase. Otherwise, when the economy goes down, the demand of using steel and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

Assessing, supervising and managing risks:

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

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

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



Flowchart "Hazard identification and risk assessment process"

RISKS IN PRODUCTION ACTIVITIES

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

Assessing, supervising and managing risks:

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

FINANCIAL RISKS

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

Assessing, supervising and managing risks:

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

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

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

RISKS OF CHANGING POLICY

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

Assessing, supervising and managing risks:

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

OTHER RISKS

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

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



ORGANIZATION AND HUMAN RESOURCES

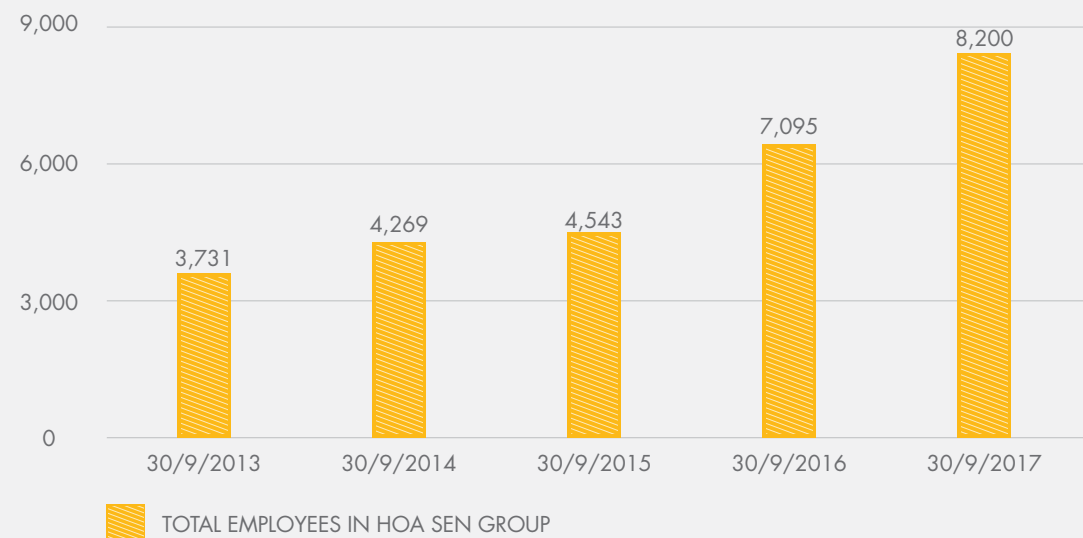
OVERVIEW OF WORKFORCE

THE TOTAL EMPLOYEES

The total employees of Hoa Sen Group develop with the scale and growth of the Group year by year. At September 30th 2017, the total number of employees of Hoa Sen Group was 8,200.



CHART OF TOTAL EMPLOYEES OF HOA SEN GROUP IN 5 FISCAL YEARS



STRUCTURE BY EDUCATION IN FISCAL YEAR 2016 - 2017

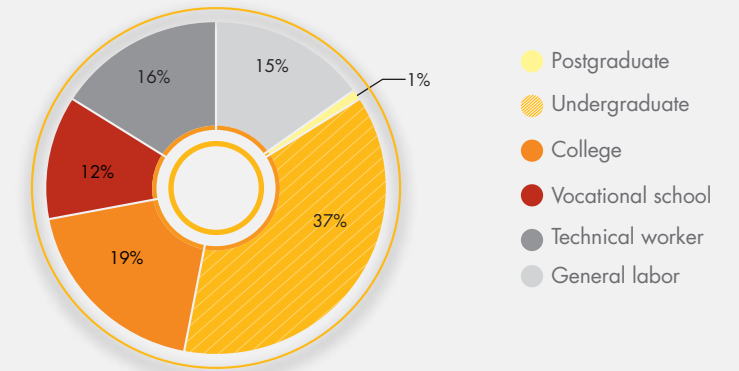


Chart of structure by education at September 30th 2017

CHART OF STRUCTURE BY GENDER AND AGE IN THE FISCAL YEAR 2016 - 2017

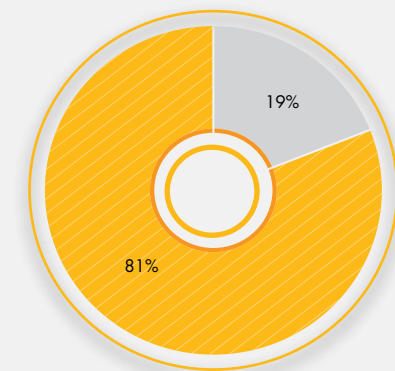


Chart of structure by gender of Hoa Sen Group at September 30th 2017

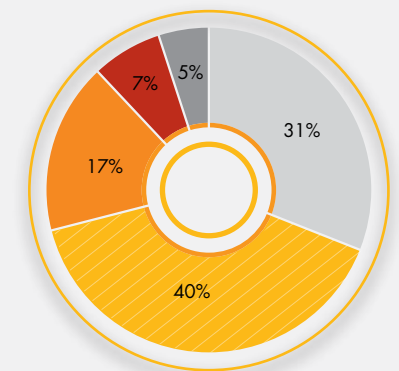


Chart of structure by age of Hoa Sen Group at September 30th 2017

CHART OF STRUCTURE BY MANAGEMENT LEVELS

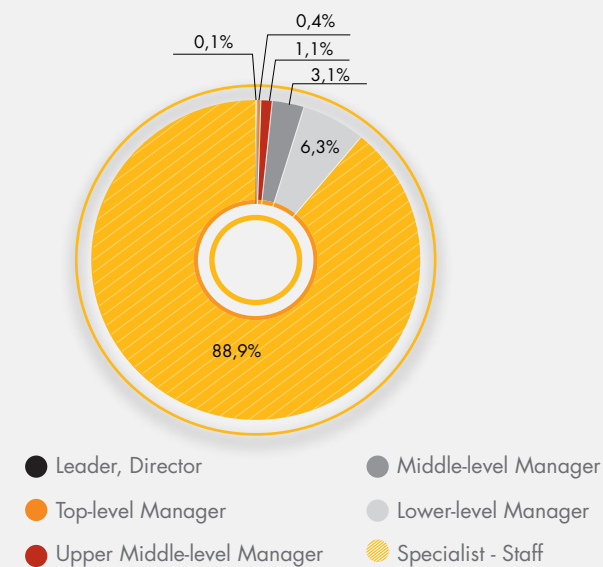


Chart of structure by management levels of Hoa Sen Group at September 30th 2017

CHART OF STRUCTURE BY FUNCTIONS

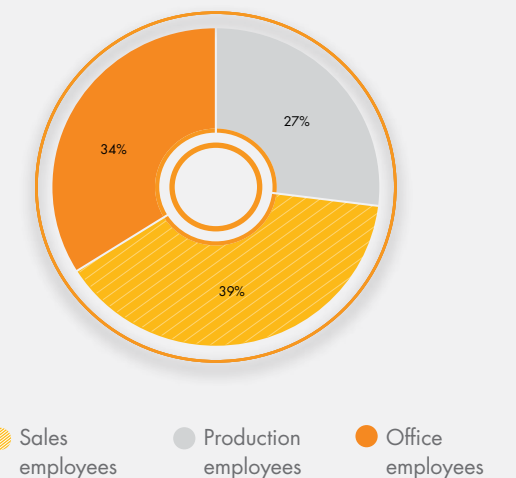
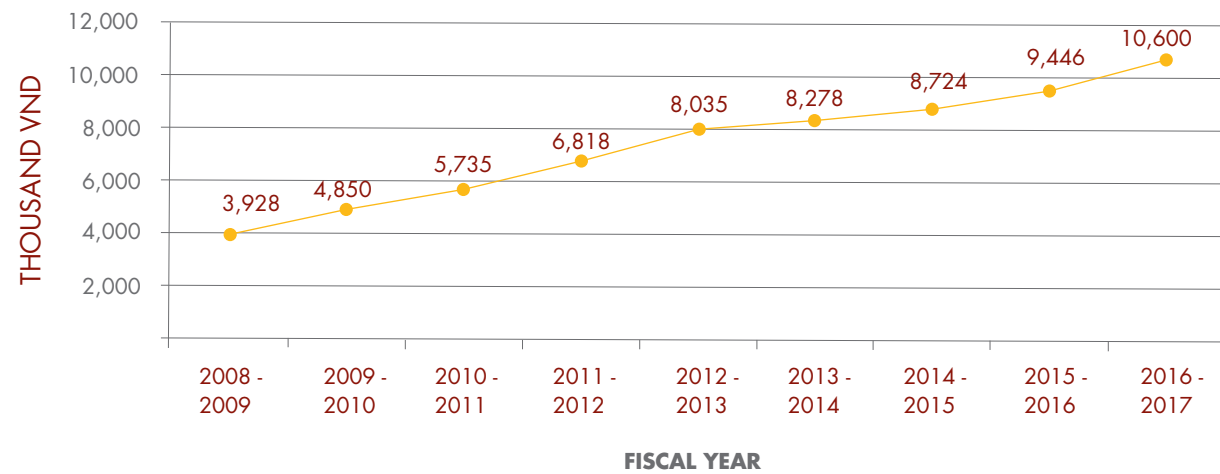


Chart of structure by functions of Hoa Sen Group at September 30th 2017

THE EMPLOYEE'S INCOMES

In the fiscal year 2016 - 2017, Hoa Sen Group applied flexible salary policy to suit the production plan, while ensuring the income of employees by volume, income and profit. Employees' allowances including fuel, housing, transportation, phone expense, maternity, etc. were maintained the same as the previous year. These allowances were added to monthly incomes which help employees work comfortably.

THE AVERAGE INCOMES OF EMPLOYEES IN THE FISCAL YEARS



RECRUITMENT

In the fiscal year 2016 - 2017, Hoa Sen Group continues to maintain and promote the policy of recruiting, building and attracting high quality human resources under the direction of the Group's Chairman of the Board of Directors and Board of Management.

- During the fiscal year 2016 - 2017, Hoa Sen Group welcomed thousands of candidates applying for many positions of the Group. Through strict and professional direct interviews with all candidates, the number of new employees employed in the Group reached 2,000 employees, including 497 employees working at Hoa Sen Group, the others currently working at subsidiaries / factories of the Group.

- Maintaining online jobs posting and candidates' profile

viewing such as Vietnamworks.com, CareerBuilder.vn, Timviecnhanh.com.

- Hoa Sen Group's recruiting brand has been strengthened continuously with the implementation of the "Recruiting Talent" series through the "Career Day" and "Career Workshop" programs by linking with reputable universities with information dissemination activities to recruit personnel for distribution system and new projects of the Group. In the fiscal year 2016 - 2017, Hoa Sen Group held more than 30 "Job Fair" and "Career Workshop" at universities, colleges across the country. Outstanding activities carried out in the fiscal year are as follows:

• HO CHI MINH CITY REPRESENTATIVE OFFICE

Participating the "Job Fair" and "Career Workshop" at 05 universities such as: Ho Chi Minh City University of Technology, University of Economics - Law, International University of Vietnam National University, Ho Chi Minh City Foreign Trade University, Ho Chi Minh City University of Economics.

• HOA SEN NORTH EXECUTIVE OFFICE:

Participating the "Job Fair" and "Career Workshop" at 9 universities and colleges: Hanoi University of Industry; University of Foreign Languages - Hanoi National University; University of Vinh - Nghe An; Sao Do University - Hai Duong; Viet Tri Industrial University - Phu Tho; Hong Duc University - Thanh Hoa; Vinh Phuc Economics - Technical College; University of Economics and Business Administration - Thai Nguyen University; University of Finance and Business Administration - Hung Yen.

• HOA SEN CENTRAL EXECUTIVE OFFICE:

Participating the "Job Fair" and "Career Workshop" at 8 universities and colleges: Quy Nhon University; Tuy Hoa Industrial College; Tay Nguyen University; Nha Trang University; Binh Dinh Vocational College; Quang Ngai University of Finance and Accounting; Institute of Finance - Bank of Phu Yen; Central University of Construction.

• HOA SEN SOUTH EXECUTIVE OFFICE:

Participating the "Job Fair" and "Career Workshop" at 10 universities and colleges: Dong Nai University; Binh Duong Economics - Technical University; Can Tho university; Kien Giang Technical and Economic College, Binh Duong University - Ca Mau module; Cuu Long - Vinh Long University; Dong Thap University; An Giang University; Binh Duong University of Economics - Technical.

• Continuing to implement the "Management Trainee" program to attract and recruit international students and well-qualified, committed and motivated students from reputable and high quality universities in the country such as Ho Chi Minh City University of Technology, University of Economics - Law, International University of Vietnam National University. Ho Chi Minh City Foreign Trade University, Ho Chi Minh City University of Economics, etc. and major universities from many advanced countries in the world such as the USA, the UK, Australia, Netherlands, Singapore, etc. In the future, this will be a high quality human resource of Hoa Sen Group.

- Completing the recruitment process, strengthening the coordination and interaction with the specialized departments, the Regional Executive Offices and the distribution system on the recruitment criteria, directions and ways to recruit in order to meet the demand of high quality human resources for the Group in time.

EVALUATION AND TRAINING

- In the fiscal year 2016 - 2017, the Group has successfully developed and implemented a performance evaluating system dedicated to distribution system in parallel with evaluating system KPIs. With the new evaluating system, the Group has gradually improved its human resource management.

- Besides, training has also been held regularly and continuously throughout the fiscal year. Training contents aiming at the improvement and development of human resources, in particular through activities such as: safe work organization, behavioral culture in the workplace, supplementing knowledge, skills and attitudes for staffs in order to optimize work efficiency. Training courses have been held to improve the management capacity of the staff and the successor administrators of the Group. Therefore, creating a stable working environment, promoting the maximum capacity of employees is the focus of the Group. The development of human resource development policy in combination with improved process of appointment has been made in order to identify the specific career development path and clearly help employees to be more motivated in their work and to connect with the Group in the long term.



HOA SEN SOUTH EXECUTIVE OFFICE

ADDRESS

No. 183 Nguyen Van Troi, Ward 10, Phu Nhuan District, Ho Chi Minh City

MANAGEMENT AREA

Manage Southern region starts from Ninh Thuan Province, including South - East region and South - West region.

SUBSIDIARY AND PLANT

- Hoa Sen Phu My Steel Sheet Plant
- Hoa Sen Steel Sheet One Member Limited Liabilities Company
- Hoa Sen Building Materials One Member Limited Liabilities Company
- Hoa Sen Transportation and Engineering One Member Limited Liabilities Company
- Hoa Sen Phu My One Member Limited Liabilities Company



HOA SEN PHU MY STEEL SHEET PLANT BRANCH OF HOA SEN GROUP



GENERAL INFORMATION

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

INTRODUCTION

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

Hoa Sen Phu My Steel Sheet Plant is one of the largest plants in South East Asia with the total capacity of 1,200,000 tons/year.

In the fiscal year 2016-2017, the plant has supplied more than 1 million tons, which is 17.1% higher than the fiscal year 2015-2016, in which exporting escalated remarkably with 491.745 tons (appropriately 49% of the total volume) and increased 82% compared with the last same term. The product quality satisfies all demand of markets which require high standard such as United States, Mexico, EU, etc. Furthermore, to optimize the production capacity and the quality of the products as well as satisfy the market demand and standard, the plant did cooperate with top international suppliers to upgrade galvanized lines with NOF technology (NOF 1, NOF 3, NOF 4) during the fiscal year.

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

WITH THE TOTAL CAPACITY OF
1,150,000
TONS/YEAR

HOA SEN STEEL SHEET ONE MEMBER LIMITED LIABILITIES COMPANY



GENERAL INFORMATION

Address	No. 9 Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An Town, Binh Duong Province.
Telephone	(0274) 3 737 200 - Fax: (0274) 3 737 904
Charter capital	VND 280,000,000,000 (Two hundred and eighty billion VND)
Business Registration Certificate	No. 3700763651 issued by the Department of Planning and Investing of Binh Duong Province on December 24 th , 2007. The 8 th amendment was on August 30, 2016
Legal representative	Mr. TRAN NGOC CHU - Chairman
Director	Mr. HOANG DUC HOANG
Business activities	Production of cold rolled coils, roof plate and hot dip galvanizing steel, aluminum-zinc alloy coated steel sheet, pre-paint galvanized steel and other alloy coated steel. Production of the products from iron such as oxide iron, carbon iron, alloy iron and other products from iron
Hoa Sen Group owns	100%

INTRODUCTION

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

On December 24th, 2007, the Company was renamed to Hoa Sen Steel Sheet One Member Limited Liabilities Company. On December 27, 2012, it established the first branch with the name of Branch Hoa Sen Steel Sheet One Member Limited Liabilities Company – Phu My Cold Rolling Mill.

Putting cold rolling line into operation created an important link on the chain of the Group's core competitive advantages and supplied the majority of input materials for galvanizing lines and steel pipe lines of Hoa Sen Group.

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

CHARTER CAPITAL

280

BILLIONS VND

HOA SEN BUILDING MATERIALS ONE MEMBER LIMITED LIABILITIES COMPANY



GENERAL INFORMATION

Address	2B Street, Phu My I Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province
Telephone	(0254) 3 923 231 - Fax: (0254) 3 923 230
Charter capital	VND 150,000,000,000 (One hundred and fifty billion VND)
Business Registration Certificate	No. 3500786179 issued by the Department of Planning and Investment of Ba Ria - Vung Tau Province on December 18 th , 2007. The 10 th amendment was on December 02, 2015
Legal representative	Mr. TRAN NGOC CHU - Chairman
Director	Mr. PHAM VAN CHUNG
Business activities	Manufacturing and trading building material products including billet strip, galvanized steel pipes, truss bar, hollow bar, batten bar, plastic pipes and accessories, solvent cement for uPVC pipes, Hoa Sen HDPE and PPR pipes.
Hoa Sen Group owns	100%

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

INTRODUCTION

Hoa Sen Building Materials One Member Limited Liabilities Company is a subsidiary of Hoa Sen Group and was established on December 18th, 2007 with the initial charter capital of VND 150 billion. The head office and main factories are located in the area of 11 hectares at Phu My I Industrial Park, Ba Ria – Vung Tau Province. It is in charge of producing – supplying the core products of Hoa Sen Group as billet strip, galvanized steel pipes, plastic pipes, accessories, solvent cement for uPVC, Hoa Sen HDPE and PPR pipes, etc.

At the present, the company owns 2 steel pipe plants with total 29 production lines and total capacity of over 400,000 tons/year (in which 23 lines in Hoa Sen Phu My Steel Pipe Plants and 6 lines in Hoa Sen Hai Duong Steel Plant; a slitting plant with capacity of 600,000 tons/year and a plastic plant consisting of 25 uPVC plastic pipe lines with the capacity of 80,000 tons/year and 33 uPVC accessories lines with capacity of 4,200 tons/year.

All are automatically operated and under strict control of international standards.

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

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

HOA SEN TRANSPORTATION AND ENGINEERING ONE MEMBER LIMITED LIABILITIES COMPANY



GENERAL INFORMATION

Address	No. 9, Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam
Telephone	(0274) 3 737 999 - Fax: (0274) 3 737 999
Charter capital	VND 16,276,000,000 (Sixteen billion two hundred and seventy six million VND)
Business Registration Certification	No. 3700785528 issued by the Department of Planning and Investment of Binh Duong Province on December 24 th , 2007
Legal representative	Mr. VU VAN THANH - Chairman
Director	Mr. VO MINH TUONG
Business activities	Goods and passenger transportation services by road and by waterway; direct supporting service for water transportation; warehouses; storage of goods; means of transportation for leasing; automobiles maintenance; trading materials and spare parts of automobiles
Hoa Sen Group owns	100%

INTRODUCTION

Hoa Sen Transportation And Engineering One Member Limited Liabilities Company currently owns 25 tractors of 29 tons, 7 trucks with loading capacity of 18 tons and 6 trucks with loading capacity of 8 tons. In the fiscal year 2016-2017, the total transportation volumes reached 676,301 tons, which attained the demand of products transporting between the plants and the Group's business units timely.



IN THE FISCAL YEAR
2016-2017, THE TOTAL
TRANSPORTATION
VOLUMES

676,301
TONS

HOA SEN PHU MY ONE MEMBER LIMITED LIABILITIES COMPANY



GENERAL INFORMATION

Address	1A Street, Phu My I Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province, Vietnam
Telephone	0937.937.547
Charter capital	VND 160,000,000,000 (One hundred sixty billion VND)
Business Registration Certificate	No. 3502313442 issued by the Department of Planning and Investment of Ba Ria – Vung Tau on August 8 th , 2016. The 3 rd amendment was on October 24 th , 2017
Legal representative	Mr. TRAN NGOC CHU - Chairman
Director	Mr. NGUYEN VAN TRUONG
Business activities	Manufacturing hot dip galvanized steel pipes
Hoa Sen Group owns	100%

INTRODUCTION

Hoa Sen Phu My One Member Limited Liabilities Company is a subsidiary of Hoa Sen Group that was established on August 8th, 2016 with the initial charter capital of 160 billion VND. The head office and plants are located in an area of 5.3 hectares at Phu My I Industrial Park, Ba Ria – Vung Tau Province.

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

THE CAPACITY OF
THE FIRST PHASE

85,000

TONS/YEAR

HOA SEN CENTRAL EXECUTIVE OFFICE

ADDRESS

Lot A1.1 and TT 6.2&7, Nhon Hoa Industrial Park, Nhon Hoa Ward, An Nhon Town, Binh Dinh Province

MANAGEMENT AREA

Manage Central region from Quang Binh province to Khanh Hoa province, including Central Coast region and Western Highlands region

SUBSIDIARIES AND PLANTS

- Hoa Sen Binh Dinh One Member Limited Liabilities Company
- Hoa Sen Nhon Hoi – Binh Dinh One Member Limited Liabilities Company.



HOA SEN BINH DINH ONE MEMBER LIMITED LIABILITIES COMPANY



GENERAL INFORMATION

Address	Lot A1.1 and TT 6.2&7, Nhon Hoa Industrial Park, Nhon Hoa Ward, An Nhon Town, Binh Dinh Province
Telephone	(0256) 3 738 991
Charter Capital	VND 55,000,000,000 (Fifty five billion VND)
Business Registration Certificate	No. 4101425750 issued by the Department of Planning and Investment of Binh Dinh Province on May 14 th , 2014. The 3 rd amendment was on September 15 th , 2016
Legal Representative	Mr. HO THANH HIEU - Chairman
Director	Mr. LE XUAN PHONG
Business Activities	Manufacturing galvanized steel pipes, plastic pipes and accessories
Hoa Sen Group owns	100%

INTRODUCTION

Hoa Sen Binh Dinh One Member Limited Liabilities Company is a Hoa Sen Group's subsidiary established on May 14th, 2014 with 55 billion VND in charter capital. The company operation is under control of Hoa Sen Group in capital, brand, retailer and core competitive advantages.

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

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

In January 2016, the uPVC plastic pipe plant with capacity of 12,000 tons/year was officially into operation and yields the high

quality plastic products in response to the demand of the Central and Western Highlands markets.

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

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



GENERAL INFORMATION

Address	Hoi Son Hamlet, Nhon Hoi Commune, Quy Nhon City, Binh Dinh Province, Vietnam
Telephone	(0256) 3 579 567
Charter capital	VND 250,000,000,000 (Two hundred fifty billion VND)
Business Registration Certificate	No. 4101453370 issued by the Department of Planning and Investment of Binh Dinh Province on November 26 th , 2015. The 2 nd amendment was on November 14 th , 2017
Legal representative	Mr. HO THANH HIEU – Chairman
Director	Mr. TRAN DINH CUONG
Business activities	Manufacturing galvanized steel sheets, pre-painted galvanized steel sheets, cold rolled coils, slitting steel sheets
Hoa Sen Group owns	100%

INTRODUCTION

Hoa Sen Nhon Hoi – Binh Dinh factory is invested by Hoa Sen Nhon Hoi – Binh Dinh One Member Limited Liabilities Company and located on the area of 21.3 hectares with the expected capital expenditure more than 2,900 billion VND.

The project is carried out with two phases. The first one consists of 03 main lines: 01 galvanizing/aluminum-zinc alloy coated steel line with the capacity of 180,000 tons/year (which already operated in September 2017), 01 color coating line with the capacity of 45,000 tons/year (which operated in June 2017), 01 slitting line with the capacity of 100,000 tons/year (which operated in May 2017).

The second phase is invested expectedly in 5 production lines: 01 pickling line with the

capacity of 800,000 tons/year, 01 cold rolling line with capacity of 350,000 tons/year, 01 galvanizing/aluminum-zinc alloy coated steel line with capacity of 150,000 tons/year, 01 acid recycle line with capacity of 5,000 liters/hour.

By investing with modern technology on producing lines and equipment as well as maintaining the vertically integrated value chain and strict control from the input materials to the finished products, the factory only provides international standard steel products that meet the demand of domestic and international markets. The factory is supposed to complete the two phases by the end of 2018,

which contributes greatly to the local governance budget and offers jobs for 700 local workers. When the factory is in operation, it should satisfy the demand of the Central and Western Highlands regions together with the export to Laos, Cambodia, Thailand, EU and U.S markets.

With the advanced technology and strict quality control, Hoa Sen Nhon Hoi – Binh Dinh One Member Limited Liabilities Company commits to supply solely high quality products that deserve the Vietnam Value award.

SUBSIDIARIES ASSOCIATED COMPANY

HOA SEN NORTH EXECUTIVE OFFICE

ADDRESS

Kien Khe I Industrial Zone, Kien Khe Town, Thanh Liem District, Ha Nam Province

MANAGEMENT AREA

Manage Northern region starts from Ha Tinh province up to the North, including Central North region, North East region, South West region

SUBSIDIARY AND PLANT

- Hoa Sen Nghe An One Member Limited Liabilities Company
- Hoa Sen Ha Nam One Member Limited Liabilities Company
- Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company



HOA SEN NGHE AN ONE MEMBER LIMITED LIABILITIES COMPANY



GENERAL INFORMATION

Address	Lot CN 1-8, Dong Hoi Industrial Park, Quynh Lap Commune, Hoang Mai Town, Nghe An Province, Vietnam
Telephone	(0238) 3 668 112
Charter capital	VND 450,000,000,000 (Four hundred fifty billion VND)
Business Registration Certificate	No. 2901788319 issued by the Department of Planning and Investment of Nghe An Province on June 12 th , 2015. The 5 th amendment was on August 18 th , 2017
Business Registration Certificate	Mr. VU VAN THANH - Chairman
Director	Mr. NGUYEN MINH PHUC
Business activities	Producing roof plate by galvanized steel sheet, aluminum-zinc alloy coated steel sheet, pre-painted galvanized steel sheet and other alloy coated steel, cold rolled coils.
Hoa Sen Group owns	100%

INTRODUCTION

Hoa Sen Nghe An One Member Limited Liabilities Company – one of Hoa Sen Group subsidiaries, was established on June 12th, 2015. The head office and main factory are located in Dong Hoi Industrial Park, Nghe An Province. Hoa Sen Nghe An factory was constructed initially from June 2015 on the area of 45 hectares with the total production capacity of 1 million tons per year. At the present, the factory completed the Phase 1 and almost finish the second phase with several lines on operation including: 01 pickling line with 800,000 tons/year capacity, 02 cold rolling lines with total capacity of 700,000 tons/year, 02 galvanizing lines

with total capacity of 800,000 tons/year, 02 color coating lines with total capacity of 240,000 tons/year, 02 slitting lines with total capacity of 200,000 tons/year and 01 cutting line with capacity of 400,000 tons/year. Its products are already on United States and EU markets, which require strict and high demand for standard and delivery time. The export to these markets is a proof for Hoa Sen competitiveness on international markets. Currently, the factory basically completed the vertically integrated value chain investment, from the input materials (hot rolled coils) to the output

finished product (steel sheet products) and consumed almost total capacity of the factory. With the orientation of a fast, strong and sustainable development, Hoa Sen Nghe An quickly conducted and supposedly to be in operation in March 2018 with a 200,000 tons/year capacity galvanizing line. Alongside with the expansion of the production and advanced technology for the best quality products, Hoa Sen Nghe An also pays attention on environment and health conditions, which enhance Hoa Sen brand position on the international market.

TOTAL DESIGNED CAPACITY

1,000,000

TONS/YEAR



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



GENERAL INFORMATION

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

INTRODUCTION

Branch of Hoa Sen Nghe An One Member Limited Liabilities Company at Nam Cam (precursor is Hoa Sen Nam Cam – Nghe An One Member Limited Liabilities Company) officially put into operation 6 steel pipes lines with total capacity of 82,800 tons/year in April 2015, which boosted the production capacity and the supplying potentiality of all Hoa Sen plants in particular as well as the North and Central regions in general.

By investing advanced technology and tight control from the input materials to the output finished products to meet the international quality standards as ASTM500 (U.S standard), JIS 3444:2010 (Japanese standard), the steel pipes products are expected to increase their competitiveness in both domestic and foreign markets.

TOTAL DESIGNED CAPACITY

82,800

TONS/YEAR

HOA SEN HA NAM ONE MEMBER LIMITED LIABILITIES COMPANY



GENERAL INFORMATION

Address	Kien Khe I Industrial Zone, Kien Khe Town, Thanh Liem District, Ha Nam Province
Telephone	(0226) 3 777 555
Charter capital	200,000,000,000 (Two hundred billion VND)
Business Registration Certificate	No. 0700759219 issued by the Department of Planning and Investment of Ha Nam Province on September 15 th , 2015
Legal representative	Mr. VU VAN THANH – Chairman
Director	Mr. NGUYEN TRAN DAI
Business activities	Manufacturing and trading all products serving for industrial and civil construction, including: steel pipes, plastic pipes and slitting products.
Hoa Sen Group owns	100%

INTRODUCTION

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

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

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

and retail network enables Hoa Sen Group's products reach the customers more conveniently.

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



HOA SEN YEN BAI BUILDING MATERIALS ONE MEMBER LIMITED LIABILITIES COMPANY



GENERAL INFORMATION

Address	Group 48, Dong Tam Ward, Yen Bai City, Yen Bai District
Telephone	(0216) 3 711 799
Charter capital	VND 50,000,000,000 (Fifty billion VND)
Business Registration Certificate	No. 5200870602 issued by the Department of Planning and Investment of Yen Bai Province on January 6 th , 2017
Legal representative	Mr. VU VAN THANH - Chairman
Director	Mr. NGUYEN VAN HAI
Business activities	Manufacturing steel products as: black steel pipes, galvanized steel pipes/ aluminum-zinc alloy coated steel pipes, hot-dipped galvanized steel pipes/ aluminum-zinc alloy coated steel pipes, pre-painted steel pipes, stainless steel pipes
Hoa Sen Group owns	100%

INTRODUCTION

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

The factory is invested with modern equipment and advanced technology that specialized in producing the

galvanized steel pipes, which have civil and construction work application. The factory is expected to complete the Phase 1 in January 2018 and officially put into operation 6 steel pipe lines with the capacity of 82,800 tons/year. This should help Hoa Sen Group improve their productiveness and attain the market demand in the North West region, which is in line with the growing strategy of Hoa Sen Group.



SUBSIDIARIES FOR PROJECTS IN NINH THUAN PROVINCE

HOA SEN CA NA – NINH THUAN INTEGRATED IRON AND STEEL COMPLEX INVESTMENT ONE MEMBER LIMITED LIABILITIES COMPANY

Address	Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province
Telephone	(08) 3 999 0111
Charter capital	VND 100,000,000,000 (One hundred billion VND)
Business Registration Certificate	No. 4500607953 issued by the Department of Planning and Investment of Ninh Thuan Province on August 8 th , 2016. The first amendment was on September 21 st , 2016
Legal representative	Mr. LE PHUOC VU - Chairman
Business activities	Producing iron, steel, cast iron. Details: - Manufacturing, processing metallurgical products, casting and manufacturing iron & steel, section steel and steel wire, 2 nd processing steel, machinery steel. - Manufacturing, processing other steel products
Hoa Sen Group owns	100%

HOA SEN CA NA – NINH THUAN INDUSTRIAL PARK INFRASTRUCTURE INVESTMENT ONE MEMBER LIMITED LIABILITIES COMPANY

Address	Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province
Telephone	(08) 3 999 0111
Charter capital	VND 50,000,000,000 (Fifty billion VND)
Business Registration Certificate	No. 4500607953 issued by the Department of Planning and Investment of Ninh Thuan Province on August 8 th , 2016. The first amendment was on September 21 st , 2016
Legal representative	Mr. TRAN NGOC CHU – Chairman
Business activities	Trading real estate and land use right belong to owner, user or leaseholder
Hoa Sen Group owns	100%

HOA SEN CA NA – NINH THUAN INTERNATIONAL GENERAL SEAPORT ONE MEMBER LIMITED LIABILITIES COMPANY

Address	Thuong Diem 2 Hamlet, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province
Telephone	08.39990111
Charter capital	VND 50,000,000,000 (Fifty billion VND)
Business Registration Certificate	No. 4500607985 issued by the Department of Planning and Investment of Ninh Thuan Province on August 8 th , 2016. The first amendment was on September 21 st , 2016
Legal representative	Mr. TRAN NGOC CHU – Chairman
Business activities	Domestic carriage of goods by waterway (operate only when the conditions are in conformity with legislation Details: river and sea port investment
Hoa Sen Group owns	100%

HOA SEN CAN NA – NINH THUAN RENEWABLE ENERGY ONE MEMBER LIMITED LIABILITIES COMPANY

Address	Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province
Telephone	(08) 3 999 0111
Charter capital	VND 20,000,000,000 (Twenty billion VND)
Business Registration Certificate	No. 4500607960 issued by the Department of Planning and Investment of Ninh Thuan Province on August 8 th , 2016. The first amendment was on September 21 st , 2016
Legal representative	Mr. TRAN NGOC CHU – Chairman
Business activities	Producing, transmitting and distributing electricity Details: construct, install and operate the solar power and wind power plant; manage the producing, transmitting and distributing electricity system; invest the power project; control, maintain and upgrade the devices of the system, electricity experiment.
Hoa Sen Group owns	100%

HOA SEN CA NA – NINH THUAN CEMENT ONE MEMBER LIMITED LIABILITIES COMPANY

Address	Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province
Telephone	(08) 3 999 0111
Charter capital	VND 30,000,000,000 (Thirty billion VND)
Business Registration Certificate	No. 4500607946 issued by the Department of Planning and Investment of Ninh Thuan Province on August 8 th , 2016. The first amendment was on September 21 st , 2016
Legal representative	Mr. TRAN NGOC CHU – Chairman
Business activities	Producing cement, lime and plaster. Manufacturing and producing blast furnace cement and other kinds of cement.
Hoa Sen Group owns	100%

HOA SEN DU LONG INDUSTRIAL PARK INFRASTRUCTURE INVESTMENT JOINT STOCK COMPANY

Address	No.4 Phan Dinh Giot Street, My Hai Ward, Phan Rang – Thap Cham City, Ninh Thuan Province
Telephone	(0259) 3 833 969
Charter capital	VND 37,080,240,000 (Thirty seven billion eighty million two hundred and forty thousand VND)
Business Registration Certificate	No. 4500272658 issued by the Department of Planning and Investment of Ninh Thuan Province. The 3 rd amendment was on October 17 th , 2017
Legal representative	Mr. TRAN NGOC CHU – Chairman of the Board of Directors
Business activities	Trading real estate and land use right belong to owner, user or leaseholder Detail: - House trading (except receiving the land use right for investment of the infrastructure construction according to the housing construction plan to change the right) - Office and storage leasing in the industrial zone - Buoys and anchors trading - Industrial park infrastructure trading, real estate trading
Hoa Sen Group owns	100%

SUBSIDIARIES/ ASSOCIATED COMPANIES FOR HOTEL – REAL ESTATE INVESTMENT PROJECTS



HOA SEN YEN BAI JOINT STOCK COMPANY

Address	Group 48, Dong Tam Ward, Yen Bai City, Yen Bai Province
Charter Capital	VND 120,000,000,000 (One hundred twenty billion VND)
Business Registration Certificate	No. 5200861319 issued by Department of Planning and Investment of Yen Bai Province on May 5, 2016. Amended on December 22, 2016
Legal Representative	Mr. TRAN NGOC CHU – Chairman of the Board of Directors
Director	Mr. TRAN QUOC PHAM
Business activities	Trading real estate, land use right belongs to owner, user or leaseholder Details: office leasing, house trading
Hoa Sen Group owns	70%

HOA SEN HOI VAN JOINT STOCK COMPANY

Address	No. 01 Ngo May Street, Nguyen Van Cu Ward, Quy Nhon City, Binh Dinh Province
Telephone	0905.117.106
Charter Capital	VND 50,000,000,000 (Fifty billion VND)
Business Registration Certificate	No. 4101464333 issued by Department of Planning and Investment of Binh Dinh Province on May 5, 2016. The 1 st amended was on June 1, 2016
Legal Representative	Mr. TRAN NGOC CHU – Chairman of the Board of Directors
Director	Mr. LE XUAN PHONG
Business activities	Trading real estate and land use right belong to owner, user or leaseholder. Details: office leasing, house trading, tourism area, river port and sea port investment and trading Short-term accommodation services. Details: hospitality business, eco-tourism area and eco-tourism related services.
Hoa Sen Group owns	45%



HOA SEN VAN HOI JOINT STOCK COMPANY

Address	Group 48, Dong Tam Ward, Yen Bai City, Yen Bai Province
Charter Capital	VND 100,000,000,000 (One hundred billion VND)
Business Registration Certificate	No. 5200861301 issued by Department of Planning and Investment of Yen Bai Province on May 5, 2016
Legal Representative	Mr. TRAN NGOC CHU – Chairman of the Board of Directors
Director	Mr. TRAN QUOC PHAM
Business activities	Trading real estate, land use right belongs to owner, user or leaseholder Details: office leasing, house trading
Hoa Sen Group owns	70%

HOA SEN QUY NHON JOINT STOCK COMPANY

Address	No. 01 Ngo May Street, Nguy Van Cu Ward, Quy Nhon City, Binh Dinh Province
Telephone	0905.117.106
Charter Capital	VND 100,000,000,000 (One hundred billion VND)
Business Registration Certificate	No. 4101464326 issued by Department of Planning and Investment of Binh Dinh Province on May 5, 2016. Amended on June 1, 2016
Legal Representative	Mr. TRAN NGOC CHU – Chairman of the Board of Directors
Director	Mr. LE XUAN PHONG
Business activities	Trading real estate and land use right belong to owner, user or leaseholder. Details: office leasing, house trading, tourism area, river port and sea port investment and trading. Office leasing. Details: Office leasing, house trading, tourism area, river port and sea port investment and trading.
Hoa Sen Group owns	45%

OTHER ASSOCIATED COMPANIES

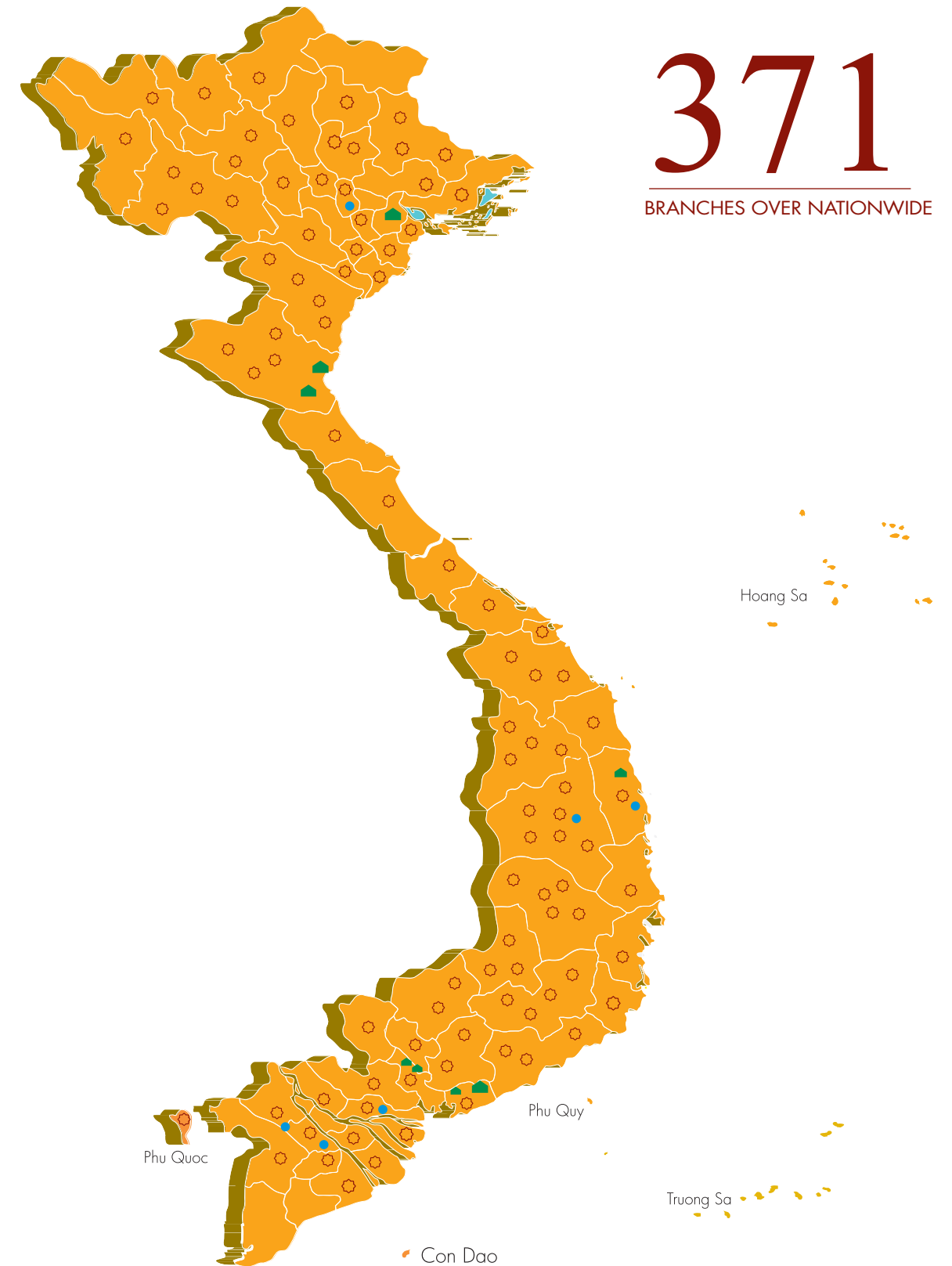
HOA SEN GEMADEPT LOGISTICS AND INTERNATIONAL PORT CORPORATION

Address	Street 2B, Phu My I Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province
Address	VND 23,795,800,000 (Twenty three billion seven hundred ninety five million and eight hundred VND)
Business Registration Certificate	No. 3500751828 issued by the Department of Planning and Investment of Ba Ria – Vung Tau Province, the 7 th amendment was on November 28 th , 2017
Legal representative	Mr. LE PHUOC VU – Chairman of the Board of Directors
Business activities	<ul style="list-style-type: none"> - Supporting service related to transport. Detail: wharf service business, sea-ship supply service, sea-ship agency service, sea transportation business, maritime brokerage, goods inspection and counting service, sea towage service, sea-ship cleaning service - Repair and maintain transportation, except automobiles, motorbike and other motor vehicles. Detail: repairing sea ship at port - Cargo loading and unloading at ports - Depot and storage leasing.
Hoa Sen Group owns	45%

HOA SEN ECO-HOMES LIMITED LIABILITIES COMPANY

Address	Lot C2 – C3, Street No. 19, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province
Charter capital	VND 22,260,000,000 (Twenty two billion two hundred and sixty million VND)
Business Registration Certificate	No. 3702604209 issued by the Department of Planning and Investment of Binh Duong Province on September 27 th , 2017. The first amendment was on October 16 th , 2017
Legal representative	Mrs. PHAM NGOC HA - Chairman
Business activities	<ul style="list-style-type: none"> - Manufacturing metal components; - Site demolition and preparation. Detail: site forming and clearance service, excavating and removing soil - Other specialized constructing activities. Detail: scaffolding, forming and bending steel, foundation excavating service, etc. - House construction. Detail: construction service, assembling ready-made work - Electricity, drainage system, heater and air-conditioner installment. - Construction finalization; - Materials and other constructing equipment trading. Detail: building materials, rafter, ceiling frame, built-up steel, etc.
Hoa Sen Group owns	10%

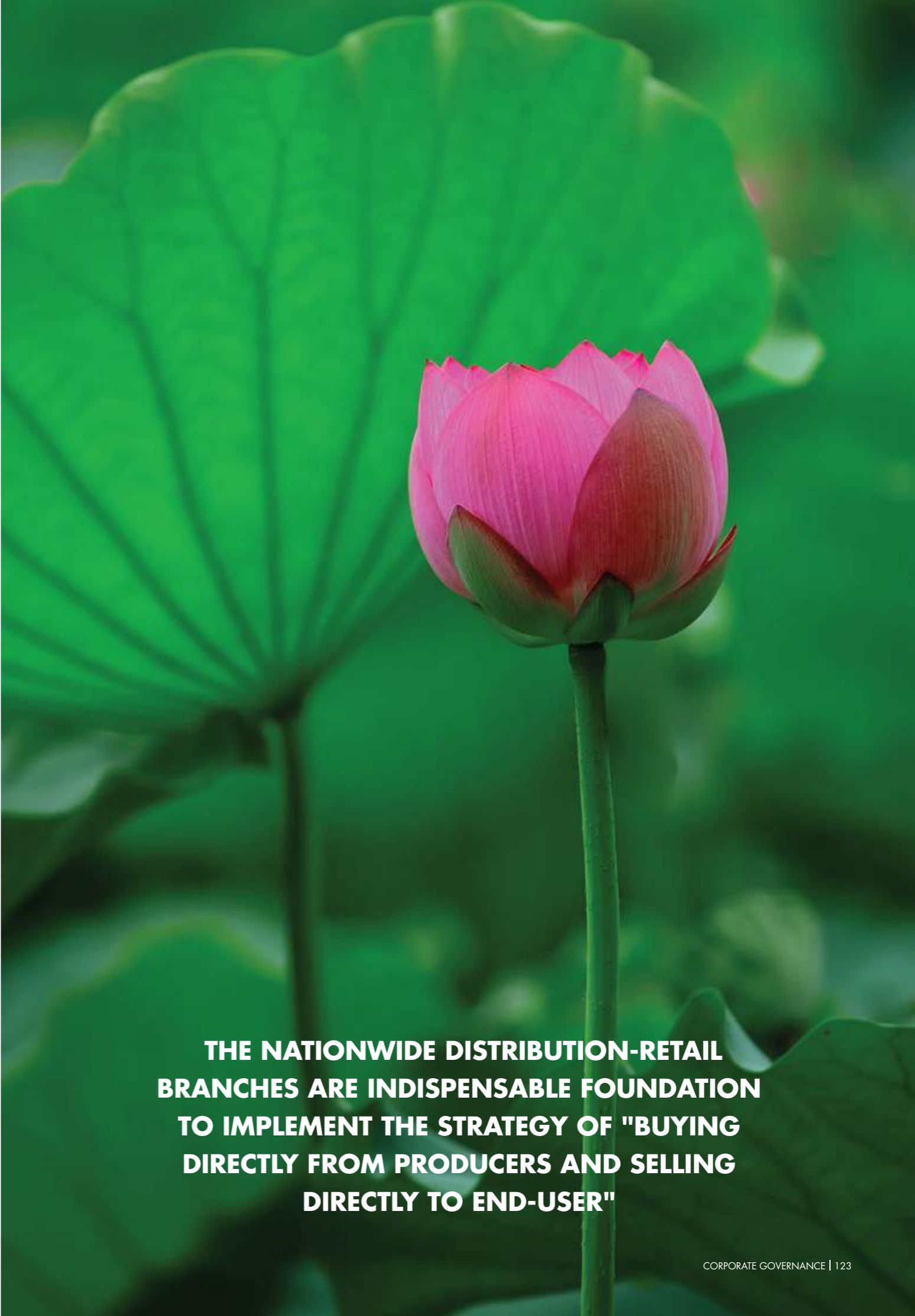
DISTRIBUTION RETAIL BRANCHES



NO.	BRANCH	ADDRESS	AREA
337	Trieu Phong	Nhan Bieu Hamlet, Trieu Thung Commune, Trieu Phong District, Quang Tri province, Viet Nam	Binh Tri Thien
338	Bo Trach	Highway 1A, Trung Trach Commune, Bo Trach District, Quang Binh Province, Viet Nam	Binh Tri Thien
339	Dong Ha	No. 267, Highway 9, Ward 3, Dong Ha City, Quang Tri Province, Viet Nam	Binh Tri Thien
340	Phong Dien	Khanh My Group, Phong Dien Town, Phong Dien District, Thua Thien Hue Province, Viet Nam	Binh Tri Thien
341	Vinh Linh	Highway 1A, Hoa Binh Hamlet, Vinh Long Commune, Vinh Linh District, Quang Tri Province, Viet Nam	Binh Tri Thien
342	Quang Dien	Nguyen Kim Thanh Street, Sia Town, Quang Dien District, Thua Thien Hue Province, Viet Nam	Binh Tri Thien
343	Ea Drang	No. 92, Giai Phong Street, Ea Drang Town, Ea H'leo District, Dak Lak province, Viet Nam	Gia Lai - Kon Tum
344	Buon Ma Thuot 2	Hamlet 3, Cu Ebur Commune, Buon Ma Thuot City, Dak Lak Province, Viet Nam	Dak Lak - Dak Nong
345	Cu Kuin 2	Highway 27, Nam Ha Hamlet, Dray Bhang Commune, Cu Kuin District, Dak Lak Province, Viet Nam	Dak Lak - Dak Nong
346	Krong Pak 2	Highway 16, Ea Phe Commune, Krong Pak District, Dak Lak Province, Viet Nam	Dak Lak - Dak Nong
347	Dien Khanh 2	Provincial Highway 2, Dien Lac Commune, Dien Khanh District, Khanh Hoa Province, Viet Nam	Khanh Hoa - Phu Yen
348	Dong Hoa	Phu Hoa Quarter, Hoa Hiep Trung Town, Dong Hoa District, Phu Yen province, Viet Nam	Khanh Hoa - Phu Yen
349	Tinh Ha	Highway 24B, Tinh Ha Commune, Son Tinh District, Quang Ngai Province, Viet Nam	Quang Ngai
350	Lak	Hoa Thang Hamlet, Lien Son Town, Lak District, Dak Lak Province, Viet Nam	Dak Lak - Dak Nong
351	Ea Knop	Group 8, Krong Kmar Town, Krong Bong District, Dak Lak Province	Dak Lak - Dak Nong
352	Ninh Hoa 2	Highway 26, Ninh Xuan Commune, Ninh Hoa Town, Khanh Hoa Province, Viet Nam	Khanh Hoa - Phu Yen
353	Nha Trang	Phuoc Dien Hamlet, Phuoc Dong Commune, Nha Trang City, Khanh Hoa Province, Viet Nam	Khanh Hoa - Phu Yen

NO.	BRANCH	ADDRESS	AREA
354	Van Ninh 2	Highway 1A, Long Ho Hamlet, Van Long Commune, Van Ninh District, Khanh Hoa Province, Viet Nam	Khanh Hoa - Phu Yen
355	Van Canh	Provincial Highway 63, Hamlet 3, Van Canh Town, Van Canh District, Binh Dinh Province, Viet Nam	Binh Dinh
356	Chu Pah	No. 238, Le Loi Street, Phu Hoa Town, Chu Pah District, Gia Lai, Viet Nam	Gia Lai - Kon Tum
357	Cam Lo	Quarter 4, Cam Lo Town, Cam Lo District, Quang Tri Province, Viet Nam	Binh Tri Thien
358	Gio Linh	Ha Trung Hamlet, Gio Chau Commune, Gio Linh, Quang Tri Province, Viet Nam	Binh Tri Thien
359	Phu Cat 2 (Gom Market)	Highway 1A, My Hoa Hamlet, Cat Hanh Commune, Phu Cat District, Binh Dinh Province, Viet Nam	Binh Dinh
360	An Lao	Long Hoa Hamlet, An Lao District, Binh Dinh Province, Viet Nam	Binh Dinh
361	An Nhon 1 (Nhon Tan)	Nam Tuong 2 Hamlet, Nhon Tan Commune, An Nhon Town, Binh Dinh Province, Viet Nam	Binh Dinh
362	Tay Hoa	Highway 29, Phuoc Thinh Quarter, Phu Thu Town, Tay Hoa District, Phu Yen Province	Khanh Hoa - Phu Yen
363	My Ca	Highway 1A, Nghia Binh Group, Cam Nghia Ward, Cam Ranh City, Khanh Hoa Province, Viet Nam	Khanh Hoa - Phu Yen
364	Suoi Tan - Khanh Hoa	Highway 1A, Dong Cau Hamlet, Suoi Tan Commune, Cam Lam District, Khanh Hoa Province, Viet Nam	Khanh Hoa - Phu Yen
365	Vinh Thanh - Binh Dinh	Street 637, Dinh Thai Hamlet, Vinh Quang Commune, Vinh Thanh District, Binh Dinh Province, Viet Nam	Binh Dinh
366	Son Thanh - Phu Yen	Son Tho Hamlet, Son Thanh Tay Commune, Tay Hoa District, Phu Yen Province, Viet Nam	Khanh Hoa - Phu Yen
367	Tay Son 2 - Binh Dinh	Bac Cluster, An Dong Hamlet, Binh Thanh Commune, Tay Son District, Binh Dinh Province, Viet Nam	Binh Dinh
368	Phu My 2 - Binh Dinh	Highway 1A, Tan Loc Hamlet, My Loc Commune, Phu My District, Binh Dinh Province, Viet Nam	Binh Dinh
369	Nam Dong Ha - Quang Tri	Lai Phuoc Quarter, Dong Luong Ward, Dong Ha City, Quang Tri Province, Viet Nam	Binh Tri Thien
370	Le Thuy 1 (Cam Lien) Quang Binh	My Duyet Hamlet, Cam Thuy Commune, Le Thuy District, Quang Binh Province, Viet Nam	Binh Tri Thien
371	Quang Ninh (Dinh 10) - Quang Binh	Highway 1A, Dinh Muoi Hamlet, Gia Ninh Commune, Quang Ninh District, Quang Binh Province, Viet Nam	Binh Tri Thien

For further information about HSG's branches, please visit website: <https://www.hoasengroup.vn/vi/kenh-phan-phoi>



THE NATIONWIDE DISTRIBUTION-RETAIL BRANCHES ARE INDISPENSABLE FOUNDATION TO IMPLEMENT THE STRATEGY OF "BUYING DIRECTLY FROM PRODUCERS AND SELLING DIRECTLY TO END-USER"



COMMUNITY COHESION SUSTAINABLE DEVELOPMENT

“ WITHIN 16 YEARS OF IMPRESSIVE SUSTAINABLE DEVELOPMENT WITH THE NATIONWIDE DISTRIBUTION NETWORK AND THE PRESENT OF HOA SEN BRAND IN OVER 70 COUNTRIES/TERRITORIES, HOA SEN GROUP IS A PIONEERING ENTERPRISE CONTRIBUTING FOR LIFE, ECONOMY OF THE COUNTRY, SPREADING HUMAN VALUES TO THE COMMUNITY. ”



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

(According to the report of the World Steel Association)

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

THE SUSTAINABLE DEVELOPMENT REPORT

In the fiscal year 2016 - 2017, Hoa Sen Group implemented the Sustainable Development Report applying Guidance of Global Reporting Initiative (GRI) - the most widely used sustainable development reporting standard in the world and the Set of criteria for rating Vietnam Sustainable Enterprises (Corporate Sustainability Index CSI) in order to determine materiality sectors that effect to related parties in order to overview on building Sustainable Development Report and perform sustainable business strategy in the future.

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

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

SCOPE OF SUSTAINABLE DEVELOPMENT REPORT

The basis of information and data in the report are presented for the fiscal year 2016 – 2017 which begins on October 1, 2016 and ends on September 30, 2017. The reports of safety, social, environment are collected from operations of Hoa Sen Group and its subsidiaries. The report presents the business performance in fiscal year 2016 – 2017 and concerns orientation and target in the following years for Hoa Sen Group's sustainable development.

METHOD OF PREPARING SUSTAINABLE DEVELOPMENT REPORT

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

The issues that related to sustainable development target are considered by Hoa Sen Group in relationship with actual operations, determining materiality issues to improve contents and present fully in sustainable development report in the fiscal year 2016 – 2017.

COVERAGE OF SUSTAINABLE DEVELOPMENT REPORT

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

CONTACT

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

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

SUSTAINABLE RELATIONSHIP WITH RELATED PARTIES



CUSTOMERS

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



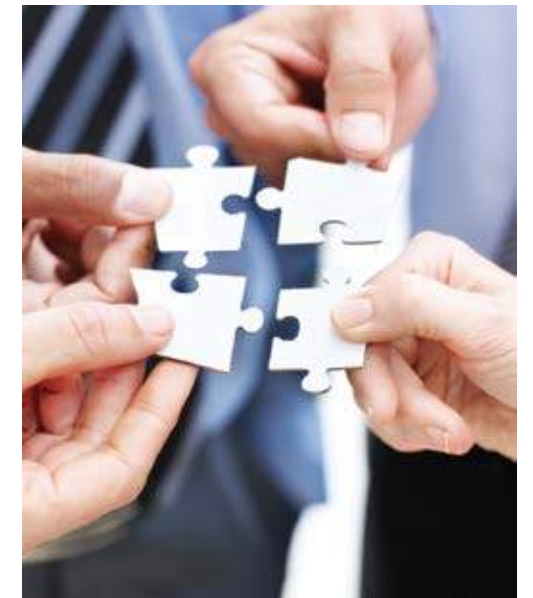
SHAREHOLDERS, INVESTORS

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



EMPLOYEES

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



COMPETITORS

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



SUPPLIERS

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



REGULATORY AUTHORITY

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



PRESS

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



COMMUNITY

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



ACQUISITION OF RELATED PARTIES' FEEDBACK

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

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



KEY ISSUES



RULES OF DETERMINING OF KEY ISSUES

The Hoa Sen Group's sustainable development report of fiscal year 2016 – 2017 is prepared within the fluctuations of steel industry in Vietnam and international markets with critical competition. Therefore, the report focuses on issues that could overcome losses from market, and offers efficient solutions to ensure the Group's operations are always sustainable development.

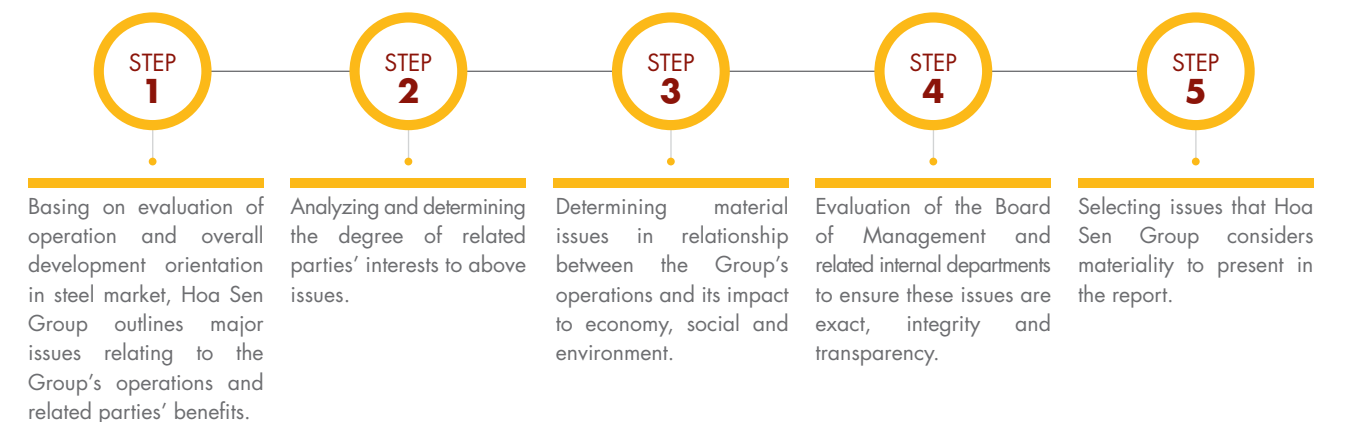
In fiscal year 2016 – 2017, the sustainable development report is prepared by assessing material issues that relating economy, social, environment to the Group's operations as well as satisfying related parties' demand. Determining correctly material issues is very important that ensure the best benefits of related parties. This also is foundation for fulfilling sustainable development report's contents in the following fiscal years.

DETERMINATION OF KEY ISSUES

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

PROCEDURE TO ASSESS KEY ISSUES

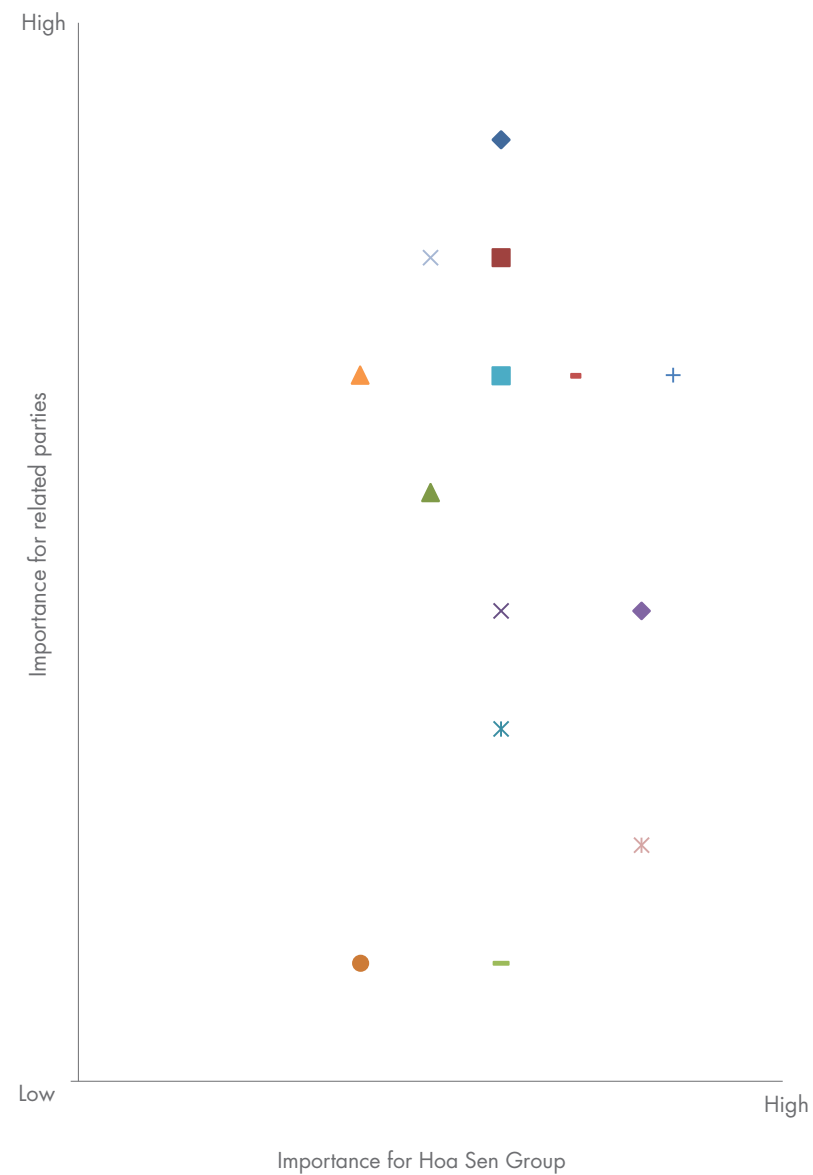
Procedure to assess issues is prepared by Hoa Sen Group as the following steps:



RELATED PARTY	APPROACH
Customer	<p>With the aim to bring the best utility for customers, Hoa Sen Group is the pioneer in the building materials industry in Vietnam to implement the online purchase on its official website www.hoasengroup.vn. On the website, local customers and importers can find all information on the products, select the nearest branch/retail store to place retail orders or commercial orders with large volume. In particular, the form of online chat and Call center 18001515 will advise on specific types of products that meet the demands as well as support and answer all customer's questions.</p> <p>Other approach channels</p> <ul style="list-style-type: none"> • Email gopy@hoasengroup.vn, mail group of related departments; • Update frequently important information to social networks, website; • Hold exhibition, conference, seminar, and meeting.
Employee	<ul style="list-style-type: none"> • Periodically conducting the Labor Union Congress and Hoa Sen Group Employees' Conference; • Meeting to labor union. • Survey employee's opinions to labor safety, working environment, policies, welfare, etc. via email, telephone, social network; • Hold internal training programs; • Hold internal activities such as music performance, sports, union activities, etc. • Interactive channel between Hoa Sen Group labor union and employees is via group mail congdoan@hoasengroup.vn
Partner	<ul style="list-style-type: none"> • Privacy meetings • Receiving and resolving issues via email, telephone, fax, etc. • Public and transparency financial statements, business policy documents, regulations on bidding, etc. • Participating exhibitions, economic forums (VietBuild Exhibition, Vnrea Expo, the leading international exhibition on water supply and drainage sector - Viet Water, Vietnam private economic forum, etc.) • Organizing programs to enhance relationships with partners.
Shareholder - Investor	<ul style="list-style-type: none"> • Monthly, quarterly, on-demand meetings • Receiving and resolving issues via email, telephone, fax, etc. • Holding Annual General Meeting, periodic and extraordinary meetings, posting financial statements in public. • Implementing information disclosure in accordance with regulations of State Securities Commission of Vietnam and Ho Chi Minh Stock Exchange. • Participating seminar, annual forum of steel industry to share information and take opportunity of investment expanding.
Community	<ul style="list-style-type: none"> • In many consecutive years, Hoa Sen Group was co-organizer and main sponsor for program series of motivational speaker Nick Vujicic in Vietnam, to inspire local people and pervading good life values to community. • Performing program "Hoa Sen Steel Sheet – School Together" at more than 800 elementary schools in 63 cities across the country and giving hundred thousands of presents and bicycles to poverty but hard studying pupils • Responding to blood donation activities, charity activities for poor people; visiting and supporting families in disaster and flood areas. • Coordinating local government to explore local people's opinions nearby project area.
Regulatory Authority	<ul style="list-style-type: none"> • Participating actively in organization, association of steel industry; • Attending conference, seminar of steel industry held by Government, Ministries as a member of Vietnam Steel Association; • Complying with legal regulations in all production and business activities.
Press	<ul style="list-style-type: none"> • Implementing public and transparency information disclosure, and interviewing to press offices on communication channels. • Press releasing of Hoa Sen Group's events and send to communication offices for information disclosure. • Updating frequently important information on the Group's website and social network; • Performing television programs and implementing information disclosure of significant events on official communication channels of the Group.

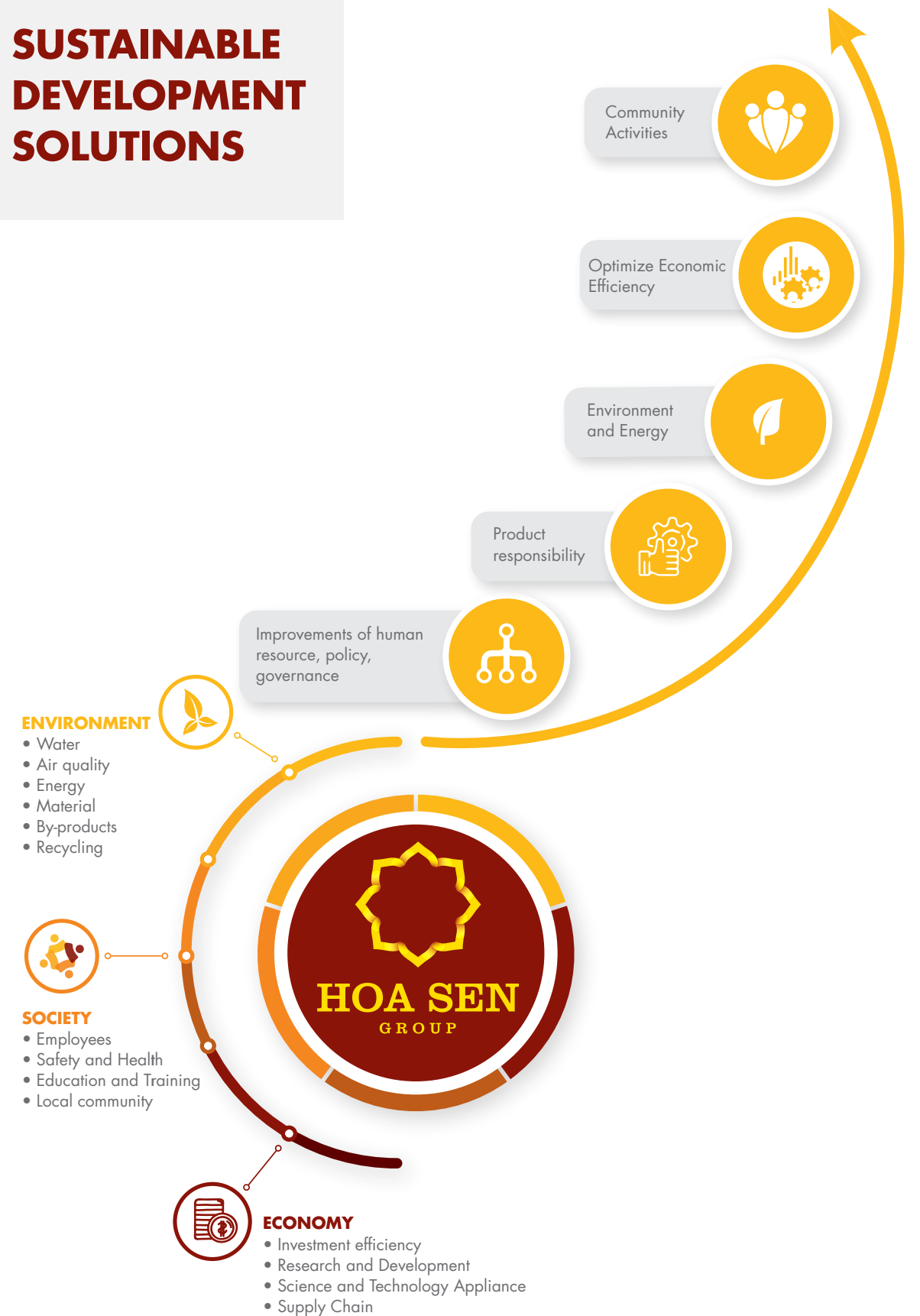
MAJOR IMPACT ASSESSMENT OF IMPORTANT ISSUES OF RELATED PARTIES AND TO HOA SEN GROUP

MATRIX OF THE MATERIAL ISSUES' ASSESSMENT



- ◆ water
- Air quality
- ▲ Energy
- × Material
- ✱ By-products
- Recycling
- + Employees
- Safety and Health
- Education and Training
- Local Community
- ▲ Investment Efficiency
- ◆ Reseach and Development
- × Science and Technology Appliance
- ✱ Supply Chain

SUSTAINABLE DEVELOPMENT SOLUTIONS





IMPROVEMENTS OF HUMAN RESOURCE, POLICY, GOVERNANCE



RESPONSIBILITY TO EMPLOYEES

LABOR RELATIONSHIP

In the collective labor agreement, employer is responsible for solutions of stable production, business development in order to guarantee labor's jobs; increase income; fulfill conditions, policies of employee's development and training, salary and welfare; create working environment safety, comfortably, and labor-oriented benefits, etc. Employees, on the contrary, have to complete assigned work; comply with working rules and the Group's regulations; propose new ideas applying for business operations; commit working after training according to sponsored training costs; compliance strictly labor discipline of safety, hygiene, and fire prevention, etc. The agreement was negotiated and signed by the representatives of employee and employer on the principle of voluntariness, equality and publicity.

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

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

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

“ BASING ON LABOR UNION'S EFFECTIVE OPERATIONS AND THE BOARD OF MANAGEMENT'S CONCERNS ABOUT EMPLOYEES' LIVING, THE COLLECTIVE LABOR AGREEMENT WAS SIGNED AT HOA SEN GROUP TO ENSURE LEGAL RIGHTS AND BENEFITS OF EMPLOYEE AS WELL AS EMPLOYER. ”



HEALTH AND SAFETY

To ensure health for long-time working of all employees, Hoa Sen Group always complies tightly legislation of labor safety, establishes occupational health and safety management system in accordance with OHSAS 18001:2007 standard. The State's regulations as well as the Group's rules regarding to labor safety and occupational health are informed fully to employees before entering in production lines.

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

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

Workplaces ensure airy and light fully. The elements such as dust, poison gas, noise, etc. are measured carefully avoiding harm to environment and labor health. Moreover, personal protective equipments and emergency measures are always ready to timely handle when problem occurs.



LABOR SAFETY ACTIVITIES IN FISCAL YEAR 2016 - 2017

At the beginning of fiscal year, Hoa Sen Group planned labor protection program for the fiscal year and proceeded statistics, figured out problems and solutions, avoided occupational accident. As a result, the number of occupational accident in fiscal year 2016 – 2017 decreased significantly, at the same time occupational disease was not realized. In the fiscal year 2016 – 2017, the company has implemented many measures to ensure labor safety and protect the health of workers, as follows:

SOLUTION OF TECHNOLOGY

- Implementing shielding, warning in dangerous areas.
- Inspecting, maintaining machinery and equipment as planned.
- Adjusting and improving machinery and equipment to make the workers operate more safely.
- Inspecting on time machinery and equipment which have strict requirement of labor safety.



SOLUTION OF MEDICAL – HEALTH CARE FOR EMPLOYEE

- Period of six months (usually in February and August), organizing periodic medical examinations, occupational health examination to detect the disease early for timely treatment.
- Implementing noxious compensatory to employees who work in hard, noxious environment.
- Setting separate medical room at production area which operates 24/24 to ensure good care for labor's health.
- Hiring functional division to measure working environment periodically in every March.
- Make the most of natural light. Replacing all lights with LED lights in order to create a comfortable working environment, full of light for the workers.
- Overhauling the whole system of toilets, installing water heater to serve the needs of living for workers.



INNOVATIONS OF HUMAN RESOURCE POLICY

SOLUTION OF PERSONAL PROTECTIVE EQUIPMENTS

- Depending on working environment, all positions are prepared suitable personal protective equipments.
- Personal protective equipments have to be qualified, aesthetics and convenience for users.
- Employees compel to use personal protective equipments when working.



SOLUTION OF PROPAGANDA AND TRAINING

- In the fiscal year 2016 - 2017, the Group organized training courses of safety – occupational health including:
- Training course of general labor safety for more than 400 employees.
 - Training course of vocational certification for employees who operate rollerbridge and boiler.
 - Training course of labor safety for workers who operate lifting equipment, pressure equipment, electrical maintainance, metal welding and cutting, and for workers who work at height.
 - Training course of first aid for the Group's first aid team.
 - Training course of radiation safety for employee who works in radiation environment.
 - Organizing rehearse to respond to chemical leakage, X-ray radiation problem and gamma radiation problem.
- Besides, labor safety team and rule supervision team also inspect, remind employees everyday to comply the Group's rules and regulations of labor safety.



SOLUTION OF FIRE PROTECTING AND FIGHTING

- The fire protecting and fighting team is organized in accordance with legislation.
- Period of months, inviting firefighter to inform new regulation of fire protecting and fighting as well as usage of fire equipment, fire fighting measure when problem occurs.
- Organizing rehearse of fire fighting at least once a year, getting ready when the worst situation occurs.
- Fire extinguishers are loaded regularly and ensure always ready. Renovating used fire extinguishers which do not meet the requirements of fire fighting.
- Fire alert system is maintained yearly by functional devisions.
- Inspecting periodically safety of electrical system, preparing and fixing timely any state that leads to short-circuit.
- Once a year, implementing ground resistance measurement of anti-lightning system and electrical system.
- Holding non smoking rule within workshop area.
- Rechecking and labelling warning signs in easy-to- fire areas such as: chemical storage, CNG, NH3 station, kiln, painting area, etc.
- Moving paint storage out of the production area to ensure fire safety for the factory.
- All divisions must carry out welding and cutting at clear areas. When required in flammable places, it must be shielded carefully to prevent fire-ray catching to flammable material and under the supervision of the Health and Safety employees.



Towards to build the Group's employees "better, more professional, higher income", Hoa Sen Group implements policies to develop human resources as follows:

SALARY AND BONUS POLICY

Hoa Sen Group always follows overall developing demand of the market; researches and adjusts to maintain the employee's average income which is higher than general average income of labor market and correspond to the Group's business operations. In addition, the Group promulgates and amends some allowance and business salary policies to motivate employees. During fiscal years, Hoa Sen Group maintains to apply many types of rewards for employees who obtained outstanding accomplishments and great contribution to the Group's development. The reward policies are applied in fiscal year 2016 – 2017 including: the 13th month salary, bonus for effectiveness at work monthly, bonus for technical innovation in production, bonus for optimizing costs, bonus for excellent achievements at the end of fiscal year, bonus for national holidays, New Year and the Group's anniversary, etc.

INSURANCE AND OTHER WELFARE POLICY

The social insurance, health insurance and unemployment insurance are performed by the Group in accordance with government stipulations to ensure all employees receive fully these types of insurance. In the 2016 - 2017, the Group adjusted premium rate of Social Insurance, Health Insurance and Unemployment Insurance for employees in accordance with the Government minimum wage policy in January 2017. In addition, the Group has paid 24/24 accident insurance for all employees (including official employees and probationary employees) with the maximum coverage of 100,000,000 VND/person. From January 2018, Hoa Sen Group has adjusted the maximum accident insurance up to 200,000,000 VND/person/case. In addition to the implementation of flexible salary, bonus and insurance policies according to legislation, the Group applies other welfare to employees including yearly vacation, organizing activities of culture, arts, and sports to enhance the spiritual life for employees, canteens for serving daily meals for staff, delivering uniforms, personal protective equipment in accordance with regulations, giving gifts to female employees on the International Women Day and Vietnam Women Day, supporting for maternity, mourning. In addition, Hoa Sen Group always takes care of employee's health and working safety. In each fiscal year, the Group organizes periodic health examination and advices effective treatments depending on examination's results in order to ensure employees working comfortably. Based on the results of health examination in the fiscal year 2016 - 2017, the health level 3rd and 4th decreased; level 1st and 2nd increased. From that result, it can be seen that the Group has a good support to take care of all employees' health. Also in the past fiscal year, all staffs of the Group and employees joining directly in production have been well provided with knowledge and safety skills in production by organizing training courses relating to safety in production such as first aid, labor safety, radiation safety, and chemical safety, electric safety, lifting equipment safety, fire prevention and fighting. Thanks to that, heavy and severe injuries are greatly reduced as workers are provided with sufficient knowledge and skills.

In addition to receiving payment from the Social Insurance agency or the accident insurance 24/24 as prescribed, the Group also supports treatment costs, the compensation/subsidy. Depending on the severity of the occupational accidents, the Group also has its own supportive policies to compensate, motivate and to rebuild the labor force for the employees. The measurement of the working environment according to regulations is maintained periodically over the years. Worthy fostering policy for employees working in heavy, hazardous and poor working environment shall also be implemented in accordance with current regulations.

RECRUITMENT POLICY

In fiscal year 2016 – 2017, Hoa Sen Group constantly promoted recruitment policy, built and attract high quality human resource through significant activities as follows:

- Strengthening the recruitment process to give candidates the opportunity to access recruitment information of the Group through "Job Fair" and "Career Workshop" at the reputable universities in the North – Central – South regions of the country and at the job centers across the country. Particularly, the Group has always focused on recruiting overseas to meet the demand of the Group's specialized departments during the development of more foreign projects.
- Students at universities and colleges are sponsored scholarships, especially students who are under difficult circumstances but trying to improve and get achievements in learning.
- Developing and expanding online recruitment channels along with the official recruitment channel of the Group's Hoasenjobs.com. Candidates' profiles are kept which has increased 9,286 new profiles over the previous fiscal year, bringing the total number of candidates' profiles to 36,598 profiles and expectedly still growing to expand the source of qualified and diversified candidates in order to meet the needs of the specialized departments of the Group in the development of more new projects in and outside the country.
- In order to support employees when getting responsibilities in the distance, Hoa Sen Group has policies including paying for airfare/transport, food/accommodation, etc. in order to help the Group have more opportunities to get closer to labor force.
- With the effort and unstoppable efforts in such recruiting activities, in 2016, Hoa Sen Group was honored in "Top 10 Most Favourite Employers", "Top 2 Most Favourite Employers in Manufacturing" - annual survey of the job website Career Builder Vietnam in cooperation with Insight Asia Company from December 01, 2016 to December 30, 2016. This result has initially affirmed the recruiting brand of Hoa Sen Group, building the image of the Group in the minds of candidates, universities, organizations, etc. contributing to promote Hoa Sen brand into the community.

TRAINING POLICY

In recent fiscal years, Hoa Sen Group has always been paying attention to the training and development for human resources of the organization. The total training cost of the Group in the fiscal year 2016 - 2017 reached nearly VND 7.4 billion, increased 16 times compared to the training budget of the fiscal year 2011-2012. The Group has successfully organized 321 training courses with 14,696 attendees, including outstanding activities as follows:

Developing Functional Division/Department

- In the fiscal year 2016 - 2017, Hoa Sen Group has organized a short-term training program at Harvard University – the USA for 17 managers and 5 undergraduates from National University who had outstanding achievements in the contest “Future Leader 2017” organized by Hoa Sen Group.
- Regularly organizing integration training for new employees, compulsory training courses such as courses relating to occupational safety and health, first aid, fire prevention and fighting, courses for managers, courses to improve skills for internal supervisors, courses relating to knowledge and working skills, etc. In line with the development trend, the Group has coordinated with Boston Global Forum to organize training sessions to reach the target of 100% employees getting “Global Citizens” certificates in the near future.
- The Leadership Club is an event held monthly at Hoa Sen Group. Accordingly, the management team of the Group has regularly attended workshops sharing about management experience, modern management methods, and advanced business development models with speakers who are famous professors and businessmen in and outside the country.

Developing and Supporting Distribution Network

- With 11 subjects (ISM) specially designed for staffs at the branches, the professional internal trainers have trained nearly 700 staffs in the whole system, with 02 phases of organization:
 - Phase 1 offers 6 subjects including Foundation Culture; Teamwork Spirit; Hoa Sen Culture; Knowledge on products; Policies; Criterion - Standards.
 - Phase 2 provides 5 subjects including Market Exploitation & Business Planning Skills; Communication & Teamwork Skills; Sales skills; Debt Control & recovery; Asset control.
- In addition, Department of Training - KPI Evaluation in conjunction with the Regional Executive Offices has conducted training and assessment on the capacity of management trainees through the subjects: Branch management; Market Exploitation skills; Information analysis and reporting skills.
- With the business philosophy of “Helping customers succeed “through the spirit of service, professionalism and homogeneity of Distribution Network, visual standard material” Criterion - Standards” has been created and developed, from that standardizing the image of employees, facilities of distribution network and branches in order to create new competitive advantages for the Group.



- To develop the Branch Managers team, training activities have been implemented to improve the management capacity of nearly 150 Directors through the following subjects: Branch management in accordance with criterion and standards; Creating - Implementing business plan; Tutoring – guiding skills.
- To develop management trainees, the Department of Training – KPI Evaluation coordinated with the Regional Executive Offices to conduct training and assessment on the ability of the management trainees through the following subjects: Branch Management, Market Exploitation skills; Information analysis and reporting skills.

Developing Subsidiaries/Factories

- Carrying out the training for employees of Subsidiaries/ Factories throughout the fiscal year, including compulsory training courses such as integration training, first aid, labor safety, radiation safety, chemical safety, electric safety, lifting equipment safety, fire prevention and fighting; etc. training courses to improve skills and capabilities such as production management, improving mid-level management capability, 5S - Kaizen, etc. Content of training courses closely follow the business and production activities of the Group, has been implemented towards modernization, highly practical with the combination between the theory and practice which can helps learners have the opportunity to study and apply immediately to the practical work.
- At the same time, after-training assessment has been applied in various forms to all training programs. Particularly for staff at Distribution Network, the Group deploys online testing on criterion - standards, professional knowledge and business policies to help staff aware and comply with the regulations, contributing to the improvement of customer service quality and brand reputation of Hoa Sen Group.



BUILDING FRIENDLY AND DEVELOPMENT WORKING ENVIRONMENT

Building friendly, solidary and development working environment is always top priority of Hoa Sen Group. In fiscal year 2016 – 2017, Labor Union cooperated with the Group to hold various exciting activities of arts, sports to care for employees’ life such as:

- Organizing many meaningful activities including: “Golden Spoon” Cooking Contest “Sending Love” Flower Contest on the occasion of the 107th International Women’s Day (March 8th, 1910 March 8th, 2017).
- Organizing many diverse competitions, including: Chinese Chess, badminton, volleyball, tug-of-war, bag jumping, etc. to celebrate the 16th anniversary of Hoa Sen Group (August 08, 2001 – August 08, 2017).
- Holding “2017 Golden Lotus Singing” contest to search and honor talent voice of the Group in celebration of Hoa Sen Group 16th Anniversary (August 08, 2017).
- Organizing Mid- Autumn Festival in 2017 for the children of members of Labor Union and other unions under Hoa Sen Group.
- Giving gifts for employee’s children on Children’s Day; organizing ceremony to honor employees’ children who obtained outstanding academic achievements in 2016 - 2017.



WITH ALL POLICIES OF SALARY, REWARD, WELFARE AND FRIENDLY, DYNAMIC WORKING ENVIRONMENT, IN 4 CONSECUTIVE YEARS (FROM 2013 TO 2016), HOA SEN GROUP IS IN TOP 5 OF BUILDING MATERIALS SECTOR AND TOP 100 VIETNAM BEST PLACES TO WORK AS THE RESULT OF THE SURVEY “TOP 100 VIETNAM BEST PLACES TO WORK” CONDUCTED BY ANPHABE AND NIELSEN COMPANY.



PRODUCT RESPONSIBILITY



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

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

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

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

PRODUCT QUALITY ENHANCEMENT, QUALIFY DOMESTIC AND INTERNATIONAL STANDARDS



By investing advanced technology and reforming the lines, Hoa Sen Group did develop and maintain the integrated controlling system which consists of quality management system ISO 9001:2015, environmental management system ISO 14001:2015, occupational health and safety advisory services OHSAS 18001:2007 as a mean to response to social and environmental responsibility and satisfy customer's demand.

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

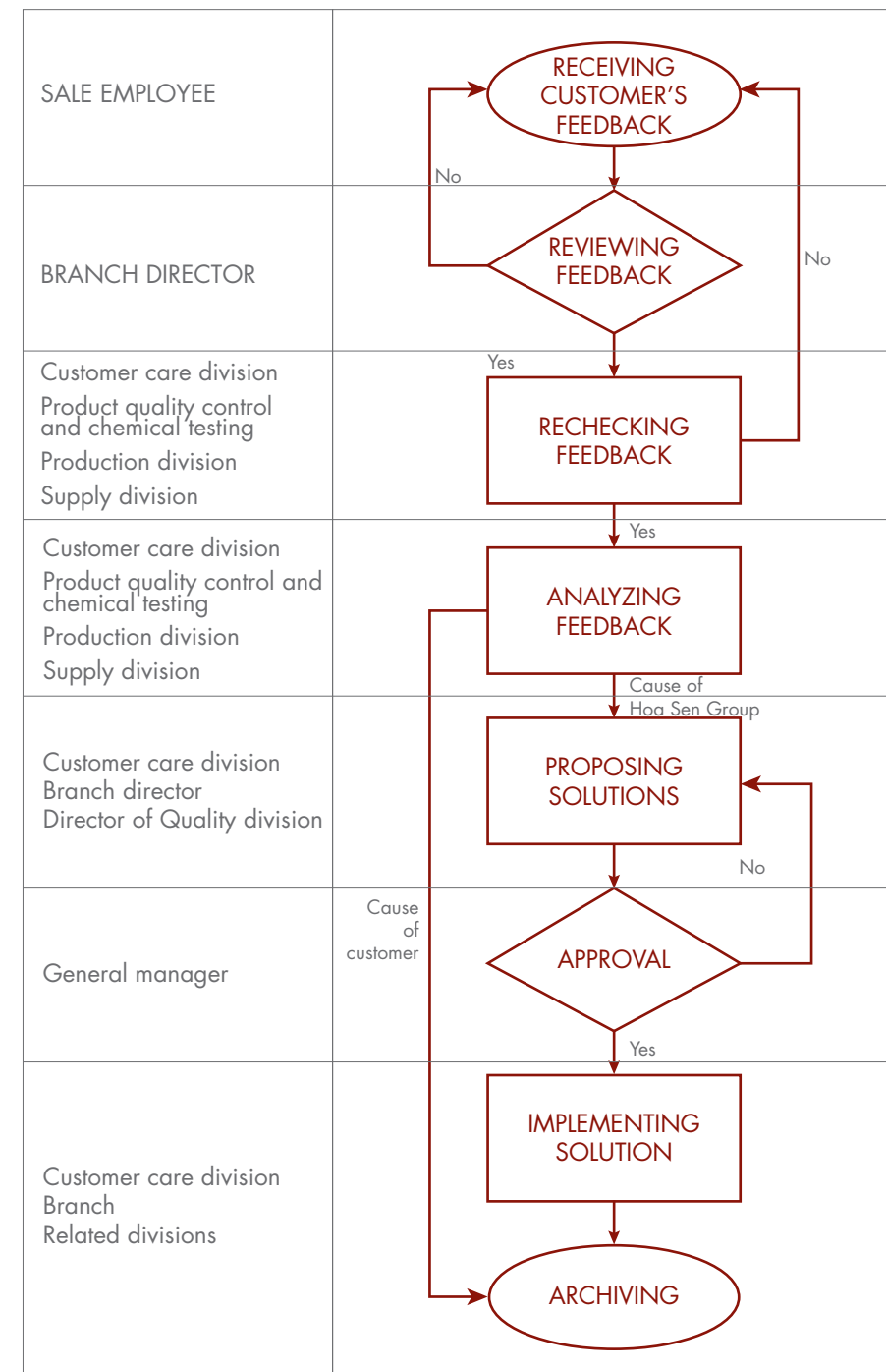
Additionally, Hoa Sen Group periodically reviews the production process, product allocation as well as conducts research to improve the technology in order to reduce the energy, fuel consumption and boost the competitiveness of the products.

COMMITMENT TO CONSUMER

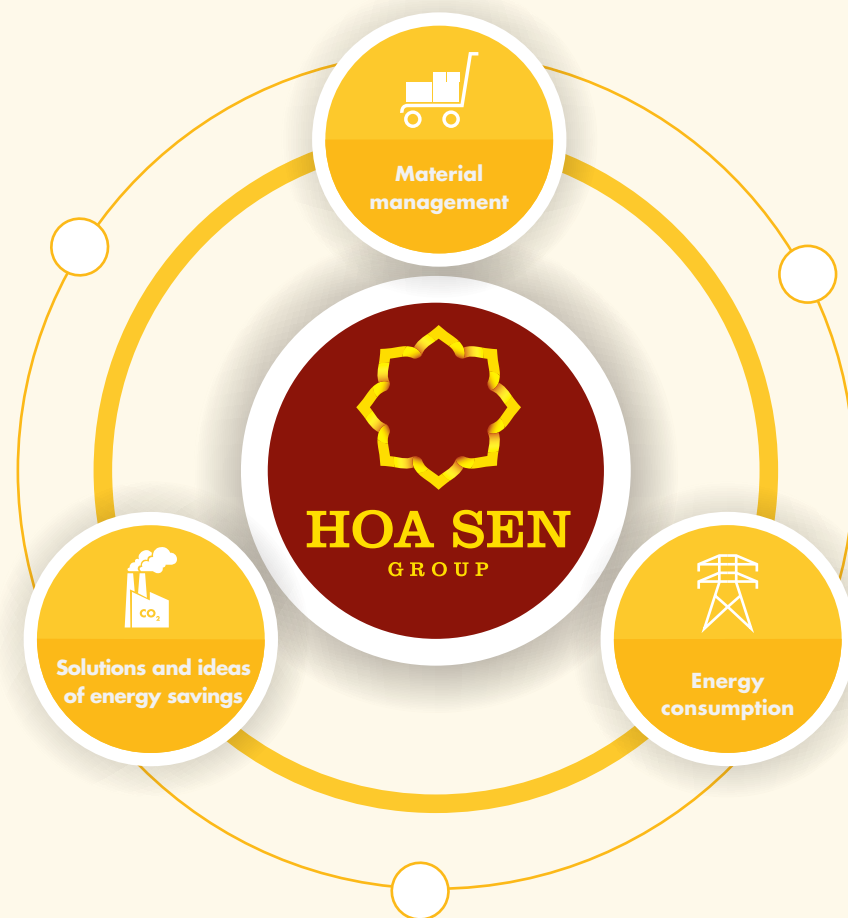


Hoa Sen Group has established warranty policy from 10 to 20 years for the products of Pre-Painted Galvanized Steel Sheet, Aluminum-Zinc Alloy Coated Steel Sheet and Pre-Painted Aluminum-Zinc Alloy Coated Steel Sheet. In addition, Hoa Sen Group is willing to receive all inquiries, complaints of product quality through various channels (telephone, email, and fax) or fill in "Feedback form" to suppose solutions that satisfy customers.

The process of resolving customer feedback of Hoa Sen Group is presented as the following flowchart:



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



MATERIAL MANAGEMENT

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



ENERGY CONSUMPTION

Direct and indirect energy consumption

In the fiscal year 2016-2017, direct and indirect energy consumption at parent company and its subsidiaries / factories are as follows:

DESCRIPTION	ELECTRICITY CONSUMPTION (Kwh)		WATER CONSUMPTION (m³)
	For production, supply operations	For office, lightning operations	For production, supply, living, irrigation operations
1. Hoa Sen group	197,434,695	3,295,897	969,496
2. Subsidiaries/ Factories	217,865,861	3,714,302	692,564
Total	415,300,556	7,010,199	1,662,060

Solutions of energy saving are applying

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



SOLUTIONS AND IDEAS OF ENERGY SAVINGS TECHNICAL SOLUTIONS

- Expanding or adding more windows which installed by glass, skylight steel sheets to maximize natural light usage.
- Replacing incandescent bulbs to electrical saving compact lights.
- Installing gutters, covers of lights to increase light reflection and placing lights at appropriate height.
- Replacing overloaded electrical wire to matching electrical wire.
- Replacing old, damaged electrical wire to new ones.
- Repairing joints, cosse head, tangential points, knife switch, connector which are overloaded.
- Allocating transmission which is balanced on every production line in accordance with designed capacity of transformers.
- Implementing reactive power compensation for engines which are high capacity operations.
- Operating transformers in each appropriate mode (norm mode, under loaded mode).

ADMINISTRATION, MANAGEMENT SOLUTIONS

Regulation of electrical equipment usage

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

Tracking and monitoring

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

Rewarding and encouraging

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

COMPLIANCE WITH THE LAW OF ENVIRONMENTAL PROTECTION

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

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

- All Hoa Sen Group's subsidiaries/plants perform environmental impact assessment/ environmental protection project/ environmental protection commitment before operation. During operation, subsidiaries/plants measure and supervise environment quarterly and report to authorities.

- ISO sections of subsidiaries/plants always update environmental legislations to comply and inform to related divisions. ISO sections also assess the compliance of legislation before the Group's ISO division rechecks every six months.

- To improve supervision and management in environmental protection, Hoa Sen Group has developed, maintained and enhanced environment management system in accordance with ISO 14001:2015 standard which certificated by BUREAU VERITAS.

- In yearly period or when environment management system has been modified, Hoa Sen Group identifies environmental sector to have good control in significant environmental sector as the following:

- Waste water is treated in accordance with eligible standard before getting in centralized waste water treatment system of industrial park.

- Emissions are treated in accordance with column B – QCVN 19:2009/BTNMT before discharging into environment.

- Solid waste is classified, collected and transfer for treatment in accordance with legislation. Scraps are classified at original source, each kind of scraps is contained in trash can with specific label. When trash can is full, it will be transferred to the company's garbage house at specific area.

- For hazardous waste, Hoa Sen Group has been issued certification of owning hazardous waste. When the hazardous waste volume has changed, the Group also modifies the certification. In addition, Hoa Sen Group has signed agreement with functional authorities which have license to transport and handle waste.

- In factory area, to allocate harmony building structure, the Group has used ground for trees, lawns to create beautiful landscape and contribute much for fresh air.

- In addition, to ensure working environment with high standard for employee's health, the Group applies technical solutions to clear the workshop, reduce noise and equip exhaust fans, industrial fans. Hoa Sen Group also measures environmental parameters periodically in accordance with legislation.



OPTIMIZE ECONOMIC EFFICIENCY

APPLICATION ON MODERN TECHNOLOGY AND IMPROVEMENT ON PRODUCTION SYSTEM

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

- In 2007, Hoa Sen Group was the first private enterprise in Vietnam to invest in Galvanizing line with non-oxidizing furnace (NOF technology).

- In 2009, Hoa Sen Group was the first enterprise in Southeast Asia to invest in hot dip galvanizing line with non-oxidizing furnace (NOF technology).

- In 2010, Hoa Sen Group was the first enterprise to invest synchronously in centralized blending system, plastic pipe line of Battenfeld – Cincinnati applied by European technology and laboratory qualified Japanese standard in order to provide high quality products with competitive price to consumers.

- In 2011, Hoa Sen Group completed Phase 1 of Hoa Sen Phu My Steel Sheet Plant Project. Currently, this is one of the largest steel sheet plants in Southeast Asia with modern and synchronous production lines and machinery system.

- In 2017, the Group has deployed the investment in Hoa Sen Phu My Hot-Dip Galvanized Steel Pipe Plant Project. In the first phase of the project, Hoa Sen Group has invested in a hot-dip galvanized steel pipe line with a capacity of 85,000 tons/year. The lines use modern technology imported from Europe. The output meets the standards of quality, good thickness of coating, good coating adhesion, highly applicable in many constructions.

ENHANCING PRODUCTION CAPACITY, MEETING THE DEMAND OF CONSUMERS

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

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

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



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

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

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

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

Expanding the production system is one of the key strategies of Hoa Sen Group over the past years. Currently, Hoa Sen Group owns 11 large plants located across the country in the North - Central - South. These plants are invested in synchronous machinery system, applying modern technology to production, producing products that are consistent in quality and meet international standards. With the establishment of plants in each region, Hoa Sen Group will reduce the cost of transportation, short delivery time; quickly meet market needs in every area. In addition to expanding its production system, Hoa Sen Group also focuses on increasing Hoa Sen popularity to every corner of the country by expanding its branch network and stores. Currently, Hoa Sen Group owns more than 350 branches, bringing the best products and shortest delivery time to the end users in the country.



DIVERSIFY PRODUCT

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

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

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

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

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

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

+ Being manufactured by modern production line with the advanced European technology and the centralized blending system, the uPVC plastic pipe products are homogeneous and high quality in accordance with standards of BS 3505:1968/BS EN 1452-2:2009 (England); AS/NZS 1477:2006 (Australia); ISO 4422:1996, TCVN 6151-2:2002 (Vietnam), TCVN 8699:2011 (Vietnam). Hoa Sen Plastic Pipes are widely used in various fields such as civil and industrial water supply and drainage, buildings, telecommunication constructions, etc.

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

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

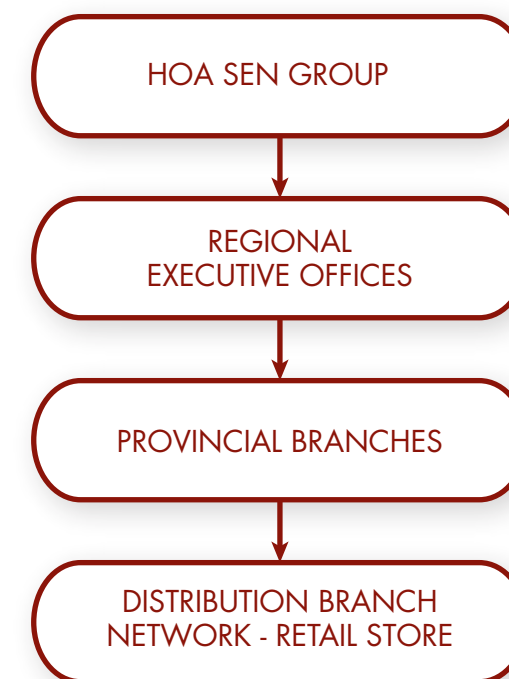
+ In the fiscal year 2016 - 2017, the Group started to invest in Hoa Sen Phu My Hot-Dip Galvanized Steel Pipe Plant. Expected in March 2018, the project will go into operation and launch the product "Hoa Sen Hot-Dip Galvanized Steel Pipe". Hot-dip galvanized steel pipes are superior in the thickness of coating in comparison with normal galvanized steel pipe. With modern technology, hot-dip galvanized steel pipe line will produce products having coating mass with equal thickness, ensuring high corrosion resistance, keeping the quality and sustainability of works, machinery and equipment, at the same time maintaining aesthetics. Hot-dip galvanized steel pipe products will have shiny surface, no need to have a protective coating, environmentally friendly, especially resistant to severe environmental conditions.

APPLYING ADVANCED MANAGEMENT PROCESS, PERFECTING MANAGEMENT OPERATION AND MODEL

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

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

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



“ BEING CONSISTENT WITH THE BUSINESS PHILOSOPHY OF **“INTERGRITY – COMMUNITY – DEVELOPMENT”** OVER THE PAST 16 YEAR, HOA SEN GROUP HAS ALWAYS BROUGHT HAPPINESS TO SHARE WITH THE COMMUNITIES THROUGH VARIOUS CHARITABLE ACTIVITIES. ”

“OVERCOME OURSELVES” PROGRAM

Being the sponsor for charitable program as “Overcome ourselves”, Hoa Sen Group has left a decent impression in the community for its moral and humanitarian values. “Overcome ourselves” program has been broadcasted on HTV7 channel – Ho Chi Minh City Television and other 16 local televisions nationwide (VTC9, Dong Thap, Ben Tre, Soc Trang, Quang Binh, Tay Ninh, Ninh Thuan, Hue, Nghe An, Ninh Binh, Ha Nam, Binh Phuoc, Dak Lak, Bac Lieu, Ca Mau, Quang Ninh). The program is for poverty households that have technical skills but still have loans from the bank. The program brings opportunities to pay off the loans and support finance for the household by contest of their occupations. It has been 13 years (since Sept 2005 – now) that the program has been kicked off and it has been together with 676 households to support them overcome hardship and have better future. Until now, the total fund given to household is around 30 billion VND. With the program, Hoa Sen Group does make a great change for many households to have better life and disperse the humane value.



“GOLDEN SMALL BELL” PROGRAM

The program has been broadcasted on every Sunday at 8.45pm on VTV1 – Vietnam Television and other 16 local Televisions nationwide (Kien Giang, Soc Trang, Ben Tre, Quan Binh, Ha Nam, Binh Phuoc, Dak Lak, Bac Kan, Dong Nai, Tay Ninh, Ninh Thuan, Thua Thien Hue, Nih Binh, Bac Lieu, VTC9 – Let’s Viet, Yen Bai). There are 12 criteria for choosing the households and the program cooperates with the Commune Peoples’ Committee to pick 6 households/commune (01 program/commune). After 5 years, the “Golden Small Bell” program truly gave hope to over 1,560 households with a pair of cows donation for each household. Moreover, the community has also given a cow for each 849 households.



“THE FUTSAL CUP FOR UNDERPRIVILEGED CHILDREN”



As being trusted and loved by community, Hoa Sen Group always care for underprivileged but vigorous children. For over 10 consecutive years, Hoa Sen Group has been along with “the Futsal Cup for underprivileged children”, jointly organized by Ho Chi Minh City Police Newspaper and Vietnam Sport Newspaper. The prize was established in 1999 and usually held on the occasion of the International Children’s Day (June 1) with the hope of creating an joyful playground for underprivileged children who are living in SOS villages, loving homes, reform schools, ect. so they can have chances for physical training, socializing with other friends.





“VIET FAMILIES’ SWEET HOME”

“Viet families’ sweet home” is an annual community activity of Hoa Sen Group for several years. In order to bring a merry and heart-warming Lunar New Year, Hoa Sen Group held events for 2,000 children at 14 loving homes, reform schools, disabilities and elderly day care centers, orphanages, ect. in Ho Chi Minh City and other vicinity provinces. It also took a visit and provided 1,250 kg of rice and other necessities as milk, clothes, instant noodles, ect. to children in Thien Duyen loving homes (Cu Chi District) and Binh Duong Social Affair Center.



“HOA SEN STEEL SHEET – SCHOOL TOGETHER”

This program of Hoa Sen Group pays a significant interest on poor but studious pupils all over the country. On the opening school ceremony 2017-2018, Hoa Sen Group continued to carry out the “Hoa Sen Steel Sheet – School together” with the donating of 46,800 presents (notebooks and school utensils) and 200 bikes for pupils under hardship but willing to learn at primary schools across the country. By that, the program did support and motivate many pupils to follow their dreams.



SUPPORTING THE FUND FOR PROMOTING EDUCATION AT BINH DINH

At the inauguration of Hoa Sen Nhon Hoi – Binh Dinh plant, Hoa Sen Group donated 300 million VND to the funds for promoting education, which belong to Quy Nhon Association for Promoting Education, Phu Cat Association for Promoting Education and Phu My Association for Promoting Education. This is an act out of responsibility of Hoa Sen Group for over 16 years.



VTV International Cycling Tournament Hoa Sen Steel Sheet Cup 2017

In order to establish lively and exciting playground in sports, Hoa Sen Group holds an annual sponsorship for various sport grand prize as VTV International Cycling Tournament – Hoa Sen Steel Sheet Cup 2017, VTV International Woman Volleyball Tournament – Hoa Sen Steel Sheet Cup 2017, Binh Duong Television Cycling Tournament – Hoa Sen Plastic Pipes Cup 2017, ect. Among those, the VTV International Cycling Tournament – Hoa Sen Steel Sheet Cup 2017, which started from Ha Noi on Vietnam Independent Day (September 2, 2017) and finished at Ho Chi Minh City on September 17, 2017) was beyond a plain sport prize. With other programs alongside the prize such as 200 bikes donation for studios pupils at each checkpoint and the “ Hoa Sen Steel Sheet – School Together”, which provided bags and notebooks for children across the country, the cycling tournament also brought humane and moral values to society.



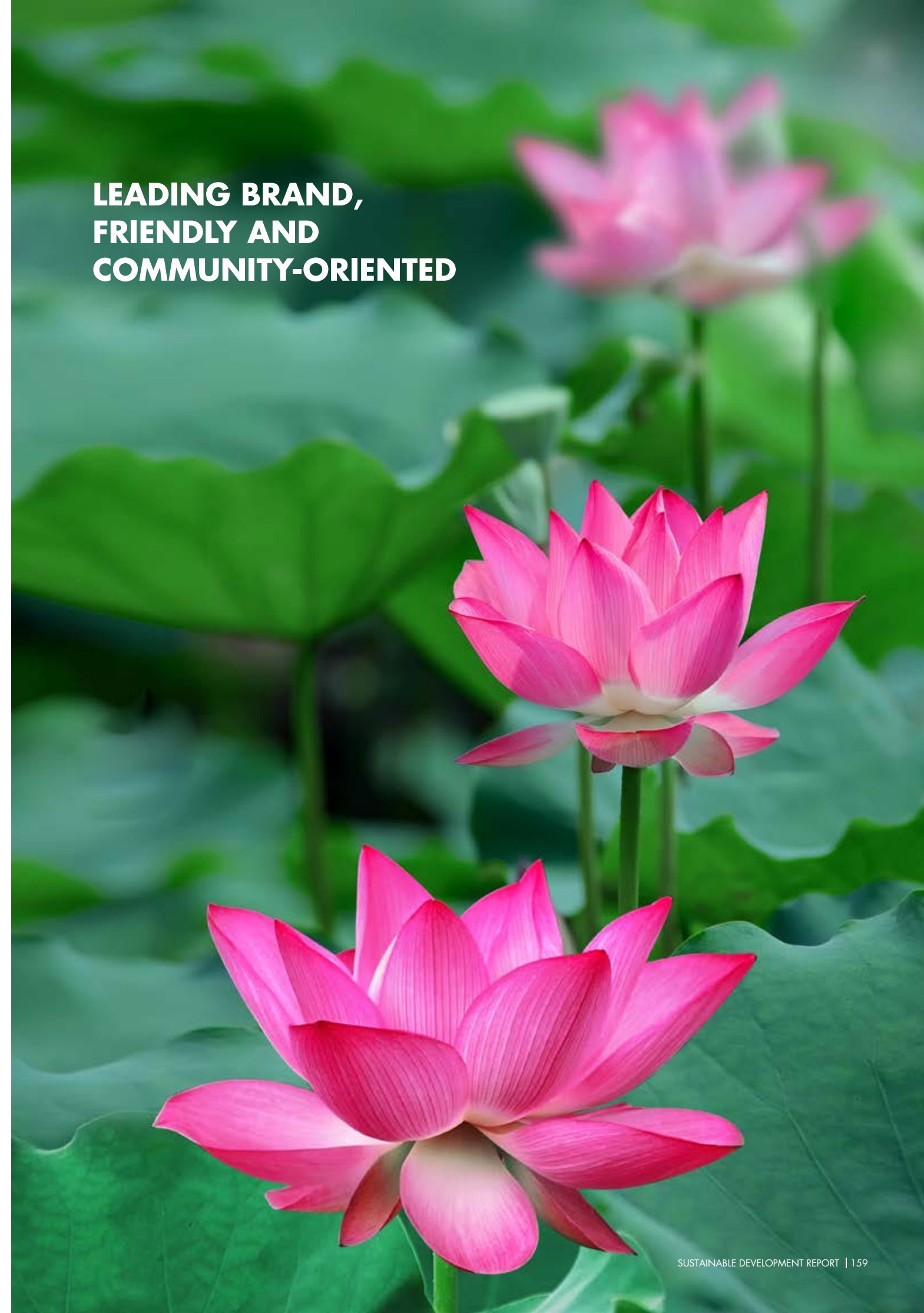
GIVING 6,100 METERS OF SHEET STEEL TO FLOOD VICTIMS IN KHANH HOA AND PHU YEN PROVINCE

The typhoon Damrey did leave a significant devastation in casualty and property in Phu Yen and Khanh Hoa Province. To support the people in these regions to recover, Hoa Sen Group quickly provided 6,100 meters of steel sheet to the households that suffered the damage by the storm and could not afford the fixing fee. With that prompt and appropriate action, Hoa Sen Group would like to share the burden with people that suffered from the storm and help them to restore their life after that.



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

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





GRI G4 SUSTAINABILITY REPORTING GUIDELINES

INDICATOR	GRI CRITERIA	CONTENT	PAGE
GENERAL STANDARD			
STRATEGY AND ANALYSIS			
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Message from Chairman of the Board of Directors	7
G4-2	Provide a description of key impacts, risks, and opportunities.	Overview of Vietnam's economy and market situation of steel industry in 2017. Development orientation in the period 2018-2023 Hoa sen group's objectives in the fiscal year of 2017 - 2018 Risk management	56 52 60 92
ORGANIZATIONAL PROFILE			
G4-3	Report the name of the organization.	General information	12
G4-4	Report the primary brands, products, and services.	Principal Activities Product category	13 36
G4-5	Report the location of the organization's headquarters.	General Information	12
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Distribution channels to countries around the world Distribution retail network Promotion of foreign investment General Information	45 117 76 12
G4-7	Report the nature of ownership and legal form.	History of establishment and development Hoa Sen Group Model and Organization Chart.	21 24
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Distribution retail branch Distribution channels to countries around the world	117 45
G4-9	Report the scale of the organization	Distribution retail branch Distribution channels to countries around the world Outstanding numbers and events in the fiscal year 2016 - 2017 Hoa Sen Group Model and Organization Chart Subsidiaries/Associates	117 45 14 24 98
G4-10	Report the employees	Labor force overview	94
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	Labor relation	136
G4-12	Describe the organization's supply chain.	Vertically integrated value chain	43
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Restructure the management system and adjust the concordance of the Group Model and Organizational Chart.	65
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	Risk management	92
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Awards and achievements Meet international standards	17 142
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization.	Hoa Sen Group is currently a member of the Global Growth Companies and Vietnam Steel Association.	47, 63

INDICATOR	GRI CRITERIA	CONTENT	PAGE
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents and report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Report on the performance of subsidiaries and affiliates.	98
G4-18	Explain the process for defining the report content and the Aspect Boundaries and explain how the organization has implemented the Reporting Principles for Defining Report Content.	Method to define the report content	127
G4-19	List all the material Aspects identified in the process for defining report content	Key issues	133
G4-20	For each material Aspect, report the Aspect Boundary within the organization	Overview of sustainable development report	126
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	Overview of sustainable development report Assessment on key issues	126 133
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	In the fiscal year 2016 - 2017, Hoa Sen Group has set a clearer and more positive direction for sustainable development and has invested in the scale and content of sustainable development reporting.	127
STAKEHOLDER ENGAGEMENT			
G4-24	Provide a list of stakeholder groups engaged by the organization.	Related parties' chart.	128
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Sustainable relationships among related parties.	128
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Acquisition of related parties' feedback	131
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	Assessment on key issues	133
REPORT PROFILE			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	The report was updated for the fiscal year 2016 -2017 of Hoa Sen Group, starting from October 01, 2016 and ending on September 30, 2017.	127
G4-29	Date of most recent previous report (if any).	The fiscal year 2015 - 2016	
G4-30	Reporting cycle (such as annual, biennial).	Reporting cycle is done annual	
G4-31	Provide the contact point for questions regarding the report or its contents.	Contact information	127
G4-32	Report the 'in accordance' option the organization has chosen. Report the GRI Content Index for the chosen option and the reference to the External Assurance Report, if the report has been externally assured.	Overview of Sustainable Development Report.	126

INDICATOR	GRI CRITERIA	CONTENT	PAGE
GOVERNANCE			
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Hoa Sen Group Model and Organization Chart. Activities of the Board of Directors and Committees. Advanced management model towards sustainable development.	24 82 149
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Advanced management model towards sustainable development.	149
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Advanced management model towards sustainable development.	149
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	Acquisition of related parties' feedback Advanced management model towards sustainable development.	131 149
G4-38	Report the composition of the highest governance body and its committees.	The Board of Directors, The Board of Management, The Board of Supervisors	28
G4-39	Report whether the Chair of the highest governance body is also an Executive Director	Chairman of the Board of Directors directly participates in the management. Activities of the Board of Directors	82 82
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	Activities of the Board of Directors	82
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed.	Business ethics.	80
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Advanced management model towards sustainable development.	149
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	Solution of sustainable development.	135
G4-44	Report the processes for evaluation of the highest governance body's performance and actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	Management evaluation.	134
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities; and whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	Report on risk management	92
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Report on risk management	92

INDICATOR	GRI CRITERIA	CONTENT	PAGE
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Report the meetings of the Board of Directors and the contents of approved resolutions.	82
G4-49	Report the process for communicating critical concerns to the highest governance body.	Process of receiving and handling information	143
G4-51	Report the remuneration policies for the highest governance body and senior executives; Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	Remuneration, other income of the Board of Directors, the Board of Supervisors.	86
G4-52	Report the process for determining remuneration; report whether remuneration consultants are involved in determining remuneration and whether they are independent of management; report any other relationships which the remuneration consultants have with the organization.	Remuneration, other income of the Board of Directors, the Board of Supervisors.	86
ETHICS AND INTEGRITY			
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Culture of 10 T letters Vision – Mission – Core Values – Business Philosophy Culture of the company Business ethics	4 15 4 80
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	Vision – Mission – Core Values – Business Philosophy Business ethics Sustainable relationships among stakeholders. Acquisition of related parties' feedback	15 80 128 131
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	Business ethics	80
CATEGORY: ECONOMIC			
ECONOMIC PERFORMANCE			
G4-DMA	Report why the Aspect is material; report the impacts that make this Aspect material; report how the organization manages the material Aspect or its impacts; report the evaluation of the management approach.	Development strategies for the period 2018 - 2023 Orientation for the implementation of the 2017-2018 plan	52 54
G4-EC1	Direct economic value generated and distributed	Business result of the fiscal year 2016 - 2017 Report on community activities, contributions to society	56 150 150
G4-EC3	Coverage of the organization's defined benefit plan obligations	Report on community activities, contributions to society	139
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Improvements in human resource policy.	
INDIRECT ECONOMIC IMPACTS			
G4-EC7	Development and impact of infrastructure investments and services supported	Indirect economic impact, ensuring employment for workers, creating jobs for local people where plants are located.	98 150
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Contributions to economy - society	

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CATEGORY: ENVIRONMENTAL			
MATERIALS			
G4-DMA	General Management Approach	Material management	144
ENERGY			
G4-DMA	General Management Approach	Current energy saving measures	145
		Energy-saving solutions and initiatives.	145
G4-EN	Energy consumption within the organization	Report on energy consumption	145
G4-EN5	Energy intensity		
G4-EN6	Reduction of energy consumption	Current energy saving measures	145
G4-EN7	Reductions in energy requirements of products and services	Energy-saving solutions and initiatives	145
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G4-DMA	General Management Approach	Current energy saving measures	145
G4-EN8	Total water withdrawal by source	Report on water consumption.	145
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G4-DMA	General Management Approach	Compliance with the law on environmental protection in the treatment of waste water, waste gas and hazardous waste.	146
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EMPLOYMENT			
G4-DMA	General Management Approach	Improvements in human resource policy.	139
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Labor force overview.	94
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation	Report income of employees	96
LABOR/MANAGEMENT RELATIONS			
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Labor relations, Collective bargaining agreements.	136
G4-DMA	General Management Approach	Sustainable relationships with employees.	136
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OCCUPATIONAL HEALTH AND SAFETY			
G4-DMA	Occupational Health and Safety	Occupational Health and Safety	137
G4-LA8	Health and safety topics covered in formal agreements with trade unions	Occupational safety and health activities have been implemented.	137
TRAINING AND EDUCATION			
G4-DMA	General Management Approach	Human resource development.	139
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Improvements in training policies.	140
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Training.	140
		Training policies.	140
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Improvements in human resource policy.	140
DIVERSITY AND EQUAL OPPORTUNITY			
G4-DMA	General Management Approach	Ethics for employees.	80
		Sustainable relationships with employees.	129
		Labor relations	136
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Labor force overview.	94

INDICATOR	GRI CRITERIA	CONTENT	PAGE
LABOR PRACTICES GRIEVANCE MECHANISMS			
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G4-DMA	General Management Approach	Improvements in human resource policy	140
NON-DISCRIMINATION			
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		Sustainable relationships with employees	129
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SUPPLIER HUMAN RIGHTS ASSESSMENT			
G4-DMA	General Management Approach	Sustainable relationships among stakeholders - Suppliers	130
HUMAN RIGHTS GRIEVANCE MECHANISMS			
G4-DMA	General Management Approach	Sustainable relationships among stakeholders - Employees	129
SOCIETY			
LOCAL COMMUNITIES			
G4-DMA	General Management Approach	Sustainable relationship with the community	130
		Community activities.	150
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Reporting involves responsibility to the local community, contributing to society.	150
ANTI-CORRUPTION			
G4-DMA	General Management Approach	Culture of 10 T letters	4
		Core values	15
G4-SO4	Communication and training on anti-corruption policies and procedures	Sustainable relationships among stakeholders.	128
ANTI-COMPETITIVE BEHAVIOR			
G4-DMA	General Management Approach	Sustainable relationships among stakeholders.	128
COMPLIANCE			
G4-DMA	General Management Approach	Optimizing economic efficiency	147
		Compliance with the law on environmental protection	146
PRODUCT RESPONSIBILITY			
CUSTOMER HEALTH AND SAFETY			
G4-DMA	General Management Approach	Responsibility for the product	142
		Customer complaint handling process	143
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	All products of Hoa Sen Group are strictly inspected on the production, packing, transportation and use for the purpose of ensuring high safety.	142
INFORMATION AND SERVICE LABELING			
G4-DMA	General Management Approach	Product category	36
MARKETING COMMUNICATIONS			
G4-DMA	General Management Approach	5 core competitive advantages	40
		Sustainable relationships with competitors.	129
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G4-DMA	General Management Approach	Sustainable relationships with customers.	128
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HOA SEN GROUP

SEPARATE FINANCIAL STATEMENTS

30 September 2017

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HOA SEN GROUP

THE GENERAL INFORMATION

THE COMPANY

Hoa Sen Group ("the Company") is a shareholding company incorporated pursuant to the Law on Enterprise of Vietnam in accordance with the Business Registration Certificate ("BRC") No. 3700381324 issued by the Department of Planning and Investment of Binh Duong Province on 8 August 2001, as amended.

The Company's current principal activities are manufacturing roofing sheets by galvanized steel, zinc alloy, paint galvanized zinc plating and plating of other alloys; producing steel purlins, galvanized purlins; manufacturing black steel pipes, galvanized steel pipes and other alloys; manufacturing steel mesh, galvanized steel wire, steel wire; buying and selling building materials, capital goods and consumer goods; renting warehouse and transporting goods; building industrial and civil constructions and producing cold rolled steel coils and leasing machinery and equipment and other tangible belongings.

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

The Company's registered head office is located at No. 9, Thong Nhat Boulevard, Song Than II Industrial Park Di An Ward, Di An Town, Binh Duong Province, Vietnam. In addition, the Company also has three hundred and forty three (343) branches located in various provinces in Vietnam.

BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are as follows:

Mr Le Phuoc Vu	Chairman
Mr Tran Ngoc Chu	Vice Chairman
Mr Pham Gia Tuan	Member
Mr Tran Quoc Tri	Member
Mr Ly Van Xuan	Member

BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are as follows:

Mr Le Vu Nam	Head of the Board
Mr Le Dinh Hanh	Member
Ms Dong Thi Thanh Hang	Member

MANAGEMENT

Members of the Management during the year and at the date of this report are as follows:

Mr Tran Ngoc Chu	General Director	
Mr Hoang Duc Huy	Deputy General Director	
Mr Tran Quoc Tri	Deputy General Director	
Mr Vu Van Thanh	Deputy General Director	
Mr Nguyen Minh Khoa	Deputy General Director	
Mr Ho Thanh Hieu	Deputy General Director	
Mr Tran Quoc Pham	Deputy General Director	
Mr Nguyen Ngoc Huy	Acting Deputy General Director	appointed on 15 March 2017
Mr. Phan Duy Quang	Deputy General Director	resigned on 15 March 2017

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Le Phuoc Vu.

Mr. Tran Ngoc Chu is authorised by Mr. Le Phuoc Vu to sign the accompanying separate financial statements for the year ended 30 September 2017 in accordance with the Letter of Authorisation No. 51/UQ/CT-HDQT/2016 dated 23 March 2016.

AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

REPORT OF THE GENERAL DIRECTOR

The General Director of Hoa Sen Group ("the Company") is pleased to present his report and the separate financial statements of the Company for the year ended 30 September 2017.

THE GENERAL DIRECTOR'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The General Director is responsible for the separate financial statements of each financial year which give a true and fair view of the separate financial position of the Company and of the separate results of its operations and its separate cash flows for the year. In preparing those separate financial statements, the General Director is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the separate financial statements; and
- Prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

The General Director is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the separate financial position of the Company and to ensure that the accounting records comply with the applied accounting system. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The General Director confirmed that he has complied with the above requirements in preparing the accompanying separate financial statements.

STATEMENT BY THE GENERAL DIRECTOR

The General Director does hereby state that, in his opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 30 September 2017, and of the separate results of its operations and the separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the separate financial statements.

As disclosed in Note 14.1 of the accompanying separate financial statements, the Company is a parent company with subsidiaries and it is in the process of completing the preparation of the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 30 September 2017 in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the interim consolidated financial statements.

Users of the separate financial statements should read them together with the said consolidated financial statements of the Group for the year ended 30 September 2017 in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group.



Tran Ngoc Chu
General Director

25 December 2017

Reference: 61183992/19355153

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Hoa Sen Group

We have audited the accompanying separate financial statements of Hoa Sen Group ("the Company") as prepared on 25 December 2017 and set out on pages 5 to 50 which comprise the separate balance sheet as at 30 September 2017, the separate income statement and the separate cash flow statement for the year then ended and the notes thereto.

THE GENERAL DIRECTOR'S RESPONSIBILITY

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

AUDITORS' RESPONSIBILITY

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

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

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



OPINION

In our opinion, the accompanying separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Company as at 30 September 2017, and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the separate financial statements.

EMPHASIS OF MATTER

As disclosed in Note 2.1 of the separate financial statements, the Company is a parent company with subsidiaries and it is in the process of completing the preparation of the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 30 September 2017 in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements. Users of the accompanying separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group.

Ernst & Young Vietnam Limited



Hang Nhat Quang
Deputy General Director
Audit Practicing Registration Certificate
No. 1772-2013-004-1

Ho Chi Minh City, Vietnam
25 December 2017

Nguyen Thanh Sang
Auditor
Audit Practicing Registration Certificate
No. 1541-2013-004-1

VND

Code	Assets	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		11,981,820,448.603	6,766,755,498,915
110	I. Cash and cash equivalents	4	239,918,988,521	447,518,356,022
111	1. Cash		239,775,466,646	447,374,834,147
112	2. Cash equivalents		143,521,875	143,521,875
130	II. Current account receivables		4,930,670,266,498	2,734,790,808,631
131	1. Short-term trade receivables	5.1	3,975,438,722,818	1,986,659,007,410
132	2. Short-term advances to suppliers	5.2	97,586,233,122	74,284,302,601
135	3. Short-term loan receivables	9	25,400,000,000	400,000,000
136	4. Other short-term receivables	6	837,048,913,123	678,251,101,185
137	5. Provision for doubtful short-term receivables	5.1, 6	(4,803,602,565)	(4,803,602,565)
140	III. Inventories	7	5,428,029,021,406	3,169,484,056,346
141	1. Inventories		5,450,815,683,238	3,182,457,071,559
149	2. Provision for obsolete inventories		(22,786,661,832)	(12,973,015,213)
150	IV. Other current assets		1,383,202,172,178	414,962,277,916
151	1. Short-term prepaid expenses	8	74,422,775,292	63,632,969,870
152	2. Value-added tax deductible	16	1,308,779,396,886	351,329,308,046
200	B. NON-CURRENT ASSETS		5,043,205,602,817	4,113,482,116,707
210	I. Long-term receivables		74,974,967,200	27,012,549,901
215	1. Long-term loan receivables	9	74,974,967,200	25,000,000,000
216	2. Other long-term receivable	6	-	2,012,549,901
220	II. Fixed assets		2,746,644,774,699	2,793,334,988,207
221	1. Tangible fixed assets	10	2,463,196,998,804	2,440,269,368,323
222	Cost		4,566,370,722,477	4,145,255,413,314
223	Accumulated depreciation		(2,103,173,723,673)	(1,704,986,044,991)
224	2. Finance leases	11	24,855,221,380	85,446,238,657
225	Cost		39,019,437,785	135,252,035,604
226	Accumulated depreciation		(14,164,216,405)	(49,805,796,947)
227	3. Intangible assets	12	258,592,554,515	267,619,381,227
228	Cost		281,826,289,976	288,233,543,976
229	Accumulated amortisation		(23,233,735,461)	(20,614,162,749)
240	III. Long-term asset in progress		247,666,367,726	45,622,693,380
242	1. Construction in progress	13	247,666,367,726	45,622,693,380
250	IV. Long-term investments	14	1,724,245,102,467	1,051,478,371,384
251	1. Investments in subsidiaries	14.1	1,633,276,000,000	1,025,576,000,000
252	2. Investment in associates	14.2	80,302,178,134	52,852,178,134
254	3. Provision for diminution in value of long-term investments	14.2	(35,933,075,667)	(26,949,806,750)
255	4. Held-to-maturity investments	14	46,600,000,000	-
260	V. Other long-term assets		249,674,390,725	196,033,513,835
261	1. Long-term prepaid expenses	8	216,697,658,464	131,621,472,215
262	2. Deferred tax assets	27.3	32,976,732,261	64,412,041,620
270	TOTAL ASSETS		17,025,026,051,420	10,880,237,615,622



VND

Code	Resources	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		11,720,086,045,466	6,603,350,910,164
310	I. Current liabilities		11,480,180,605,636	6,215,159,598,085
311	1. Current liabilities	15.1	3,308,069,444,117	1,501,886,154,837
312	2. Short-term advances from customers	15.2	357,924,180,945	130,240,194,421
313	3. Statutory obligations	16	146,954,619,391	164,411,640,149
314	4. Payables to employees		80,555,222,032	62,752,064,223
315	5. Short-term accrued expenses	17	62,825,939,966	187,888,512,542
319	6. Other short-term payables	18	60,239,346,258	34,427,569,550
320	7. Short-term loans and finance lease obligations	19	7,402,317,620,460	4,102,697,779,164
322	8. Bonus and welfare fund		61,294,232,467	30,855,683,199
330	II. Non-current liabilities		239,905,439,830	388,191,312,079
338	1. Long-term loans and finance lease obligations	19	237,114,284,830	385,490,114,579
342	2. Long-term provisions		2,791,155,000	2,701,197,500
400	D. OWNERS' EQUITY		5,304,940,005,954	4,276,886,705,458
410	I. Capital	20.1	5,304,940,005,954	4,276,886,705,458
411	1. Share capital		3,499,966,830,000	1,965,398,290,000
411a	- Shares with voting rights		3,499,966,830,000	1,965,398,290,000
412	2. Share premium		151,583,183,521	551,571,933,521
420	3. Other funds belonging to owners' equity		34,535,741,195	6,784,575,670
421	4. Other funds belonging to owners' equity		1,618,854,251,238	1,753,131,906,267
421a	- Undistributed earnings up to prior year-end		265,082,554,604	177,198,643,612
421b	- Undistributed earnings of current year		1,353,418,976,634	1,575,933,262,655
440	TOTAL LIABILITIES AND OWNERS' EQUITY		17,025,026,051,420	10,880,237,615,622

Nguyen Thi Thanh Tuyen
Preparer

Nguyen Thi Ngoc Lan
Chief Accountant

Tran Ngoc Chu
General Director

25 December 2017



VND

Code	Items	Notes	Current year	Previous year
01	1. Revenues from sale of goods and rendering of services	21.1	47,077,679,965,050	30,259,054,800,256
02	2. Deductions	21.1	(179,072,251,662)	(105,803,558,650)
10	3. Net revenues from sale of goods and rendering of services	21.1	46,898,607,713,388	30,153,251,241,606
11	4. Costs of goods sold and services rendered	22	(43,680,064,063,459)	(26,953,271,230,658)
20	5. Gross profit from sale of goods and rendering of services		3,218,543,649,929	3,199,980,010,948
21	6. Finance income	21.2	601,781,666,924	589,479,991,294
22	7. Finance expenses	23	(420,377,177,127)	(209,784,749,306)
23	<i>In which: Interest expense</i>		(317,503,841,647)	(163,766,749,605)
25	8. Selling expenses	24	(1,235,820,173,529)	(974,622,573,218)
26	9. General and administrative expenses	24	(639,173,453,876)	(724,634,725,092)
30	10. Operating profit		1,524,954,512,321	1,880,417,954,626
31	11. Other income	25	73,096,842,741	11,210,529,464
32	12. Other expenses	25	(3,244,149,612)	(23,493,402,813)
40	13. Other profit (loss)	25	69,852,693,129	(12,282,873,349)
50	14. Accounting profit before tax		1,594,807,205,450	1,868,135,081,277
51	15. Current corporate income tax expense	27.1	(209,600,199,457)	(316,730,543,611)
52	16. Deferred tax (expense) income	27.3	(31,435,309,359)	24,528,724,989
60	17. Net profit after tax		1,353,771,696,634	1,575,933,262,655

Nguyen Thi Thanh Tuyen
Preparer

Nguyen Thi Ngoc Lan
Chief Accountant

Tran Ngoc Chu
General Director

25 December 2017

**SEPARATE CASH FLOW STATEMENT**

For the year ended 30 September 2017

B03- DN

Code	Items	Notes	VND	
			Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		1,594,807,205,450	1,868,135,081,277
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	10,11,12	408,968,204,482	385,326,494,125
03	Provisions		18,796,915,536	11,104,236,738
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	23	7,111,244,819	4,354,280,912
05	Profits from investing activities		(572,462,153,161)	(558,086,065,677)
06	Interest expense	23	317,503,841,647	163,766,749,605
08	Operating profit before changes in working capital		1,774,725,258,773	1,874,600,776,980
09	(Increase) decrease in receivables		(2,700,787,407,363)	79,609,350,350
10	Increase in inventories		(2,268,358,611,679)	(888,721,776,242)
11	Increase in payables		1,919,983,405,482	1,115,842,465,230
12	Increase in prepaid expenses		(88,508,540,606)	(72,363,512,787)
14	Interest expense paid		(309,453,183,836)	(164,756,559,795)
15	Corporate income tax paid	16	(255,210,120,483)	(271,132,777,209)
17	Other cash outflows for operating activities		(82,041,727,870)	(32,821,856,159)
20	Net cash flows (used in) from operating activities		(2,009,650,927,582)	1,640,256,110,368
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets		(605,945,288,394)	(256,487,914,209)
22	Proceeds from disposals of fixed assets		56,619,348,886	7,326,355,468
25	Payments for investment in other entities		(635,150,000,000)	(415,200,000,000)
26	Proceeds from sale of investment in other entity		-	4,367,000,000
27	Interest received	21.2	2,943,903,852	8,515,622,891
30	Net cash flows used in investing activities		(1,181,532,035,656)	(651,478,935,850)

**SEPARATE CASH FLOW STATEMENT (continued)**

For the year ended 30 September 2017

B03- DN

Code	Items	Notes	VND	
			Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Capital contribution and issuance of shares		34,601,710,000	116,395,667,397
32	Capital redemption		-	(508,729)
33	Drawdown of borrowings		21,829,974,818,155	11,548,329,293,474
34	Repayment of borrowings		(18,658,018,091,475)	(12,091,389,075,962)
35	Finance lease payments		(20,996,563,609)	(21,036,343,932)
36	Dividends paid		196,362,984,225)	(327,038,699,875)
40	Net cash flows from (used in) financing activities	20.2	2,989,198,888,846	(774,739,667,627)
50	Net (decrease) increase in cash and cash equivalents		(201,984,074,392)	214,037,506,891
60	Cash and cash equivalents at beginning of year		447,518,356,022	233,828,787,007
61	Impact of exchange rate fluctuation		(5,615,293,109)	(347,937,876)
70	Cash and cash equivalents at end of year	4	239,918,988,521	447,518,356,022

Nguyen Thi Thanh Tuyen
PreparerNguyen Thi Ngoc Lan
Chief AccountantTran Ngoc Chu
General Director

25 December 2017



1. CORPORATE INFORMATION

Hoa Sen Group (“the Company”) is a shareholding company incorporated pursuant to the Law on Enterprise of Vietnam in accordance with the Business Registration Certificate (“BRC”) No. 3700381324 issued by the Department of Planning and Investment of Binh Duong Province on 8 August 2001, as amended.

The Company’s current principal activities are manufacturing roofing sheets by galvanized steel, zinc alloy, paint galvanized zinc plating and plating of other alloys; producing steel purlins, galvanized purlins; manufacturing black steel pipes, galvanized steel pipes and other alloys; manufacturing steel mesh, galvanized steel wire, steel wire; buying and selling building materials, capital goods and consumer goods; renting warehouse and transporting goods; building industrial and civil constructions and producing cold rolled steel coils and leasing machinery and equipment and other tangible belongings.

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

The Company’s registered head office is located at No. 9, Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam. In addition, the Company also has three hundred and forty three (343) branches located in various provinces in Vietnam.

The number of the Company’s employees as at 30 September 2017 was 5,164 (30 September 2016: 4,536).

Corporate structure

The Company’s corporate structure includes 17 subsidiaries, as follows:

- **Hoa Sen Steel Sheet One Member Limited Liability Company (“HSS”)**
HSS is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 3700763651 issued by the Department of Planning and Investment of Binh Duong Province on 9 November 2006, as amended. HSS’s registered head office is located at No. 9 Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam. The current principal activities of HSS are manufacturing and trading cold rolled steel products.
As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSS (30 September 2016: 100%).
- **Hoa Sen Building Materials One Member Limited Liability Company (“HSBM”)**
HSBM is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 3500786179 issued by the Department of Planning and Investment of Ba Ria Vung Tau Province on 26 March 2007, as amended. HSBM’s registered head office is located at Phu My 1 Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province, Vietnam. The current principal activities of HSBM are manufacturing and trading in plastic building materials and steel pipe products.
As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSBM (30 September 2016: 100%).
- **Hoa Sen Binh Dinh One Member Limited Liability Company (“HSBD”)**
HSBD is a one-member limited liability established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4101425750 issued by the Department of Planning and Investment of Binh Dinh Province on 14 May 2014. HSBD’s registered head office is located at Lot A1.1 and TT 6.2 & 7, Nhon Hoa Industrial Park, Nhon Hoa Ward, An Nhon Town, Binh Dinh Province, Vietnam. The current principal activities of HSBD are manufacturing and trading in plastic building materials and steel pipe products.
As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in

1. CORPORATE INFORMATION (continued)

Corporate structure (continued)

- HSBD (30 September 2016: 100%).
- **Hoa Sen Transportation and Engineering One Member Limited Liability Company (“HTME”)**
HTME is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 3700785528 issued by the Department of Planning and Investment of Binh Duong Province on 26 March 2007, as amended. HTME’s registered head office is located at No. 9 Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam. The current principal activities of HTME are providing transportation services and civil, industrial construction projects.
As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HTME (30 September 2016: 100%).
- **Hoa Sen Nghe An One Member Limited Liability Company (“HSNA”)**
HSNA is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 2901788319 issued by the Department of Planning and Investment of Nghe An Province on 12 June 2015, as amended. HSNA’s registered head office is located at Lot CN 1-8, Dong Hoi Industrial Park, Quynh Lap Commune, Hoang Mai Town, Nghe An Province, Vietnam. The current principal activities of HSNA are manufacturing and trading in metal roofing sheets and steel pipe products.
As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSNA (30 September 2016: 100%).
- **Hoa Sen Ha Nam One Member Limited Liability Company (“HSHN”)**
HSHN is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 0700759219 issued by the Department of Planning and Investment of Ha Nam Province on 15 September 2015. HSHN’s registered head office is located at Kien Khe I Industrial Complex, Kien Khe Town, Thanh Liem District, Ha Nam Province, Vietnam. The current principal activities of HSHN are manufacturing and trading in plastic building materials and steel pipe products.
As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSHN (30 September 2016: 100%).
- **Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Company (“HSNH”)**
HSNH is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4101453370 issued by the Department of Planning and Investment of Binh Dinh Province on 26 November 2015. HSNH’s registered head office is located at Hoi Son Village, Nhon Hoi Commune, Quy Nhon City, Vietnam. The current principal activities of HSNH are manufacturing and trading in metal roofing sheets.
As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in



1. CORPORATE INFORMATION (continued)

Corporate structure (continued)

HSNH (30 September 2016: 100%).

• Hoa Sen Van Hoi Joint Stock Company (“HSVH”)

HSVH is a joint stock company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 5200861301 issued by the Department of Planning and Investment of Yen Bai Province on 5 May 2016. HSVH’s registered head office is located at 48 Group, Dong Tam Ward, Yen Bai City, Yen Bai Province, Vietnam. The current principal activities of HSVH are trading in real estate and rendering of real estate services and supporting services for trading real estate.

As at 30 September 2017, the Company holds 70% equity interests and 70% voting rights in HSVH (30 September 2016: 70%).

• Hoa Sen Yen Bai Joint Stock Company (“HSYB”)

HSYB is a joint stock company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 5200861319 issued by the Department of Planning and Investment of Yen Bai Province on 5 May 2016. HSYB’s registered head office is located at 48 Group, Dong Tam Ward, Yen Bai City, Yen Bai Province, Vietnam. The current principal activities of HSYB are operating a hotel, restaurant services and commercial center.

As at 30 September 2017, the Company holds 70% equity interests and 70% voting rights in HSYB (30 September 2016: 70%).

• Hoa Sen Ca Na – Ninh Thuan Renewable Energy One Member Limited Liabilities Company (“HSRE”)

HSRE is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607960 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSRE’s registered head office is located at Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSRE are manufacturing, transmitting and distributing electricity.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSRE (30 September 2016: 100%).

• Hoa Sen Ca Na – Ninh Thuan Cement One Member Limited Liabilities Company (“HSCC”)

HSCC is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607946 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSCC’s registered head office is located at Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSCC are manufacturing cement, lime and plaster.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSCC (30 September 2016: 100%).

• Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company (“HSIP”)

HSIP is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607978 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSIP’s registered head office is located at Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSIP are trading in real estate and land use right for use or rent.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSIP (30 September 2016: 100%).

1. CORPORATE INFORMATION (continued)

Corporate structure (continued)

• Hoa Sen Ca Na – Ninh Thuan International General Seaport One Member Limited Liabilities Company (“HSSP”)

HSSP is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607985 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSSP’s registered head office is located at Thuong Diem 2 Village, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSSP are investing riverport, seaport.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSSP (30 September 2016: 100%).

• Hoa Sen Ca Na – Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liabilities Company (“HSIC”)

HSIC is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607953 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSIC’s registered head office is located at Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSIC are manufacturing iron, steel, cast iron products.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSIC (30 September 2016: 100%).

• Hoa Sen Phu My One Member Limited Liability Company (“HSPM”)

HSPM is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 3502313442 issued by the Department of Planning and Investment of Ba Ria – Vung Tau Province on 8 August 2016. HSPM’s registered head office is located at Phu My 1 Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province, Vietnam. The current principal activities of HSPM are manufacturing steel for building materials and consumer goods.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSPM (30 September 2016: 100%).

• Hoa Sen Yen Bai Building Materials One Member Liability Company (“HSYB-LTD”)

HSYB-LTD is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 5200870602 issued by the Department of Planning and Investment of Yen Bai Province on 6 January 2017. HSYB-LTD’s registered head office is located at 48 Group, Dong Tam Ward, Yen Bai City, Yen Bai Province, Vietnam. The current principal activities of HSYB-LTD are manufacturing and trading steel pipes.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSYB-LTD.

• Hoa Sen Du Long Industrial Park Infrastructure Investment One Member Limited Liability Company (“HSDL”)

HSDL is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500272658 – second amendment issued by the Department of Planning and Investment of Ninh Thuan Province on 26 September 2017. HSDL’s registered head office is located at 65 Tran Quang Dieu street, Thanh Son Ward, Phan Rang – Thap Cham City, Ninh Thuan Province, Vietnam. The current principal activities of HSDL are investing, construction and developing industrial park infrastructure.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSDL.



2. BASIS OF PREPARATION

2.1 Purpose of preparing the separate financial statements

The Company has subsidiaries as disclosed in Note 14.1. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the consolidated financial statements of the Company and its subsidiaries for the year ended 30 September 2017.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company and its subsidiaries.

2.2 Applied accounting standards and system

The separate financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

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

2.3 Applied accounting documentation system

The Company's applied accounting documentation system is the Voucher Journal system.

2.4 Fiscal year

The Company's fiscal year applicable for the preparation of its annual separate financial statements starts on 1 October and ends on 30 September.

2.5 Accounting currency

The separate financial statements are prepared in VND which is also the Company's accounting currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks, cash in transit and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.2 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Merchandises, raw materials, tools and supplies	- cost of purchase on a weighted average basis.
Finished goods and work-in-process	- cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date.

Increases or decreases to the provision balance are recorded into the cost of goods sold account in the separate income statement.

3.3 Receivables

Receivables are presented in the separate financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense in the separate income statement.

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the separate income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the separate income statement.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**3.5 Leased assets**

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Where the Company is the lessee

Assets held under finance leases are capitalised in the separate balance sheet at the inception of the lease at the fair value of the leased assets or, if lower, at the net present value of the minimum lease payments. The principal amount included in future lease payments under finance leases are recorded as a liability. The interest amounts included in lease payments are charged to the separate income statement over the lease term to achieve a flexible rate on interest on the remaining balance of the finance lease liability.

Capitalised financial leased assets are depreciated using straight-line basis over the shorter of the estimated useful lives of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Rentals under operating leases are charged to the separate income statement on a straight-line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included as the Company's fixed assets in the separate balance sheet. Initial direct costs incurred in negotiating an operating lease are added to the carrying value of the leased asset for amortisation to the separate income statement over the lease term.

Lease income is recognised in the separate income statement on a straight-line basis over the lease term.

3.6 Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises its purchase price and any directly attributable costs of preparing the intangible asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the separate income statement as incurred.

When intangible assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the separate income statement.

Land use rights are recorded as intangible assets representing the value of the right to use the lands acquired or leased by the Company. The useful lives of land use rights are assessed as either definite or indefinite. Accordingly, the land use rights with definite useful lives representing the land lease are amortised over the lease term while the land use rights with indefinite useful lives are not amortised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**3.7 Depreciation and amortisation**

Depreciation of tangible fixed assets and finance leases, and amortisation of intangible assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	10 - 40 years
Machinery and equipment	5 - 15 years
Means of transportation	7 - 10 years
Office equipment	3 - 5 years
Others	5 - 8 years
Land use rights	14 - 55 years
Computer software	3 - 10 years

3.8 Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

3.9 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the separate balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

3.10 Investments*Investments in subsidiaries*

Investments in subsidiaries over which the Company has control are carried at cost. Distributions from accumulated net profits of the subsidiaries arising subsequent to the date of acquisition are recognised to the Company's separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

Investments in associates

Investments in associates over which the Company has significant influence are carried at cost. Distributions from accumulated net profits of the associates arising subsequent to the date of acquisition are recognised to the Company's separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

Investments in other entities

Investments in other entities are stated at their acquisition costs.

Provision for diminution in value of investments

Provision for any diminution in value of the investments in other entities at the balance sheet date is made in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases or decreases to the provision balance are recorded as finance expense in the separate income statement.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Payables and accruals

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

3.12 Accrual for severance pay

The severance pay to employee is accrued at the end of each reporting period for all employees who have been in service for more than 12 months up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Any increase or decrease to the accrued amount will be taken to the separate income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labour Code.

3.13 Foreign currency transactions

Transactions in currencies other than the Company's accounting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment; and
- Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the balance sheet dates which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Company conducts transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conducts transactions regularly.

All foreign exchange differences incurred during the year and arising from the revaluation of monetary accounts denominated in foreign currency at year-end are taken to the separate income statement.

3.14 Treasury shares

Own equity instruments which are reacquired (known as treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Company's own equity instruments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Appropriation of net profit

Net profit after tax is available for appropriation to shareholders after approval in the annual general meeting, and after making appropriation to funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Company maintains the following fund which is appropriated from the Company's net profit as proposed by the Board of Directors and subject to the approval of shareholders at the annual general meeting.

Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the separate balance sheet.

3.16 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Rendering of services

Revenue is recognised when the services have been performed and completed.

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Dividends

Revenue is recognised when the Company is entitled to receive dividends.

Dividends

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**3.17 Taxation****Current income tax**

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the separate income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial statement purpose.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the assets is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the separate income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or when the Company intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4. CASH AND CASH EQUIVALENTS

	VND	
	Ending balance	Beginning balance
Cash on hand	13,538,266,107	11,585,393,615
Cash in banks	225,389,115,824	385,789,440,532
Cash in transit	848,084,715	50,000,000,000
Cash equivalents (*)	143,521,875	143,521,875
TOTAL	239,918,988,521	447,518,356,022

(*) Cash equivalents represent the deposits at commercial banks with original maturity of less than three (3) months and earn interest at the rates of 5% per annum.

5. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS**5.1 Short-term trade receivables**

	VND	
	Ending balance	Beginning balance
Due from related parties (Note 28)	2,892,316,502,137	1,517,220,453,750
Due from third parties	1,083,122,220,681	469,438,553,660
TOTAL	3,975,438,722,818	1,986,659,007,410
Provision for doubtful short-term receivables	(4,063,602,565)	(4,063,602,565)
NET	3,971,375,120,253	1,982,595,404,845

5.2 Short-term advances to suppliers

	VND	
	Ending balance	Beginning balance
Due from related parties (Note 28)	38,705,908,131	6,795,198,682
Due from third parties	58,880,324,991	67,489,103,919
TOTAL	97,586,233,122	74,284,302,601

**6. OTHER RECEIVABLES**

	VND	
	Ending balance	Beginning balance
Short-term	837,048,193,123	678,251,101,185
Profits shared from subsidiaries	547,165,072,432	509,778,179,025
Deposits	138,798,428,600	53,187,465,900
Advance for purchase of lands	90,183,227,000	90,183,227,000
Compensation	31,520,000,000	-
Advances to employees	26,741,318,349	19,858,438,997
Others	2,640,866,742	5,243,790,263
Long-term	-	2,012,549,901
Deposits	-	2,012,549,901
TOTAL	837,048,193,123	680,263,651,086
Provision for doubtful other receivables	(740,000,000)	(740,000,000)
NET	836,308,913,123	679,523,651,086
<i>In which</i>		
<i>Due from related parties (Note 28)</i>	639,008,129,274	600,946,505,775
<i>Due from third parties</i>	197,300,783,849	78,577,145,311

7. INVENTORIES

	VND	
	Ending balance	Beginning balance
Goods in transit	2,529,588,787,627	1,424,402,924,775
Finished goods	1,175,209,610,528	992,881,622,867
Raw materials	843,767,940,021	305,548,805,026
Merchandises	677,488,468,657	275,747,646,476
Tools and supplies	224,760,876,405	183,876,072,415
TOTAL	5,450,815,683,238	3,182,457,071,559
Provision for obsolete inventories	(22,786,661,832)	(12,973,015,213)
NET	5,428,029,021,406	3,169,484,056,346

As disclosed in Note 19, the Company has pledged inventories with the carrying amount as at 30 September 2017 amounting to VND 1,640,403,457,739 to secure its bank loans.

8. PREPAID EXPENSES

	VND	
	Ending balance	Beginning balance
Short-term	74,422,775,292	63,632,969,870
Advertising expenses	26,925,691,491	23,835,246,313
Rental expenses	19,734,754,783	11,971,103,911
Tools and equipment	11,418,276,450	12,457,928,551
Advisory fee	5,022,641,070	1,615,463,792
Insurance fee	1,650,845,702	1,082,517,262
Others	9,670,565,796	12,670,710,041
Long-term	216,697,658,464	131,621,472,215
Rental expense	89,433,311,060	65,147,659,827
Tools and equipment	67,552,199,499	50,315,244,895
Advertising expenses	25,377,730,855	-
Repairing and maintenance	20,638,965,085	11,079,041,450
Others	13,695,451,965	5,079,526,043
TOTAL	291,120,433,756	195,254,442,085

9. LOAN RECEIVABLES

	VND	
	Ending balance	Beginning balance
Short-term		
Finance Department of Nghe An Province (*)	25,000,000,000	-
Other	400,000,000	400,000,000
Long-term		
Due from related parties (Note 28)	74,974,967,200	-
Finance Department of Nghe An Province (*)	-	25,000,000,000
TOTAL	100,374,967,200	25,400,000,000

(*) The ending balance of short-term loan receivable represented the unsecured and non-interest bearing lending to the Finance Department of Nghe An Province for the purpose of compensating the clearance costs of the land located at Dong Hoi Industrial Park, Nghe An Province, Vietnam. This lending will be due on 25 June 2018.



10. TANGIBLE FIXED ASSET

	VND					
	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Others	Total
Total						
Beginning balance	620,092,251,986	3,174,255,498,187	310,270,251,683	21,883,292,617	18,754,118,841	4,145,255,413,314
New purchase	2,185,289,765	162,313,111,244	65,327,751,333	10,861,890,416	563,130,430	241,251,173,188
Transfer from construction in progress	28,016,752,538	121,916,977,256	5,359,260,001	-	-	155,292,989,795
Transfer from financial lease fixed assets	-	84,032,961,457	12,199,636,362	-	-	96,232,597,819
Disposal	(1,186,236,211)	(56,713,853,937)	(13,624,767,963)	(136,593,528)	-	(71,661,451,639)
Ending balance	649,108,058,078	3,485,804,694,207	379,532,131,416	32,608,589,505	19,317,249,271	4,566,370,722,477
<i>In which:</i>						
Fully depreciated	2,716,651,573	262,518,008,908	19,207,485,836	1,095,360,370	5,424,985,811	290,962,492,498
Accumulated depreciation:						
Beginning balance	(218,297,241,782)	(1,385,067,803,192)	(81,715,948,876)	(6,416,338,968)	(13,488,712,173)	(1,704,986,044,991)
Depreciation for the year	(37,409,293,522)	(309,807,262,906)	(39,660,346,427)	(4,220,612,357)	(2,723,812,159)	(393,821,327,371)
Transfer from financial lease fixed assets	-	(44,646,719,661)	(3,522,165,280)	-	-	(48,168,884,941)
Disposal	608,436,698	38,287,436,563	4,770,066,841	136,593,528	-	43,802,533,630
Ending balance	(255,098,098,606)	(1,701,234,349,196)	(120,128,393,742)	(10,500,357,797)	(16,212,524,332)	(2,103,173,723,673)
Net carrying amount:						
Beginning balance	401,795,010,204	1,789,187,694,995	228,554,302,807	15,466,953,649	5,265,406,668	2,440,269,368,323
Ending balance	394,009,959,472	1,784,570,345,011	259,403,737,674	22,108,231,708	3,104,724,939	2,463,196,998,804

As disclosed in Note 19, the Company has pledged its buildings and structures, machinery and equipment and means of transportation with their respective carrying amounts as at 30 September 2017 of VND 88,732,264,086, VND 735,582,902,703 and VND 115,734,473,671 to secure its bank loan facilities.

11. FINANCE LEASES

	VND		
	Machinery and equipment	Means of transportation	Total
Cost:			
Beginning balance	114,919,308,334	20,332,727,270	135,252,035,604
Transfer to fixed assets	(84,032,961,457)	(12,199,636,362)	(96,232,597,819)
Ending balance	30,886,346,877	8,133,090,908	39,019,437,785
Accumulated depreciation:			
Beginning balance	(45,699,813,686)	(4,105,983,261)	(49,805,796,947)
Depreciation for the year	(10,664,118,428)	(1,863,185,971)	(12,527,304,399)
Transfer to fixed assets	44,646,719,661	3,522,165,280	48,168,884,941
Ending balance	(11,717,212,453)	(2,447,003,952)	(14,164,216,405)
Net carrying amount:			
Beginning balance	69,219,494,648	16,226,744,009	85,446,238,657
Ending balance	19,169,134,424	5,686,086,956	24,855,221,380

12. INTANGIBLE ASSETS

	VND		
	Land use rights	Computer software	Total
Cost:			
Beginning balance	286,888,786,265	1,344,757,711	288,233,543,976
Disposal	(6,407,254,000)	-	(6,407,254,000)
Ending balance	280,481,532,265	1,344,757,711	281,826,289,976
<i>In which:</i>			
Fully amortised	456,396,144	1,344,757,711	1,801,153,855
Accumulated amortisation:			
Beginning balance	(19,269,405,038)	(1,344,757,711)	(20,614,162,749)
Amortisation for the year	(2,619,572,712)	-	(2,619,572,712)
Ending balance	(21,888,977,750)	(1,344,757,711)	(23,233,735,461)
Net carrying amount:			
Beginning balance	267,619,381,227	-	267,619,381,227
Ending balance	258,592,554,515	-	258,592,554,515

As disclosed in Note 19, the Company has pledged its land use rights with their carrying amounts as at 30 September 2017 of VND 117,751,215,648 to secure its bank loan facilities.

**13. CONSTRUCTION IN PROGRESS**

	VND	
	Ending balance	Beginning balance
Purchases of fixed assets	241,007,879,131	42,037,817,373
Construction expenses	1,307,543,169	-
Major repair of fixed assets	4,874,878,475	3,031,321,051
Others	476,066,951	553,554,956
TOTAL	247,666,367,726	45,622,693,380

14. LONG-TERM INVESTMENTS

	VND	
	Ending balance	Beginning balance
Investments in subsidiaries (Note 14.1)	1,633,276,000,000	1,025,576,000,000
Investment in associates (Note 14.2)	80,302,178,134	52,852,178,134
Bonds at Bank for Foreign Trade of Vietnam (*)	46,600,000,000	-
TOTAL	1,760,178,178,134	1,078,428,178,134
Provision for diminution in value of long-term investments	(35,933,075,667)	(26,949,806,750)
NET	1,724,245,102,467	1,051,478,371,384

(*) Bonds at Bank for Foreign Trade of Vietnam with original maturity of ten (10) year and earn interest at the floating rates +1% per annum.

14. LONG-TERM INVESTMENTS (continued)**14.1 Investments in subsidiaries**

Details of the Company's investments in subsidiaries were as follows:

Name of subsidiaries	Ending balance		Beginning balance		Location	Business activities
	% of interest	Cost of investment (VND)	% of interest	Cost of investment (VND)		
Hoa Sen Steel Sheet One Member Co., Ltd	100	280,000,000,000	100	280,000,000,000	Binh Duong Province, Vietnam	Manufacturing and trading in cold rolled steel products
Hoa Sen Nghe An One Member Co., Ltd.	100	450,000,000,000	100	300,000,000,000	Nghe An Province, Vietnam	Manufacturing and trading in metal roofing sheets and steel pipe products
Hoa Sen Building Materials One Member Co., Ltd.	100	150,000,000,000	100	150,000,000,000	Ba Ria – Vung Tau Province, Vietnam	Manufacturing and trading in plastic building materials and steel pipe products
Hoa Sen Binh Dinh One Member Co., Ltd.	100	55,000,000,000	100	55,000,000,000	Binh Dinh Province, Vietnam	Manufacturing and trading in plastic building materials and steel pipe products
Hoa Sen Nam Cam Nghe An One Member Co., Ltd.	-	-	100	30,000,000,000	Nghe An Province, Vietnam	Manufacturing and trading in steel pipe products
Hoa Sen Transportation and Engineering One Member Co., Ltd.	100	16,276,000,000	100	16,276,000,000	Binh Duong Province, Vietnam	Providing services of cargo transportation by road
Hoa Sen Nhon Hoi - Binh Dinh One Member Co., Ltd.	100	200,000,000,000	100	136,000,000,000	Binh Dinh Province, Vietnam	Manufacturing and trading in metal roofing sheets
Hoa Sen Ha Nam One Member Co., Ltd.	100	200,000,000,000	100	50,000,000,000	Ha Nam Province, Vietnam	Manufacturing and trading in plastic building materials and steel pipe products
Hoa Sen Yen Hoi Joint Stock Company	70	2,800,000,000	70	2,800,000,000	Yen Bai Province, Vietnam	Trading in real estate and rendering of supporting services for trading real estate
Hoa Sen Yen Bai Joint Stock Company	70	84,000,000,000	70	5,500,000,000	Yen Bai Province, Vietnam	Operating hotel, restaurant services and commercial center



14. LONG-TERM INVESTMENTS (continued)

14.1 Investments in subsidiaries (continued)

Details of the Company's investments in subsidiaries were as follows (continued):

Name of subsidiaries	Ending balance		Beginning balance		Location	Business activities
	% of interest	Cost of investment (VND)	% of interest	Cost of investment (VND)		
Hoa Sen Phu My One Member Co., Ltd.	100	100,000,000,000	-	-	Ba Ria – Vung Tau Province, Vietnam	Manufacturing steel for building materials and consumer goods
Hoa Sen Ca Na – Ninh Thuan Integrated Iron and Steel Complex Investment One Member Co., Ltd.	100	15,000,000,000	-	-	Ninh Thuan Province, Vietnam	Manufacturing iron, steel and cast iron products
Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment One Member Co., Ltd.	100	3,000,000,000	-	-	Ninh Thuan Province, Vietnam	Trading in real estate and land use right for use or rent
Hoa Sen Ca Na – Ninh Thuan International General Seaport One Member Co., Ltd	100	2,500,000,000	-	-	Ninh Thuan Province, Vietnam	Investing riverport, seaport
Hoa Sen Yen Bai Building Materials One Member Co., Ltd.	100	50,000,000,000	-	-	Yen Bai Province, Vietnam	Manufacturing and trading in plastic building materials and steel pipe products
Hoa Sen Du Long Industrial Park Infrastructure Investment One Member Co., Ltd.	100	24,700,000,000	-	-	Ninh Thuan Province, Vietnam	Investing, construction and developing industrial park infrastructure
TOTAL		1,633,276,000,000		1,025,576,000,000		

VND

14. LONG-TERM INVESTMENTS (continued)

14.2 Investment in associates

Detail of the Company's investment in the associates was as follows:

Name of associate	Ending balance		Beginning balance		Location	Business activities
	% of interest	Cost of investment VND	% of interest	Cost of investment VND		
Hoa Sen-Gemadep Logistics and International Port Corporation	45	51,952,178,134	45	51,952,178,134	Ba Ria – Vung Tau Province, Vietnam	Provide sea cargo agency services
Hoa Sen Hoi Van Joint Stock Company	45	450,000,000	45	450,000,000	Binh Dinh Province, Vietnam	Trading in real estate and rendering of real estate services and supporting services for trading real estate
Hoa Sen Quy Nhon Joint Stock Company	45	27,900,000,000	45	450,000,000	Binh Dinh Province, Vietnam	Trading in real estate and to render real estate services and supporting services for trading real estate
Provision for diminution in value of long-term investments		(35,933,075,667)		(26,949,806,750)		
TOTAL		44,369,102,467		25,902,371,384		

VND

15. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

15.1 Short-term trade payables

	VND	
	Ending balance	Beginning balance
Due to third parties	2,926,831,509,306	1,286,862,909,994
In which:		
Hangzhou Cogeneration (HongKong) Co.,LTD	645,971,085,812	-
Arcelormittal International Singapore Private Limited	441,107,265,180	-
Kim Quoc Steel Co., Ltd.	354,762,942,484	59,267,168,719
Cumic Steel Limited	281,538,763,799	319,967,802
Baosteel Singapore Pte Ltd.	116,938,036,052	256,372,215,014
Ep Steel Trading Co., Ltd.	-	489,859,708,622
Hongkong Grand International Co., Ltd.	-	181,747,126,994
Others	1,086,513,415,979	299,296,722,843
Due to related parties (Note 28)	381,237,934,811	215,023,244,843
TOTAL	3,308,069,444,117	1,501,886,154,837



15. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS (continued)

15.2 Short-term advances from customers

	VND	
	Ending balance	Beginning balance
Due to third parties	133,208,633,634	121,845,912,372
Due to related parties (Note 28)	224,715,547,311	8,394,282,049
TOTAL	357,924,180,945	130,240,194,421

16. TAXES

	VND			
	Beginning balance	Increase during the year	Decrease during the year	Ending balance
Payables				
Corporate income tax	85,377,201,933	209,600,199,457	(255,210,120,483)	39,767,280,907
Value-added tax	74,546,062,946	1,355,957,693,529	(1,325,934,006,935)	104,569,749,540
Personal income tax	2,574,386,936	35,669,716,078	(36,629,810,171)	1,614,292,843
Other taxes	1,913,988,334	94,129,296,676	(95,039,988,909)	1,003,296,101
TOTAL	164,411,640,149	1,695,356,905,740	(1,712,813,926,498)	146,954,619,391
Receivables				
Value-added tax deductible	351,329,308,046	957,450,088,840	-	1,308,779,396,886

17. SHORT-TERM ACCRUED EXPENSES

	VND	
	Ending balance	Beginning balance
Bonuses and 13th month salary	36,886,740,000	133,842,548,580
Loan interest	10,761,599,776	2,710,941,965
Electricity fee	9,628,754,210	9,619,132,214
Payable relating to construction in progress	5,322,145,980	7,125,696,789
Others	226,700,000	34,590,192,994
TOTAL	62,825,939,966	187,888,512,542

18. OTHER SHORT-TERM PAYABLES

	VND	
	Ending balance	Beginning balance
Deposit received for Gemadep's share transfer	15,776,367,206	-
Tender deposits received	7,076,760,110	26,301,326,100
Dividends	4,598,464,925	4,421,620,150
Social insurance, health insurance, unemployment insurance, and trade union fees	777,656,800	297,013,000
Other payables to related parties (Note 28)	25,716,800,000	1,009,084,000
Others	6,293,297,217	2,398,526,300
TOTAL	60,239,346,258	34,427,569,550

19. LOANS AND FINANCE LEASES

	VND	
	Ending balance	Beginning balance
Short-term loans and finance leases	7,402,317,620,460	4,102,697,779,164
Loans from banks (Note 19.1)	7,204,366,078,759	3,829,686,778,983
Current portion of long-term loans (Note 19.2)	193,321,275,085	255,864,471,340
Current portion of finance leases (Note 19.3)	4,630,266,616	17,146,528,841
Long-term loans and finance leases	237,114,284,830	385,490,114,579
Loans from banks (Note 19.2)	234,156,032,907	374,051,561,272
Finance leases (Note 19.3)	2,958,251,923	11,438,553,307
TOTAL	7,639,431,905,290	4,488,187,893,743

Movements of loans and finance leases during the year were as follows:

	VND
	Amount
Beginning balance	4,488,187,893,743
Drawdown from borrowings	21,829,974,818,155
Repayment from borrowings	(18,679,014,655,084)
Foreign exchange differences	283,848,476
Ending balance	7,639,431,905,290



19. LOANS AND FINANCE LEASES (continued)

19.1 Short-term loans from banks

Details of short-term loans from banks are as follows:

Name of bank	Ending balance VND	Maturity date	Interest rate (% p.a.)	Description of collateral
Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Binh Duong Branch				
Loan in VND	839,559,946,773	From 5 October 2017 to 28 February 2018	From 5.0 to 5.4	Land use rights, and machinery and equipment
Loan in USD	66,798,910,753	From 21 October 2017 to 29 October 2017	2.4	Land use rights, and machinery and equipment
Vietnam Bank for Industry and Trade – Binh Duong Industrial Park Branch				
Loan in VND	1,931,100,509,250	From 7 January 2018 to 29 March 2018	From 5.0 to 5.2	Land use rights, buildings and structures, and machinery and equipment
Loan in VND	1,097,974,099,673	From 3 January 2018 to 28 February 2018	2.2	Land use rights, buildings and structures, and machinery and equipment
HSBC Bank (Vietnam) Limited				
Loan in VND	560,998,382,668	From 24 November 2017 to 27 January 2018	From 4.3 to 4.5	Inventories, machinery and equipment, land use rights, and associated assets
ANZ Bank (Vietnam) Limited				
Loan in VND	411,180,558,828	from 5 october 2017 to 28 January 2018	From 3.54 to 5.1	Land use rights
Standard Chartered Bank (Vietnam) Limited – Ho Chi Minh City Branch				
Loan in VND	195,000,000,000	18 December 2017	4.1	Inventories, and machinery and equipment
Military Commercial Joint Stock Bank – Binh Duong Branch				
Loan in VND	73,944,484,501	From 4 October 2017 to 28 February 2018	From 5.1 to 5.3	Land use rights, means of transportation, and inventories
Loan in USD	205,467,521,673	From 28 November 2017 to 11 March 2018	From 2.1 to 2.7	Land use rights, and means of transportation

19. LOANS AND FINANCE LEASES (continued)

19.1 Short-term loans from banks (continued)

Details of short-term loans from banks are as follows (continued):

Name of bank	Ending balance VND	Maturity date	Interest rate (% p.a.)	Description of collateral
Vietnam Technological and Commercial Joint Stock Bank				
Loan in VND	356,192,812,511	From 20 January 2018 to 29 March 2018	From 5.1 to 5.2	Unsecured
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch				
Loan in VND	338,787,032,800	From 4 October 2017 to 31 December 2017	From 5.1 to 5.4	Unsecured
Vietnam Bank for Agriculture and Rural Development – Saigon Branch				
Loan in VND	46,000,000,000	14 October 2017	5.2	Unsecured
Ho Chi Minh Development Joint Stock Commercial Bank				
Loan in USD	183,738,960,831	10 November 2017	2.4	Unsecured
Vietnam Prosperity Joint Stock Commercial Bank				
Loan in USD	231,551,797,178	From 30 November 2017 to 11 February 2018	2.3	Inventories
United Overseas Bank – Ho Chi Minh City Branch				
Loan in VND	128,277,652,539	From 10 December 2017 to 25 January 2018	From 4.3 to 4.7	Inventories
Orient Commercial Joint Stock Bank				
Loan in USD	101,116,342,236	From 8 December 2017 to 11 January 2018	2.2	Unsecured
Vietnam Maritime Commercial Joint Stock Bank				
Loan in VND	69,552,012,717	25 December 2017	5.2	Unsecured
Loan in USD	100,028,241,700	11 January 2018	2,3	Unsecured
Vietnam International Commercial Joint Stock Bank– Ho Chi Minh City Branch				
Loan in USD	267,096,812,128	From 26 December 2017 to 13 March 2018	From 2.2 to 2.3	Land use rights, and inventories
TOTAL	7,204,366,078,759			

The Company used these loans to finance its working capital requirements.



19. LOANS AND FINANCE LEASES (continued)

19.2 Long-term loans from banks

Details of long-term loans from banks are as follows:

Name of bank	Ending balance VND	Maturity date	Interest rate (% p.a.)	Description of collateral
Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Binh Duong Branch				
Loan in VND	75,909,193,591	7 February 2022	8.0	Land use rights, and machinery and equipment
Viet Capital Commercial Joint Stock Bank				
Loan in VND	28,681,419,500	From 4 February 2018 to 26 November 2019	8.0	Means of transportation
Asia Commercial Joint Stock Bank – Tan Thuan Branch				
Loan in VND	15,650,582,000	From 6 January 2020 to 17 June 2020	8.5	Means of transportation
Vietnam Bank for Industry and Trade – Binh Duong Industrial Park Branch				
Loan in VND	277,924,771,861	16 July 2019	9.0	Land use rights, buildings and structures, and machinery and equipment
Vietnam Development Bank – Binh Duong Branch				
Loan in USD	12,967,201,065	20 June 2018	1.7	Land use right, buildings and structures, and machinery and equipment
Military Commercial Joint Stock Bank – Binh Duong Branch				
Loan in USD	16,344,139,975	7 January 2019	8.0	Means of transportation
TOTAL	427,477,307,992			
<i>In which:</i>				
<i>Current portion</i>				
<i>Non-current Portion</i>	<i>193,321,275,085</i>			
	<i>234,156,032,907</i>			

The Company used these loans to finance its constructions and purchases of fixed assets.

19. LOANS AND FINANCE LEASES (continued)
19.3 Finance leases

Details of finance leases were as follows:
The Company leases machinery and equipment and means of transportation under finance leases arrangements. Future obligations due under finance leases agreements as at the balance sheet dates were as follows:

	Ending balance		Beginning balance	
	Total minimum lease payments	Finance charges	Total minimum lease payments	Finance charges
Current liabilities				
Less than 1 year	5,059,482,950	429,216,334	18,718,404,629	1,571,875,788
Non-current liabilities				
From 1 - 5 years	3,050,680,643	92,428,720	12,229,792,718	791,239,411
TOTAL	8,110,163,593	521,645,054	30,948,197,347	2,363,115,199

VND

Lease
liabilities

Finance
charges

Total minimum
lease payments

Lease
liabilities

Finance
charges

Total minimum
lease payments

Finance
charges

Total minimum
lease payments

Lease
liabilities



20. OWNERS' EQUITY
20.1 Movements in owners' equity

Previous year:	Issued share capital	Share premium	Treasury shares	Investment and development fund	Financial reserve fund	Other funds belongs to equity	Undistributed earnings	Total
Beginning balance (previously presented)	1,007,907,900,000	487,290,470,363	(52,113,695,510)	-	8,525,313,060	6,605,155,369	1,531,127,724,105	2,989,342,867,387
Beginning balance (reclassified) (*)	1,007,907,900,000	487,290,470,363	(52,113,695,510)	8,525,313,060	-	6,605,155,369	1,531,127,724,105	2,989,342,867,387
Net profit for the year	-	-	-	-	-	-	1,575,933,262,655	1,575,933,262,655
Stock dividends	957,490,390,000	-	-	-	-	-	(957,490,390,000)	-
Dividends declared	-	-	-	-	-	-	(327,567,667,500)	(327,567,667,500)
Repurchase of treasury shares	-	-	(508,729)	-	-	-	-	(508,729)
Reissuance of treasury shares	-	64,281,463,158	52,114,204,239	-	-	-	-	116,395,667,397
Reversal of fund	-	-	-	(8,525,313,060)	-	-	8,525,313,060	-
Transferred to bonus and welfare fund	-	-	-	-	-	-	(26,114,981,672)	(26,114,981,672)
Appropriated to other funds	-	-	-	-	-	29,379,354,381	(29,379,354,381)	-
Performance bonus	-	-	-	-	-	-	(21,902,000,000)	(21,902,000,000)
Use of other funds during the year	-	-	-	-	-	(29,199,934,080)	-	(29,199,934,080)
Ending balance	1,965,398,290,000	551,571,933,521	-	-	6,784,575,670	1,753,131,906,267	4,276,886,705,458	4,276,886,705,458

(*) The reclassification was carried out in accordance with the Circular No. 200/TT-BTC dated 22 December 2014 issued by the Ministry of Finance.

20. OWNERS' EQUITY (continued)

Movements in owners' equity (continued)

Current year	Issued share capital	Share premium	Other funds belongs to equity	Undistributed earnings	Total
Beginning balance	1,965,398,290,000	551,571,933,521	6,784,575,670	1,753,131,906,267	4,276,886,705,458
Net profit for the year	-	-	-	1,353,771,696,634	1,353,771,696,634
Stock dividends (**)	1,099,978,080,000	-	-	(1,099,978,080,000)	-
Dividends declared	-	-	-	(196,539,829,000)	(196,539,829,000)
Share premium (**)	399,988,750,000	(399,988,750,000)	-	-	-
The issuance of new ordinary shares to the Company's employees (*)	34,601,710,000	-	-	-	34,601,710,000
Transferred to bonus and welfare fund	-	-	-	(60,167,737,724)	(60,167,737,724)
Appropriated to other funds	-	-	80,063,704,939	(80,063,704,939)	-
Performance bonus (***)	-	-	-	(51,300,000,000)	(51,300,000,000)
Use of funds	-	-	(52,312,539,414)	-	(52,312,539,414)
Ending balance	3,499,966,830,000	151,583,183,521	34,535,741,195	1,618,501,531,238	5,304,940,005,954

(*) The Resolution of Annual General Meeting No. 01/NQ/DHDCD/2017 dated 6 January 2017 and the relevant the Board of Directors' Resolutions approved the Company issued bonus shares to its employees under Employee Stock Ownership Plan ("ESOP"). Accordingly, the Company completed the issuance of 3,460,171 new shares on 12 April 2017 at price of VND 10,000 per share with the total amount VND 34,601,710,000. The Company also received the 27th amended BRC dated 20 April 2017 issued by the Department of Planning and Investment of Binh Duong Province reflecting this increase.

(**) The Resolution of Annual General Meeting No. 01/NQ/DHDCD/2017 dated 6 January 2017 and the Resolution of Board of Directors No. 38/NQ/Q/HDQT/2017 dated 3 May 2017 approved the payments of stock dividends to its existing shareholders, which were appropriated from the undistributed earnings, at a ratio of 100:75 (i.e. issuing 75 new shares for every 100 shares holding by existing shareholders) and carrying forward of the share premium to supplement the charter company. Accordingly, the Company completed the issuance of 149,996,683 new shares on 8 June 2017 at price of VND 10,000 per share with the total amount VND 1,499,966,830,000. The Company also received the 29th amended BRC dated 26 June 2017 issued by the Department of Planning and Investment of Binh Duong Province reflecting this increase.

(***) In accordance with the Resolution of Annual General Meeting No. 01/NQ/DHDCD/2016 dated 18 January 2016, the Company's shareholders approved the performance bonus at 4% of profit after tax.



20. OWNERS' EQUITY (continued)

20.2 Capital transactions with owners and distribution of dividends, profits

	VND	
	Current year	Previous year
Contributed capital		
Beginning balances	1,965,398,290,000	1,007,907,900,000
Increase	1,534,568,540,000	957,490,390,000
Ending balance	3,499,966,830,000	1,965,398,290,000
Dividends		
Dividends declared	196,539,829,000	327,567,667,500
Dividends paid by cash	196,362,984,225	327,038,699,875

20.3 Share capital

	Number of shares	
	Ending balance	Beginning balance
Issued shares		
Shares issued and paid-up shares		
Ordinary shares	349,996,683	196,539,829
Treasury shares		
Ordinary shares	-	-
Shares in circulation		
Ordinary shares	349,996,683	196,539,829

The par value of the Company's issued shares is VND 10,000 per share. The holders of the Company's ordinary shares are entitled to receive dividends as and when declared by the Company. Each ordinary share carries one vote per share without restriction.

21. REVENUES

21.1 Revenues from sale of goods and rendering of services

	VND	
	Current year	Previous year
Gross revenues	47,077,679,965,050	30,259,054,800,256
Of which:		
Sale of finished goods	17,915,937,715,175	14,948,831,938,260
Sale of merchandises	28,936,150,602,420	15,099,244,760,060
Others	225,591,647,455	210,978,101,936
Sales deduction	(179,072,251,662)	(105,803,558,650)
Of which:		
Sales discount	(168,048,151,825)	(89,757,637,334)
Sales allowances	(1,600,272,797)	(10,157,008,501)
Sales returns	(9,423,827,040)	(5,888,912,815)
NET	46,898,607,713,388	30,153,251,241,606
Of which:		
Sale to third parties	21,135,214,803,228	14,878,268,074,336
Sale to related parties	25,763,392,910,160	15,274,983,167,270

21.2 Finance income

	VND	
	Current year	Previous year
Profits shared from subsidiaries	547,165,072,432	548,133,487,154
Foreign exchange gains	51,672,690,640	32,830,881,249
Financial income from investments	2,483,309,967	5,955,721,596
Interest income	460,593,885	2,559,901,295
TOTAL	601,781,666,924	589,479,991,294

22. COSTS OF GOODS SOLD AND SERVICES RENDERED

	VND	
	Current year	Current year
Costs of sale of finished goods	15,751,202,412,685	12,214,685,246,583
Costs of sale of merchandises	27,779,529,536,731	14,597,078,296,815
Others	149,332,114,043	141,507,687,260
TOTAL	43,680,064,063,459	26,953,271,230,658

**23. FINANCE EXPENSES**

	VND	
	Current year	Previous year
Interest expense	317,503,841,647	163,766,749,605
Foreign exchange losses	86,778,821,744	32,680,449,872
Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	7,111,244,819	4,354,280,912
Provision for long-term investments	8,983,268,917	8,983,268,917
TOTAL	420,377,177,127	209,784,749,306

24. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	VND	
	Current year	Previous year
Selling expenses	1,235,820,173,529	974,622,573,218
Labour costs	292,108,792,713	232,671,874,390
Depreciation and amortisation	72,442,980,982	42,173,596,773
Expenses for external services	593,014,446,591	452,817,160,265
Other expenses	278,253,953,243	246,959,941,790
General and administrative expenses	639,173,453,876	724,634,725,092
Labour costs	318,188,060,303	382,214,003,741
Depreciation and amortisation	34,910,163,952	30,677,554,848
Expenses for external services	23,333,620,677	30,063,731,011
Other expenses	262,741,608,944	281,679,435,492
TOTAL	1,874,993,627,405	1,699,257,298,310

25. OTHER INCOME AND EXPENSES

	VND	
	Current year	Previous year
Other income	73,096,842,741	11,210,529,464
Compensation	46,938,922,223	5,088,647,015
Gain from disposed fixed assets	22,353,176,877	2,019,050,541
Others	3,804,743,641	4,102,831,908
Other expenses	(3,244,149,612)	(23,493,402,813)
Others	(3,244,149,612)	(23,493,402,813)
NET	69,852,693,129	(12,282,873,349)

26. PRODUCTION AND OPERATING COSTS

	VND	
	Current year	Previous year
Raw materials	14,997,112,273,572	11,213,306,244,528
Labour costs	730,185,246,256	724,705,315,960
Depreciation and amortisation (Notes 10, 11 and 12)	408,968,204,482	385,326,494,125
Expense for external services	1,095,325,907,080	913,252,352,659
Others	836,244,964,815	791,794,434,019
TOTAL	18,067,836,596,205	14,028,384,841,291

27. CORPORATE INCOME TAX

The Company has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits.

The tax returns filed by the Company are subjected to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, the amounts reported in the separate financial statements could be changed at a later date upon final determination by the tax authorities.

27.1 CIT expense

	VND	
	Current year	previous year
Current CIT expense	209,236,418,604	316,730,543,611
Adjusted CIT from previous year	363,780,853	-
Deferred CIT expense (benefit)	31,435,309,359	(24,528,724,989)
TOTAL	241,035,508,816	292,201,818,622

Reconciliation between CIT expense and the accounting profit multiplied by CIT rate is presented below:

	VND	
	Current year	Previous year
Accounting profit before tax	1,594,807,205,450	1,868,135,081,277
At CIT rate of 20% (2016: 22% for quarter I and 20% for quarter II, III, IV)	318,961,441,090	382,967,691,662
Adjustments		
Non-deductible expenses	31,143,301,359	21,242,891,389
Profits shared from subsidiaries	(109,433,014,486)	(112,367,364,866)
Adjusted CIT from previous year	363,780,853	-
Effect of change applicable tax rate	-	358,600,437
Current CIT expense	241,035,508,816	292,201,818,622



27. CORPORATE INCOME TAX (continued)

27.2 Current tax

The current CIT payable is based on taxable profit for the current year. The taxable profit of the Company for the year differs from the accounting profit as reported in the separate income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

27.3 Deferred CIT

The following are the deferred tax assets recognized by the Company, and the movements thereon, during the current and previous year:

	Separate balance sheet		Separate income statement		VND
	Ending balance	Beginning balance	Current year	Previous year	
Unrealised profits	2,302,446,294	12,352,884,544	(10,050,438,250)	(1,879,731,043)	
Accrued operating expenses	14,347,792,714	37,498,959,182	(23,151,166,468)	23,119,590,888	
Provisions	12,704,668,012	8,945,284,906	3,759,383,106	2,220,847,348	
Foreign exchange differences arising from revaluation of monetary accounts denominated in foreign currency	1,135,161,780	68,118,757	1,067,043,023	(1,842,355,992)	
Others	2,486,663,461	5,546,794,231	(3,060,130,770)	2,910,373,788	
Deferred tax assets	32,976,732,261	64,412,041,620			
Deferred CIT (expenses) benefit			(31,435,309,359)	24,528,724,989	

28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Significant transactions with related parties during the current year and previous year were as follows:

Related party	Relationship	Transactions	Current year	Previous year	VND
Hoa Sen Steel Sheet One Member Co., Ltd.	Subsidiary	Purchase of goods	14,901,254,604,796	10,304,345,500,272	
		Sale of goods	13,643,025,632,712	9,629,215,808,671	
		Leasing of assets	139,296,000,000	169,105,200,000	
		Payment on behalf	166,530,762,965	145,015,701,307	
		Profit shared	76,653,509,042	79,655,811,634	
		Purchase of gas	8,213,145,624	7,491,200,000	
		Purchase of fixed assets	1,436,070,000	-	
Hoa Sen Building Materials One Member Co., Ltd.	Subsidiary	Sale of goods	3,618,783,885,490	3,188,289,759,622	
		Purchase of goods	3,260,772,053,282	2,791,794,909,369	
		Profit shared	205,519,465,050	357,177,111,985	
		Leasing of assets	678,545,460	810,545,460	
		Sale of fixed assets	200,000,000	2,631,860,000	
		Sales return	397,974,795	1,115,427,301	
Hoa Sen Transportation and Engineering One Member Co., Ltd.	Subsidiary	Transportation expenses	44,995,715,904	66,876,788,930	
		Purchase of goods	4,611,416,810	-	
		Leasing of assets	8,565,000,000	13,954,400,000	
		Profit shared	5,895,764,638	3,423,095,400	
Hoa Sen Nam Cam Nghe An One Member Co., Ltd	Subsidiary	Purchase of goods	-	435,450,834,190	
		Sale of goods	-	33,806,898,516	
Hoa Sen Binh Dinh One Member Co., Ltd.	Subsidiary	Purchase of goods	794,881,373,702	580,619,631,706	
		Sale of goods	51,434,073,556	314,828,115,320	
		Profit shared	34,967,674,962	69,522,160,006	
Hoa Sen Hoi Van Joint Stock Company	Associate	Capital contributed	-	450,000,000	



28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Significant transactions with related parties during the current year and previous year were as follows (continued):

Related party	Relationship	Transactions	Current year	Previous year
Hoa Sen Nghe An One Member Co., Ltd.	Subsidiary	Capital contribution Collection of lending Lending of money Sale of goods Purchase of goods Profit shared Leasing of assets	120,000,000,000 - - 5,599,890,071,479 4,551,651,709,046 224,128,658,740 3,948,000,000	220,000,000,000 287,500,000,000 187,500,000,000 825,719,284,191 383,536,049,083 - 1,328,800,000
Hoa Sen Nhon Hoi - Binh Dinh One Member Co., Ltd.	Subsidiary	Capital contribution Purchase of goods Sale of goods Collection of lending Lending of money Sale of fixed assets Leasing of assets Interest income	64,000,000,000 145,744,606,172 505,020,866,183 42,967,623,260 42,967,623,260 8,435,500,000 300,000,000 201,781,047	136,000,000,000 - 2,212,334,024 - - - - -
Hoa Sen Ha Nam One Member Co., Ltd	Subsidiary	Capital contribution Purchase of goods Sale of goods Collection of lending Lending of money Interest income	150,000,000,000 154,761,409,425 11,076,398,202 64,852,176,516 64,869,376,516 1,565,011,328	50,000,000,000 - - - - -
Hoa Sen Van Hoi Joint Stock Company	Subsidiary	Capital contribution	-	2,800,000,000
Hoa Sen Yen Bai Joint Stock Company	Subsidiary	Capital contribution Lending of money Interest income	78,500,000,000 45,663,826,935 551,616,708	5,500,000,000 - -
Hoa Sen Du Long Industrial Park Infrastructure Investment One Member Co., Ltd.	Subsidiary	Capital contribution	24,700,000,000	-

28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Significant transactions with related parties during the current year and previous year were as follows (continued):

Related party	Relationship	Transactions	Current year	Previous year
Hoa Sen Phu My One Member Co., Ltd	Subsidiary	Capital contribution Lending of money Sale of goods Interest income	100,000,000,000 29,311,140,265 6,005,111,813 164,900,884	- - - -
Hoa Sen Ca Na – Ninh Thuan Integrated Iron and Steel Complex Investment One Member Co., Ltd	Subsidiary	Capital contribution	15,000,000,000	-
Ca Na – Ninh Thuan International General Seaport One Member Co., Ltd	Subsidiary	Capital contribution	2,500,000,000	-
Hoa Sen Yen Bai Building Materials One Member Co., Ltd	Subsidiary	Capital contribution Sale of goods	50,000,000,000 2,527,910,381	- -
Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company	Subsidiary	Capital contribution	3,000,000,000	-
Hoa Sen Quy Nhon Joint Stock Company	Associate	Capital contribution	27,450,000,000	450,000,000
Hoa Sen Holdings Group	Related party	Sale of goods Purchase of goods Trade discount Receiving of services Sale of fixed assets Transportation expenses Leasing of assets	2,245,091,246,176 2,868,716,011,902 73,059,929,459 28,255,009,089 36,386,756,005 49,363,717,493 1,718,377,268	1,121,417,115,101 928,800,964,406 26,270,140,994 17,503,495,807 2,617,000,000 - 1,709,372,720
Hoa Sen Nghe An Investment One Member Co., Ltd	Related party	Transportation expenses	620,677,877	-
Viet Capital Health Care Fund	Related party	Reclaim of investment	-	4,367,000,000



28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Amounts due from and due to related parties at the balance sheet date were as follows:

Related party	Relationship	Transaction	Ending balance	Beginning balance	VND
Short-term trade receivables					
Hoa Sen Steel Sheet One Member Co., Ltd.	Subsidiary	Sales of goods	1,372,719,862,467	800,534,662,997	
Hoa Sen Nghe An One Member Co., Ltd.	Subsidiary	Sales of goods	666,455,845,353	420,889,853,059	
Hoa Sen Building Materials One Member Co., Ltd.	Subsidiary	Sales of goods	423,765,967,282	232,002,562,858	
Hoa Sen Nhon Hoi - Binh Dinh One Member Co., Ltd.	Subsidiary	Sales of goods	416,327,068,751	2,433,567,426	
Hoa Sen Phu My One Member Co., Ltd	Subsidiary	Sales of goods	10,215,237,917	-	
Hoa Sen Yen Bai Building Materials One Member Co., Ltd	Subsidiary	Sales of goods	2,380,875,132	27,493,400	
Hoa Sen Holdings Group	Related party	Sales of goods	451,645,235	60,250,074,913	
Hoa Sen Binh Dinh One Member Co., Ltd.	Subsidiary	Sales of goods	-	585,685,088	
Hoa Sen Transportation and Engineering One Member Co., Ltd.	Subsidiary	Sales of goods	-	496,554,009	
Hoa Sen Ha Nam One Member Co., Ltd.	Subsidiary	Sales of goods	-	-	
TOTAL			2,892,316,502,137	1,517,220,453,750	
Short-term advances to suppliers					
Hoa Sen Ha Nam One Member Co., Ltd.	Subsidiary	Advances	38,705,908,131	-	
Hoa Sen Binh Dinh One Member Co., Ltd.	Subsidiary	Advances	-	5,492,058,000	
Hoa Sen Holdings Group	Related party	Advances	-	1,303,140,682	
TOTAL			38,705,908,131	6,795,198,682	
Long-term loan receivables					
Hoa Sen Yen Bai Joint Stock Company	Subsidiary	Lending of money	45,663,826,935	-	
Hoa Sen Phu My One Member Co., Ltd	Subsidiary	Lending of money	29,311,140,265	-	
TOTAL			74,974,967,200	-	

28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Amounts due from and due to related parties at the separate balance sheet dates were as follows (continued):

Related party	Relationship	Transaction	Ending balance	Beginning balance	VND
Other short-term receivables					
Hoa Sen Nghe An One Member Co., Ltd.	Subsidiary	Profit shared	224,128,658,740	-	
Hoa Sen Building Materials One Member Co., Ltd.	Subsidiary	Profit shared	205,519,465,050	357,177,111,985	
Mr Hoang Duc Huy	Deputy General Director	Advance for purchase of lands	90,183,227,000	90,183,227,000	
Hoa Sen Steel Sheet One Member Co., Ltd.	Subsidiary	Profit shared	76,653,509,042	79,655,811,634	
Hoa Sen Binh Dinh One Member Co., Ltd.	Subsidiary	Profit shared	34,967,674,962	69,522,160,006	
Hoa Sen Transportation and Engineering One Member Co., Ltd.	Subsidiary	Profit shared	5,895,764,638	3,423,095,400	
Hoa Sen Ca Na – Ninh Thuan Intergrated Iron and Steel Complex Investment One Member Limited Liabilities Company	Subsidiary	Payment on behalf	-	36,787,500	
Hoa Sen Yen Bai Joint Stock Company	Subsidiary	Payment on behalf	923,312,250	923,312,250	
Hoa Sen Phu My One Member Co., Ltd	Subsidiary	Loan interest	551,616,708	-	
Hoa Sen Ca Na – Ninh Thuan Cement One Member Limited Liabilities Company	Subsidiary	Loan interest	164,900,884	-	
Hoa Sen Ca Na – Ninh Thuan Renewable Energy One Member Limited Liabilities Company	Subsidiary	Payment on behalf	-	5,000,000	
Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company	Subsidiary	Payment on behalf	10,000,000	5,000,000	
Hoa Sen Ca Na – Ninh Thuan International General Seaport One Member Limited Liabilities Company	Subsidiary	Payment on behalf	10,000,000	5,000,000	
TOTAL			639,008,129,274	600,946,505,775	

**28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)**

Amounts due from and due to related parties at the separate balance sheet dates were as follows (continued):

Related party	Relationship	Transaction	Ending balance	Beginning balance
VND				
Short-term trade payables				
Hoa Sen Binh Dinh One Member Co, Ltd.	Subsidiary	Purchases of goods	200,641,334,445	56,093,633,619
Hoa Sen Nhon Hoi - Binh Dinh One Member Co., Ltd.	Subsidiary	Purchases of goods	56,166,912,937	-
Hoa Sen Holdings Group	Related party	Purchases of goods	54,215,530,025	6,115,897,221
Hoa Sen Ha Nam One Member Co., Ltd.	Subsidiary	Purchases of goods	53,560,995,083	-
Hoa Sen Transportation and Engineering One Member Co., Ltd.	Subsidiary	Purchases of goods	14,226,066,980	9,331,853,822
Hoa Sen Steel Sheet One Member Co., Ltd.	Subsidiary	Purchases of goods	2,000,000,000	14,500,000,000
Hoa Sen Nghe An Investment One Member Co., Ltd	Related party	Purchases of goods	427,095,341	-
Hoa Sen Nam Cam Nghe An One Member Co., Ltd.	Subsidiary	Purchases of goods	-	128,981,860,181
TOTAL			381,237,934,811	215,023,244,843
Short-term advances from customers				
Hoa Sen Holdings Group	Related party	Advance	145,963,739,883	8,394,282,049
Hoa Sen Binh Dinh One Member Co, Ltd.	Subsidiary	Advance	78,751,807,428	-
TOTAL			224,715,547,311	8,394,282,049
Other short-term payables				
Hoa Sen Du Long Industrial Park Infrastructure Investment One Member Co., Ltd.	Subsidiary	Capital contribution	24,700,000,000	-
Huong Sen Real Estate	Related party	Payable of advance	1,000,000,000	1,000,000,000
Hoa Sen Yen Bai Building Materials One Member Co., Ltd	Subsidiary	Payment on behalf	16,800,000	-
Hoa Sen Nhon Hoi - Binh Dinh One Member Co., Ltd.	Subsidiary	Receivable on behalf	-	6,000,000
Hoa Sen Holdings Group	Related party	Receivable on behalf	-	2,300,000
Hoa Sen Transportation and Engineering One Member Co., Ltd.	Subsidiary	Receivable on behalf	-	784,000
TOTAL			25,716,800,000	1,009,084,000

28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)**Transactions with other related parties**

Details of salaries and remuneration of the Boards of Directors, the Board of Supervision and the Management during the year are as set out below:

	Current year	Previous year
Salaries of the Management	15,910,226,680	13,233,255,424
Bonuses of the Management	14,580,000,000	5,968,000,000
Remuneration of the Board of Directors and the Board of Supervision	2,000,000,000	1,859,000,000
Bonuses of the Board of Directors and the Board of Supervision	26,810,000,000	11,636,460,000
TOTAL	59,300,226,680	32,696,715,424

29. COMMITMENTS**Operating lease commitment - the Company as lessee**

The Company leases land and factories under operating lease arrangements. The minimum lease commitments as at the balance sheet dates under operating lease arrangements are as follows:

	Ending balance	Beginning balance
Less than 1 year	102,622,704,600	75,550,440,800
From 1 to 5 years	360,182,972,527	266,600,521,480
More than 5 years	247,322,009,333	182,710,585,480
TOTAL	710,127,686,460	524,861,547,760

Operating lease commitment - the Company as lessor

The Company leases out buildings and structures, machinery and equipment, and means of transportation under operating lease arrangements. The future minimum rental receivable as at the balance sheet dates under the operating lease agreements are as follows:

	Ending balance	Beginning balance
Less than 1 year	155,269,354,547	186,859,086,366
From 1 to 5 years	616,331,681,818	741,692,236,365
More than 5 years	341,516,000,000	593,967,700,000
TOTAL	1,113,117,036,365	1,522,519,022,731

Capital commitments

As at 30 September 2017, the Company had commitments of VND 35,525,754,918 (30 September 2016: VND 200,919,905,078) mainly related to the acquisition of new machinery for its operations.



29. COMMITMENTS (continued)

Capital commitments

As at 30 September 2017, the Company has capital-contributed commitments into subsidiaries and associates which have not been contributed as follows:

	Cost of investment		VND
	Amount	%	Contributed
			Amount
Hoa Sen Van Hoi Joint Stock Company	70,000,000,000	70%	2,800,000,000
Hoa Sen Ca Na – Ninh Thuan Renewable Energy One Member Limited Liabilities Company	20,000,000,000	100%	-
Hoa Sen Ca Na – Ninh Thuan Cement One Member Limited Liabilities Company	30,000,000,000	100%	-
Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company	50,000,000,000	100%	3,000,000,000
Hoa Sen Ca Na – Ninh Thuan International General Seaport One Member Limited Liabilities Company	50,000,000,000	100%	2,500,000,000
Hoa Sen Ca Na – Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liabilities Company	100,000,000,000	100%	15,000,000,000
Hoa Sen Hoi Van Joint Stock Company	22,500,000,000	45%	450,000,000
Hoa Sen Quy Nhon Joint Stock Company	45,000,000,000	45%	27,900,000,000
TOTAL	387,500,000,000		51,650,000,000

30. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the separate financial statements.

Nguyen Thi Thanh Tuyen
Preparer

Nguyen Thi Ngoc Lan
Chief Accountant



Tran Ngoc Chu
General Director

25 December 2017

HOA SEN GROUP

CONSOLIDATED FINANCIAL STATEMENTS

30 September 2017

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THE GENERAL INFORMATION

THE COMPANY

Hoa Sen Group ("the Company") is a shareholding company incorporated pursuant to the Law on Enterprise of Vietnam in accordance with the Business Registration Certificate ("BRC") No. 3700381324 issued by the Department of Planning and Investment of Binh Duong Province on 8 August 2001, as amended.

The Company's and its subsidiaries current principal activities are manufacturing roofing sheets by galvanized steel, zinc alloy, paint galvanized zinc plating and plating of other alloys; producing steel purlins, galvanized purlins; manufacturing black steel pipes, galvanized steel pipes and other alloys; manufacturing steel mesh, galvanized steel wire, steel wire; buying and selling building materials, capital goods and consumer goods; renting warehouse and transporting goods; building industrial and civil constructions and producing cold rolled steel coils and leasing machinery and equipment and other tangible belongings.

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

The Company's registered head office is located at No. 9, Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam. In addition, the Company also has three hundred and forty three (343) branches located at various provinces in Vietnam

BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are as follows:

Mr Le Phuoc Vu	Chairman
Mr Tran Ngoc Chu	Vice Chairman
Mr Pham Gia Tuan	Member
Mr Tran Quoc Tri	Member
Mr Ly Van Xuan	Member

BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are as follows:

Mr Le Vu Nam	Head of the Board
Mr Le Dinh Hanh	Member
Ms Dong Thi Thanh Hang	Member

MANAGEMENT

Members of the Management during the year and at the date of this report are as follows:

Mr Tran Ngoc Chu	General Director	
Mr Hoang Duc Huy	Deputy General Director	
Mr Tran Quoc Tri	Deputy General Director	
Mr Vu Van Thanh	Deputy General Director	
Mr Nguyen Minh Khoa	Deputy General Director	
Mr Ho Thanh Hieu	Deputy General Director	
Mr Tran Quoc Pham	Deputy General Director	
Mr Nguyen Ngoc Huy	Acting Deputy General Director	appointed on 15 March 2017
Mr Phan Duy Quang	Deputy General Director	resigned on 15 March 2017

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Le Phuoc Vu.

Mr. Tran Ngoc Chu is authorised by Mr. Le Phuoc Vu to sign the accompanying consolidated financial statements for the year ended 30 September 2017 in accordance with the Letter of Authorisation No. 51/UQ/CT-HDQT/2016 dated 23 March 2016.

AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

REPORT OF GENERAL DIRECTOR

The General Director of Hoa Sen Group ("the Company") is pleased to present his report and the consolidated financial statements of the Company and its subsidiaries ("the Group") for year ended 30 September 2017.

THE GENERAL DIRECTOR'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The General Director is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Group and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing those consolidated financial statements, the General Director is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether 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 its business.

The General Director is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. He 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 General Director confirmed that he has complied with the above requirements in preparing the accompanying consolidated financial statements.

STATEMENTS BY THE GENERAL DIRECTOR

The General Director does hereby state that, in his opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 September 2017 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.



Tran Ngoc Chu
General Director

25 December 2017

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Hoa Sen Group

We have audited the accompanying consolidated financial statements of Hoa Sen Group ("the Company") and its subsidiaries ("the Group") as prepared on 25 December 2017 and set out on pages 5 to 47, which comprise the consolidated balance sheet as at 30 September 2017, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

The General Director's responsibility

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

Auditors' 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 from material misstatement.

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

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

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 30 September 2017, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

Ernst & Young Vietnam Limited



Hang Nhat Quang
Deputy General Director
Audit Practicing Registration Certificate
No. 1772-2013-004-1

A blue ink signature of Nguyen Thanh Sang.

Nguyen Thanh Sang
Nguyen Thanh Sang
Audit Practicing Registration Certificate
No. 1541-2013-004-1

Ho Chi Minh City, Vietnam

25 December 2017

**CONSOLIDATED BALANCE SHEET**

As at 30 September 2017

B01-DN/HN

VND

Code	Assets	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		12,763,371,131,704	7,057,496,113,079
110	I. Cash and cash equivalents	5	292,371,319,351	576,620,705,083
111	1. Cash		292,227,797,476	576,477,183,208
112	2. Cash equivalents		143,521,875	143,521,875
130	II. Current account receivables		1,827,514,998,306	1,097,734,614,933
131	1. Short term trade receivable	6.1	1,147,622,356,201	512,883,028,481
132	2. Short-term advances to suppliers	6.2	349,063,969,833	418,334,564,354
135	3. Short-term loan receivables		25,400,000,000	400,000,000
136	4. Other short-term receivables	7	312,189,952,182	172,878,302,008
137	5. Provision for doubtful short-term receivables		(6,761,279,910)	(6,761,279,910)
140	III. Inventories	8	8,871,078,567,586	4,821,500,983,389
141	1. Inventories		8,898,028,802,451	4,835,669,252,872
149	2. Provision for obsolete inventories		(26,950,234,865)	(14,168,269,483)
150	IV. Other current assets		1,772,406,246,461	561,639,809,674
151	1. Short-term prepaid expenses	9	109,041,648,878	89,057,046,906
152	2. Value-added tax deductible	18	1,663,363,850,523	472,570,764,899
153	3. Tax and other receivables from the State	18	747,060	11,997,869
200	B. NON-CURRENT ASSETS		8,675,084,741,950	5,252,489,822,394
210	I. Long-term receivables		1,458,000,000	28,470,549,901
215	1. Long-term loan receivables		-	25,000,000,000
216	2. Other long-term receivables	7	1,458,000,000	3,470,549,901
220	II. Fixed assets		6,760,466,142,666	4,590,256,155,671
221	1. Tangible fixed assets	11	6,396,829,534,741	4,010,721,553,262
222	Cost		9,400,950,244,633	6,334,589,034,551
223	Accumulated depreciation		(3,004,120,709,892)	(2,323,867,481,289)
224	2. Finance lease assets	12	79,990,575,402	286,223,132,542
225	Cost		156,586,057,440	390,450,105,019
226	Accumulated depreciation		(76,595,482,038)	(104,226,972,477)
227	3. Intangible assets	13	283,646,032,523	293,311,469,867
228	Cost		316,828,687,046	322,941,011,046
229	Accumulated amortisation		(33,182,654,523)	(29,629,541,179)
240	III. Long-term asset in progress		1,333,535,754,767	294,089,597,497
242	1. Construction in progress	14	1,333,535,754,767	294,089,597,497
250	IV. Long-term investments	16	90,969,102,467	25,902,371,384
252	1. Investments in associates		44,369,102,467	25,902,371,384
255	2. Held-to-maturity investment		46,600,000,000	-
260	V. Other long-term assets		488,655,742,050	313,771,147,941
261	1. Long-term prepaid expenses	9	412,307,081,315	218,966,831,302
262	2. Deferred tax assets	29.3	64,981,164,590	94,804,316,639
269	3. Goodwill	15	11,367,496,145	-
270	TOTAL ASSETS		21,438,455,873,654	12,309,985,935,473

**CONSOLIDATED BALANCE SHEET (continued)**

As at 30 September 2017

B01-DN/HN

VND

Code	Resources	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		16,268,653,940,969	8,180,013,371,207
310	I. Current liabilities		13,427,903,865,258	6,757,387,367,397
311	1. Short-term trade payables	17.1	3,482,818,939,548	1,620,489,926,985
312	2. Short-term advances from customers	17.2	417,642,163,076	152,344,207,252
313	3. Statutory obligations	18	167,199,725,948	196,510,882,399
314	4. Payables to employees		105,069,186,683	82,046,846,238
315	5. Short-term accrued expenses	19	101,223,708,394	262,426,636,612
319	6. Other short-term payables	20	77,593,435,079	46,540,401,931
320	7. Short-term loans and finance lease obligations	21	9,015,062,474,063	4,366,172,782,781
322	8. Bonus and welfare fund		61,294,232,467	30,855,683,199
330	II. Non-current liabilities		2,840,750,075,711	1,422,626,003,810
338	1. Long-term loans and finance lease obligations	21	2,835,803,760,461	1,418,572,001,810
342	2. Long-term provisions		4,946,315,250	4,054,002,000
400	D. OWNERS' EQUITY		5,169,801,932,685	4,129,972,564,266
410	I. Capital		5,169,801,932,685	4,129,972,564,266
411	1. Share capital	22.1	3,499,966,830,000	1,965,398,290,000
411a	Shares with voting rights		3,499,966,830,000	1,965,398,290,000
412	2. Share premium		151,583,183,521	551,571,933,521
420	3. Other funds belonging to owners' equity		34,535,741,195	6,784,575,670
421	4. Undistributed earnings		1,446,534,555,355	1,602,771,684,847
421a	- Undistributed earnings up to prior year-end		114,870,643,184	98,578,241,748
421b	- Undistributed earnings of current year		1,331,663,912,171	1,504,193,443,099
429	5. Non-controlling interests	22.3	37,181,622,614	3,446,080,228
440	TOTAL LIABILITIES AND OWNERS' EQUITY		21,438,455,873,654	12,309,985,935,473

Nguyen Thi Thanh Tuyen
PreparerNguyen Thi Ngoc Lan
Chief AccountantTran Ngoc Chu
General Director

25 December 2017

**CONSOLIDATED INCOME STATEMENT**

For the year ended 30 September 2017

B02-DN/HN

VND

Code	Items	Notes	Current year	Previous year
01	1.Revenues from sale of goods and rendering of services	23.1	26,336,984,183,123	18,006,498,541,322
02	2. Deductions	23.1	(187,939,347,844)	(112,783,060,369)
10	3. Net revenues from sale of goods and rendering of services	23.1	26,149,044,835,279	17,893,715,480,953
11	4. Costs of goods sold and services rendered	24	(21,730,791,206,018)	(13,717,393,786,963)
20	5. Gross profit from sale of goods and rendering of services		4,418,253,629,261	4,176,321,693,990
21	6. Finance income	23.2	53,912,840,001	38,428,728,972
22	7. Finance expenses	25	(589,176,690,666)	(255,684,384,136)
23	<i>In which: Interest expense</i>		<i>(482,275,637,847)</i>	<i>(209,035,437,498)</i>
25	8. Selling expenses	26	(1,512,517,323,076)	(1,139,602,275,640)
26	9. General and administrative expenses	26	(801,479,758,048)	(900,715,660,702)
30	10. Operating profit		1,568,992,697,472	1,918,748,102,484
31	11. Other income	27	78,166,099,473	12,438,447,274
32	12. Other expenses	27	(4,519,323,205)	(24,436,799,077)
40	13. Other profit (loss)	27	73,646,776,268	(11,998,351,803)
50	14. Profit before tax		1,642,639,473,740	1,906,749,750,681
51	15. Current corporate income tax expense	29.1	(281,166,867,134)	(437,894,050,149)
52	16. Deferred income tax (expense) benefit	29.3	(29,823,152,049)	35,333,822,795
60	17. Net profit after tax		1,331,649,454,557	1,504,189,523,327
61	18. Net profit after tax attributable to shareholders of the parent		1,331,663,912,171	1,504,193,443,099
62	19. Net loss after tax attributable to non-controlling interests		(14,457,614)	(3,919,772)
70	20.Earnings per share (VND/share)	22.5		
	- Basic earnings per share		3,672	4,226
	- Diluted earnings per share		3,672	4,226

Nguyen Thi Thanh Tuyen
Tran Ngoc ChuNguyen Thi Ngoc Lan
Chief AccountantTran Ngoc Chu
General Director

25 December 2017

**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 30 September 2017

B03-DN/HN

VND

Code	Items	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		1,642,639,473,740	1,906,749,750,681
	Adjustments for:			
02	Depreciation and amortisation of fixed assets and goodwill	11, 12, 13, 15	705,280,876,622	548,687,219,681
03	Provisions		21,765,234,299	11,863,839,459
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency		7,247,689,692	4,522,119,842
05	Profits from investing activities		(23,207,483,003)	(6,762,148,291)
06	Interest expense	25	482,275,637,847	209,035,437,498
08	Operating profit before changes in working capital		2,836,001,429,197	2,674,096,218,870
09	Increase in receivables		(1,940,119,982,438)	(275,398,648,744)
10	Increase in inventories		(4,062,359,549,579)	(1,278,775,737,798)
11	Increase in payables		1,990,194,619,701	1,251,763,256,721
12	Increase in prepaid expenses		(104,000,439,171)	(110,709,151,095)
14	Interest expense paid		(470,782,599,301)	(209,357,317,508)
15	Corporate income tax paid		(340,323,719,741)	(377,577,508,418)
17	Other cash outflows for operating activities		(82,041,727,870)	(32,821,856,159)
20	Net cash flows (used in) from operating activities		(2,173,431,969,202)	1,641,219,255,869
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets		(4,016,935,385,411)	(1,306,700,247,402)
22	Proceeds from disposals of fixed assets		49,677,813,863	5,357,567,669
25	Payments for investments in other entities		(27,450,000,000)	(900,000,000)
26	Proceeds from sale of investments in other entities		-	4,367,000,000
27	Interest received		700,711,525	4,781,142,242
30	Net cash flows used in investing activities		(3,994,006,860,023)	(1,293,094,537,491)



VND				
Code	Items	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Reissuance of treasury shares		34,601,710,000	116,395,667,397
32	Capital redemption		-	(508,729)
33	Drawdown of borrowings		27,410,327,886,870	12,715,960,175,942
34	Repayment of borrowings		(21,212,709,164,619)	(12,485,356,652,060)
35	Finance lease payments		(147,033,010,824)	(67,794,496,495)
36	Dividends paid		(196,362,984,225)	(327,038,699,875)
40	Net cash flows from (used in) financing activities		5,888,824,437,202	(47,834,513,820)
50	Net (decrease) increase in cash and cash equivalents		(278,614,392,023)	300,290,204,558
60	Cash and cash equivalents at beginning of year	5	576,620,705,083	276,693,474,303
61	Impact of exchange rate fluctuation		(5,634,993,709)	(362,973,778)
70	Cash and cash equivalents at end of year	5	292,371,319,351	576,620,705,083


Nguyen Thi Thanh Tuyen
Preparer


Nguyen Thi Ngoc Lan
Chief Accountant


Tran Ngoc Chu
General Director

25 December 2017

1. CORPORATE INFORMATION

Hoa Sen Group ("the Company") is a shareholding company incorporated pursuant to the Law on Enterprise of Vietnam in accordance with the Business Registration Certificate ("BRC") No. 3700381324 issued by the Department of Planning and Investment of Binh Duong Province on 8 August 2001, as amended.

The Company's and its subsidiaries current principal activities are manufacturing roofing sheets by galvanized steel, zinc alloy, paint galvanized zinc plating and plating of other alloys; producing steel purlins, galvanized purlins; manufacturing black steel pipes, galvanized steel pipes and other alloys; manufacturing steel mesh, galvanized steel wire, steel wire; manufacturing PVC ceiling; buying and selling building materials, capital goods and consumer goods; renting warehouse and transporting goods; building industrial and civil constructions and producing cold rolled steel coils and leasing machinery and equipment and other tangible belongings.

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

The Company's registered head office is located at No. 9, Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam. In addition, the Company also has three hundred and forty three (343) branches located at various provinces of Vietnam.

The number of employees of the Company and its subsidiaries ("the Group") as at 30 September 2017 was 8,200 (30 September 2016: 7,095).

Corporate structure

The Group's corporate structure includes the Company and the following 17 subsidiaries:

► Hoa Sen Steel Sheet One Member Limited Liabilities Company ("HSS")

HSS is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 3700763651 issued by the Department of Planning and Investment of Binh Duong Province on 9 November 2006, as amended. HSS's registered head office is located at No. 9 Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam. The current principal activities of HSS are manufacturing and trading in cold rolled steel products.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSS (30 September 2016: 100%).

► Hoa Sen Building Materials One Member Limited Liabilities Company ("HSBM")

HSBM is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 3500786179 issued by the Department of Planning and Investment of Ba Ria Vung Tau Province on 26 March 2007, as amended. HSBM's registered head office is located at Phu My 1 Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province, Vietnam. The current principal activities of HSBM are manufacturing and trading in plastic building materials and steel pipe products.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSBM (30 September 2016: 100%).

► Hoa Sen Binh Dinh One Member Limited Liabilities Company ("HSBD")

HSBD is a one-member limited liability established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4101425750 issued by the Department of Planning and Investment of Binh Dinh Province on 14 May 2014. HSBD's registered head office is located at Lot A1.1 and TT 6.2 & 7, Nhon Hoa Industrial Park, Nhon Hoa Ward, An Nhon Town, Binh Dinh Province, Vietnam. The current principal activities of HSBD are manufacturing and trading in plastic building materials and steel pipe products.

As at 30 September 2017, the Company holds 100% equity interest and 100% voting rights in HSBD (30 September 2016: 100%).



1. CORPORATE INFORMATION (continued)

Corporate structure (continued)

▶ Hoa Sen Transportation and Engineering One Member Limited Liability Company ("HTME")

HTME is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 3700785528 issued by the Department of Planning and Investment of Binh Duong Province on 26 March 2007, as amended. HTME's registered head office is located at No. 9 Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam. The current principal activities of HTME are providing transportation services and civil, industrial construction projects.

As at 30 September 2017, the Company holds 100% equity interest and 100% voting rights in HTME (30 September 2016: 100%).

▶ Hoa Sen Nghe An One Member Limited Liability Company ("HSNA")

HHSNA is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 29011788319 issued by the Department of Planning and Investment of Nghe An Province on 12 June 2015, as amended. HSNA's registered head office is located at Lot CN 1-8, Dong Hoi Industrial Park, Quynh Lap Commune, Hoang Mai Town, Nghe An Province, Vietnam. The current principal activities of HSNA are manufacturing and trading in metal roofing sheets

As at 30 September 2017, the Company holds 100% equity interest and 100% voting rights in HSNA (30 September 2016: 100%).

▶ Hoa Sen Ha Nam One Member Limited Liability Company ("HSHN")

HSHN is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 0700759219 issued by the Department of Planning and Investment of Ha Nam Province on 15 September 2015. HSHN's registered head office is located at Kien Khe I Industrial Complex, Kien Khe Town, Thanh Liem District, Ha Nam Province, Vietnam. The current principal activities of HSHN are manufacturing and trading in plastic building materials and steel pipe products.

As at 30 September 2017, the Company holds 100% equity interest and 100% voting rights in HSHN (30 September 2016: 100%).

▶ Hoa Sen Nhon Hoi - Binh Dinh One Member Limited Company ("HSNH")

HSNH is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4101453370 issued by the Department of Planning and Investment of Binh Dinh Province on 26 November 2015. HSNH's registered head office is located at Hoi Son Village, Nhon Hoi Commune, Quy Nhon City, Vietnam. The current principal activities of HSNH are manufacturing and trading in metal roofing sheets .

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSNH (30 September 2016: 100%).



1. CORPORATE INFORMATION (continued)

Corporate structure (continued)

▶ Hoa Sen Van Hoi Joint Stock Company ("HSVH")

HSVH is a joint stock company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 5200861301 issued by the Department of Planning and Investment of Yen Bai Province on 5 May 2016. HSVH's registered head office is located at 48 Group, Dong Tam Ward, Yen Bai City, Yen Bai Province, Vietnam. The current principal activities of HSVH are trading in real estate and rendering real estate services and supporting services for trading real estate.

As at 30 September 2017, the Company holds 70% equity interests and 70% voting rights in HSVH (30 September 2016: 70%).

▶ Hoa Sen Yen Bai Joint Stock Company ("HSYB")

HSYB is a joint stock company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 5200861319 issued by the Department of Planning and Investment of Yen Bai Province on 5 May 2016. HSYB's registered head office is located at 48 Civil group, Dong Tam Ward, Yen Bai City, Yen Bai Province, Vietnam. The current principal activities of HSYB are operating a hotel, restaurant services and commercial center.

As at 30 September 2017, the Company holds 70% equity interests and 70% voting rights in HSYB (30 September 2016: 70%).

▶ Hoa Sen Ca Na – Ninh Thuan Renewable Energy One Member Limited Liabilities Company ("HSRE")

HSRE is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607960 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSRE's registered head office is located at Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSRE are manufacturing, transmitting and distributing electricity.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSRE (30 September 2016: 100%).

▶ Hoa Sen Ca Na – Ninh Thuan Cement One Member Limited Liabilities Company ("HSCC")

HSCC is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607946 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSCC's registered head office is located at Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSCC are manufacturing cement, lime and plaster.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSCC (30 September 2016: 100%).

▶ Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment One Member Limited Liabilities Company ("HSIP")

HSIP is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607978 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSIP's registered head office is located at Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSIP are trading in real estate and land use right for use or rent.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSIP (30 September 2016: 100%).



1. CORPORATE INFORMATION (continued)

Corporate structure (continued)

▶ Hoa Sen Ca Na – Ninh Thuan International General Seaport One Member Limited Liabilities Company (“HSSP”)

HSSP is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607985 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSSP’s registered head office is located at Thuong Diem 2 Village, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSSP are investing riverport, seaport.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSSP (30 September 2016: 100%).

▶ Hoa Sen Ca Na – Ninh Thuan Integrated Iron and Steel Complex Investment One Member Limited Liabilities Company (“HSIC”)

HSIC is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500607953 issued by the Department of Planning and Investment of Ninh Thuan Province on 8 August 2016. HSIC’s registered head office is located at Hoa Sen Ca Na Industrial Park, Phuoc Diem Commune, Thuan Nam District, Ninh Thuan Province, Vietnam. The current principal activities of HSIC are manufacturing iron, steel, cast iron products.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSIC (30 September 2016: 100%).

▶ Hoa Sen Phu My One Member Limited Liability Company (“HSPM”)

HSPM is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 3502313442 issued by the Department of Planning and Investment of Ba Ria – Vung Tau Province on 8 August 2016. HSPM’s registered head office is located at Phu My 1 Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province, Vietnam. The current principal activities of HSPM are manufacturing steel for building materials and consumer goods.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSPM (30 September 2016: 100%).

▶ Hoa Sen Yen Bai Building Materials One Member Liability Company (“HSYB-LTD”)

HSYB-LTD is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 5200870602 issued by the Department of Planning and Investment of Yen Bai Province on 6 January 2017. HSYB-LTD’s registered head office is located at 48 Group, Dong Tam Ward, Yen Bai City, Yen Bai Province, Vietnam. The current principal activities of HSYB-LTD are manufacturing and trading steel pipes.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSYB-LTD.

▶ Hoa Sen Du Long Industrial Park Infrastructure Investment One Member Limited Liability Company (“HSDL”)

HSDL is a one-member limited liability company established pursuant to the Law on Enterprise of Vietnam in accordance with the BRC No. 4500272658 - second amendment issued by the Department of Planning and Investment of Ninh Thuan Province on 26 September 2017. HSDL’s registered head office is located at 65 Tran Quang Dieu street, Thanh Son Ward, Phan Rang – Thap Cham City, Ninh Thuan Province, Vietnam. The current principal activities of HSDL are investing in construction and developing industrial park.

As at 30 September 2017, the Company holds 100% equity interests and 100% voting rights in HSDL.



2. BASIS OF PREPARATION

2.1 Applied accounting standards and system

The consolidated financial statements of the Group, expressed in Vietnam dong (“VND”), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4);
- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam’s accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position and consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 Applied accounting documentation system

The Group’s applied accounting documentation system is the Voucher Journal system.

2.3 Fiscal year

The Group’s fiscal year applicable for the preparation of its consolidated financial statements starts on 1 October and ends on 30 September.

2.4 Accounting currency

The consolidated financial statements are prepared in VND which is also the Group’s accounting currency.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 30 September 2017.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses resulting from intra-company transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders’ equity.

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in retained earnings.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks, cash in transit and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.2 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Raw materials, tools and supplies, and merchandise	- cost of purchase on a weighted average basis.
Finished goods and work in process	- cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Group, based on appropriate evidence of impairment available at the balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold account in the consolidated income statement.

3.3 Receivables

Receivables are presented in the consolidated financial statements at the carrying amounts due from customers and other debtors, along with the provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement.

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the separate income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the separate income statement.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Where the Group is the lessee

Assets held under finance leases are capitalised in the consolidated balance sheet at the inception of the lease at the fair value of the leased assets or, if lower, at the net present value of the minimum lease payments. The principal amount included in future lease payments under finance leases are recorded as a liability. The interest amounts included in lease payments are charged to the consolidated income statement over the lease term to achieve a constant rate on interest on the remaining balance of the finance lease liability.

Capitalised financial leased assets are depreciated using straight-line basis over the shorter of the estimated useful lives of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Rentals under operating leases are charged to the consolidated income statement on a straight-line basis over the lease term.

Where the Group is the lessor

Assets subject to operating leases are included as the Group's fixed assets in the consolidated balance sheet. Initial direct costs incurred in negotiating an operating lease are added to the carrying value of the leased asset for amortisation to the consolidated income statement over the lease term.

Lease income is recognised in the consolidated income statement on a straight-line basis over the lease term.

3.6 Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises its purchase price and any directly attributable costs of preparing the intangible asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred.

When intangible assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

Land use rights

Land use rights are recorded as intangible assets representing the value of the right to use the lands acquired or leased by the Group. The useful lives of land use rights are assessed as either definite or indefinite. Accordingly, the land use rights with definite useful lives representing the land lease are amortised over the lease term while the land use rights with indefinite useful lives are not amortised.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Depreciation and amortisation

Depreciation of tangible fixed assets and financial leases, and amortisation of intangible assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	5 - 50 years
Machinery and equipment	5 - 20 years
Means of transportation	6 - 10 years
Office equipment	3 - 8 years
Others	5 - 8 years
Land use rights	14 - 55 years
Computer software	3 - 10 years

3.8 Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

3.9 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

3.10 Investments

Investments in associates

The Group's investments in its associates are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that is neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment and subject to annual review for impairment. The consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

The share of post-acquisition profit (loss) of the associate is presented on the face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend or profit sharing received or receivable from the associate reduce the carrying amount of the investment.

Investment in other entity

Investment in other entity is are stated at their acquisition costs.

Provision for diminution in value of investments

Provision for any diminution in value of the investments in capital of other entities at the balance sheet date is made in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases or decreases to the provision balance are recorded as finance expense in the consolidated income statement.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Payables and accruals

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

3.12 Accrual for severance pay

The severance pay to employee is accrued at the end of each reporting period for all employees who have been in service for more than 12 months up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Any increase or decrease to the accrued amount will be taken to the consolidated income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labour Code.

3.13 Foreign currency transactions

Transactions in currencies other than the Group's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment; and
- Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the balance sheet dates which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Group conducts transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Group conducts transactions regularly.

All foreign exchange differences incurred during the year and arisen from the translation of monetary accounts denominated in foreign currency at year-end are taken to the consolidated income statement.

3.14 Treasury shares

Own equity instruments which are reacquired (known as treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Group's own equity instruments



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Appropriation of net profit

Net profit after tax is available for appropriation to shareholders after approval in the annual general meeting, and after making appropriation to funds and reserve funds in accordance with the Group's Charter and Vietnam's regulatory requirements.

The Group maintains the following fund which is appropriated from the Group's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting.

Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the consolidated balance sheet.

3.16 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Rendering of services

Revenue is recognised when the services have been performed and completed.

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Dividends

Income is recognised when the Group is entitled to receive dividends.

Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term.

3.17 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to set off current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Taxation (continued)

Deferred tax

Deferred tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for consolidated financial statements purpose.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or when the Group intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.18 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Group (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Group (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.19 Segment information

A segment is a component determined consolidated by the Group which is engaged in providing products or related services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized over 3-year period on a straight-line basis. The parent company conducts the periodical review for impairment of goodwill of investment in subsidiaries. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the consolidated income statement

4. BUSINESS COMBINATION

Acquisition of shares of HSDL

On 26 September 2017, the Group acquired 100% equity interest of Hoa Sen Du Long Industrial Park Infrastructure Investment One Member Limited Liability Company ("HSDL") for a total consideration of VND 24,700,000,000. Accordingly, HSDL became a subsidiary of the Group from that date.

As at 30 September 2017, the Group is still in process to determine the fair values of the identifiable assets, liabilities, and contingent liabilities of HSDL at the acquisition date. Accordingly, the Group applied provisional fair values of this subsidiary for consolidation purpose. The provisional fair values of identifiable assets and liabilities of HSDL at the acquisition date were as follows:

	VND
	Provisional fair value recognized on acquisition
Assets	38,351,654,211
Cash	3,842,441
Trade receivables	24,786,359,197
Other current assets	21,000,000
Construction in progress	13,540,452,573
Liabilities	30,702,898,428
Other short – term payables	30,702,898,428
Total identifiable net assets at fair value	7,648,755,783
Goodwill arising on acquisition	17,051,244,217
Purchase consideration transferred	24,700,000,000



5. CASH AND CASH EQUIVALENTS

	Ending balance	Beginning balance
Cash on hand	14,395,109,469	12,729,078,269
Cash in banks	276,984,603,292	513,748,104,939
Cash in transit	848,084,715	50,000,000,000
Cash equivalents (*)	143,521,875	143,521,875
TOTAL	292,371,319,351	576,620,705,083

(*) Cash equivalents represent the deposits at commercial banks with original maturity of less than three (3) months and earn interest at the rates of 5% per annum.

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Short-term trade receivables

	Ending balance	Beginning balance
Due from third parties	1,147,137,710,966	512,855,535,081
Due from related parties (Note 30)	484,645,235	27,493,400
TOTAL	1,147,622,356,201	512,883,028,481
Provision for doubtful short-term trade receivables	(6,021,279,910)	(6,021,279,910)
NET	1,141,601,076,291	506,861,748,571

6.2 Short-term advances to suppliers

	Ending balance	Beginning balance
Advances to third parties	349,063,969,833	413,718,365,689
Advance to a related party (Note 30)	-	4,616,198,665
TOTAL	349,063,969,833	418,334,564,354



7. OTHER RECEIVABLES

	VND	
	Ending balance	Beginning balance
Short-term	312,189,952,182	172,878,302,008
Deposits	139,310,128,600	53,959,892,062
Advance for purchase of lands	90,183,227,000	90,183,227,000
Compensation	31,520,000,000	-
Advances to employees	27,744,442,409	20,846,911,314
Compensation and clear the ground	20,000,000,000	-
Others	3,432,154,173	7,888,271,632
Long-term	1,458,000,000	3,470,549,901
Deposits	1,458,000,000	3,470,549,901
TOTAL	313,647,952,182	176,348,851,909
Provision for doubtful other short-term receivables	(740,000,000)	(740,000,000)
NET	312,907,952,182	175,608,851,909
<i>In which:</i>		
Due from third parties	222,724,725,182	85,425,624,909
Due from a related party (Note 30)	90,183,227,000	90,183,227,000

8. INVENTORIES

	VND	
	Ending balance	Beginning balance
Raw materials	2,785,840,233,964	1,211,410,567,699
Goods in transit	2,582,630,028,127	1,576,075,705,558
Finished goods	2,111,432,921,511	1,358,911,213,509
Tools and supplies	727,542,052,803	385,159,981,694
Merchandises	690,583,566,046	273,447,375,269
Work in process	-	30,664,409,143
TOTAL	8,898,028,802,451	4,835,669,252,872
Provision for obsolete inventories	(26,950,234,865)	(14,168,269,483)
Provision for obsolete inventories	8,871,078,567,586	4,821,500,983,389

As disclosed in Note 21, the Company has pledged inventories with the carrying amount as at 30 September 2017 amounting to VND 2,981,550,094,254 to secure its bank loans.



9. PREPAID EXPENSES

	VND	
	Ending balance	Beginning balance
Short-term	109,041,648,878	89,057,046,906
Tools and equipment	31,879,306,315	30,110,567,566
Advertising expenses	27,486,428,721	24,585,328,927
Rental expenses	21,096,714,881	13,439,356,204
Repair and maintenance	9,816,289,531	2,352,783,842
Advisory fee	5,022,641,070	1,615,463,792
Insurance fee	1,822,964,857	1,272,363,610
Others	11,917,303,503	15,681,182,965
Long-term	412,307,081,315	218,966,831,302
Tools, materials and equipment	132,158,152,780	101,715,319,644
Rental expense	130,330,964,983	96,224,400,019
Ground clearing expense	81,632,371,044	-
Marketing	25,377,730,855	-
Repairing and maintenance	21,983,972,896	12,044,617,510
Others	20,823,888,757	8,982,494,129
TOTAL	521,348,730,193	308,023,878,208

10. LOAN RECEIVABLE

	VND	
	Ending balance	Beginning balance
Short-term		
Finance Department of Nghe An Province (*)	25,000,000,000	-
Others	400,000,000	400,000,000
Long-term		
Long-term	-	25,000,000,000
TOTAL	25,400,000,000	25,400,000,000

(*) The ending balance of short-term loan receivable represented the unsecured and non-interest bearing lending to the Finance Department of Nghe An Province for the purpose of compensating the clearance costs of the land located at Dong Hoi Industrial Park, Nghe An Province, Vietnam. This lending will be due on 25 June 2018.

**11. TANGIBLE FIXED ASSET**

	Buildings and structures		Machinery and equipment		Means of transportation		Office equipment		Others		Total
Cost:											
Beginning balance	1,208,349,888,248	4,668,890,879,333	410,415,542,405	25,462,748,305	21,469,976,260	6,334,589,034,551					
New purchase	3,372,754,965	224,477,005,875	93,080,080,023	12,529,749,707	563,130,430	334,022,721,000					
Transfer from construction in progress	376,501,078,794	2,141,187,274,345	22,886,152,237	1,441,453,442	1,973,220,700	2,543,989,179,518					
Transfer from financial lease fixed assets	-	240,335,738,629	12,199,636,362	-	-	252,535,374,991					
Disposal	(1,290,540,099)	(59,266,121,019)	(3,372,084,449)	(257,319,860)	-	(64,186,065,427)					
Ending balance	1,586,933,181,908	7,215,624,777,163	535,209,326,578	39,176,631,594	24,006,327,390	9,400,950,244,633					
<i>In which:</i>											
Fully depreciated	29,219,873,789	561,898,448,187	23,184,455,902	1,761,065,426	6,663,605,856	622,727,449,160					
Accumulated depreciation:											
Beginning balance	(298,403,104,538)	(1,888,702,822,164)	(112,384,028,145)	(9,048,250,503)	(15,329,275,939)	(2,323,867,481,289)					
Depreciation for the year	(69,180,695,020)	(508,145,736,403)	(53,987,604,958)	(5,620,121,613)	(2,950,746,880)	(639,884,904,874)					
Transfer from finance leases	-	(80,268,435,491)	(3,522,165,280)	-	-	(83,790,600,771)					
Disposals	618,577,353	40,384,104,633	2,276,893,350	142,701,706	-	43,422,277,042					
Ending balance	(366,965,222,205)	(2,436,732,889,425)	(167,616,905,033)	(14,525,670,410)	(18,280,022,819)	(3,004,120,709,892)					
Net carrying amount:											
Beginning balance	909,946,783,710	2,780,188,057,169	298,031,514,260	16,414,497,802	6,140,700,321	4,010,721,553,262					
Ending balance	1,219,967,959,703	4,778,891,887,738	367,592,421,545	24,650,961,184	5,726,304,571	6,396,829,534,741					
<i>In which:</i>											
Pledged (Note 21)	812,836,204,518	3,042,494,800,180	174,991,407,846	5,248,107,694	2,315,640,574	4,037,886,160,812					

**12. FINANCE LEASES**

	Machinery and equipment	Means of transportation	Total	VND
Cost:				
Beginning balance	370,117,377,749	20,332,727,270	390,450,105,019	
Additions	18,671,327,412	-	18,671,327,412	
Transfer to fixed assets	(240,335,738,629)	(12,199,636,362)	(252,535,374,991)	
Ending balance	148,452,966,532	8,133,090,908	156,586,057,440	
Accumulated depreciation:				
Beginning balance	(100,120,989,216)	(4,105,983,261)	(104,226,972,477)	
Depreciation for the year	(54,295,924,361)	(1,863,185,971)	(56,159,110,332)	
Transfer to fixed assets	80,268,435,491	3,522,165,280	83,790,600,771	
Ending balance	(74,148,478,086)	(2,447,003,952)	(76,595,482,038)	
Net carrying amount:				
Beginning balance	269,996,388,533	16,226,744,009	286,223,132,542	
Ending balance	74,304,488,446	5,686,086,956	79,990,575,402	

13. INTANGIBLE ASSETS

	Land use rights	Computer software	Total	VND
Cost:				
Beginning balance	321,122,786,265	1,818,224,781	322,941,011,046	
Additions	-	294,930,000	294,930,000	
Disposals	(6,407,254,000)	-	(6,407,254,000)	
Ending balance	314,715,532,265	2,113,154,781	316,828,687,046	
<i>In which: Fully amortised</i>	456,396,144	1,818,224,781	2,274,620,925	
Accumulated amortisation:				
Beginning balance	(27,827,904,998)	(1,801,636,181)	(29,629,541,179)	
Amortisation for the year	(3,520,467,444)	(32,645,900)	(3,553,113,344)	
Ending balance	(31,348,372,442)	(1,834,282,081)	(33,182,654,523)	
Net carrying amount:				
Beginning balance	293,294,881,267	16,588,600	293,311,469,867	
Ending balance	283,367,159,823	278,872,700	283,646,032,523	

As disclosed in Note 21, the Group has pledged its land use rights with their carrying amounts as at 30 September 2017 of VND 167,300,426,264 to secure its bank loan facilities.



14. CONSTRUCTION IN PROGRESS

	VND	
	Ending balance	Beginning balance
Purchases of fixed assets	623,945,764,106	173,966,203,042
Plant construction	661,097,249,383	112,969,902,665
Major repair of fixed assets	8,540,174,075	6,599,936,834
Others	39,952,567,203	553,554,956
TOTAL	1,333,535,754,767	294,089,597,497

15. GOODWILL

Goodwill is amortized over 3-year period on a straight-line basis. The amortisation charges of goodwill during the year and the accumulated amortisation as at the balance sheet date are as follows:

	VND
	Amount
Cost	
Beginning balance	-
Increase due to business combination (Notes 4)	17,051,244,217
Ending balance	17,051,244,217
Accumulated amortisation	
Beginning balance	-
Amortisation for the year	(5,683,748,072)
Ending balance	(5,683,748,072)
Net carrying amount	
Beginning balance	-
Ending balance	11,367,496,145



16. LONG-TERM INVESTMENTS

	VND	
	Ending balance	Beginning balance
Investment in associates (*)	44,369,102,467	25,902,371,384
Bonds at Bank for Foreign Trade of Vietnam (**)	46,600,000,000	-
TOTAL	90,969,102,467	25,902,371,384

(*) Details of investments in the associates were as follow:

	Ending balance		Beginning balance			VND
Name of associate	% of interest	Cost of investment VND	% of interest	Cost of investment VND	Location	Business activities
Hoa Sen-Gemad-ept Logistics and International Port Corporation	45	16,019,102,467	45	25,002,371,384	Ba Ria – Vung Tau Province, Vietnam	Provide sea cargo agency services
Hoa Sen Hoi Van Joint Stock Company	45	450,000,000	45	450,000,000	Binh Dinh Province, Vietnam	Trading in real estate and rendering of real estate services and supporting services for trading real estate
Hoa Sen Quy Nhon Joint Stock Company	45	27,900,000,000	45	450,000,000	Binh Dinh Province, Vietnam	Trading in real estate and to render real estate services and supporting services for trading real estate
TOTAL		44,369,102,467		25,902,371,384		

(**) Bonds at Bank for Foreign Trade of Vietnam with original maturity of ten (10) year and earn interest at the floating rates +1% per annum.



17. TRADE PAYABLES AND ADVANCE FROM CUSTOMERS

17.1 Short-term trade payables

	VND	
	Ending balance	Beginning balance
Due to third parties	3,418,891,156,478	1,609,231,521,388
Due to related parties (Note 30)	63,927,783,070	11,258,405,597
TOTAL	3,482,818,939,548	1,620,489,926,985

17.2 Short-term advances from customers

	VND	
	Ending balance	Beginning balance
Due to a related party (Note 30)	278,163,648,717	26,413,121,165
Due to third parties	139,478,514,359	125,931,086,087
TOTAL	417,642,163,076	152,344,207,252

18. TAXES

	VND			
	Beginning balance	Increase during the year	Decrease during the year	Ending balance
Payables				
Corporate income tax	114,928,828,914	281,166,867,134	(340,323,719,741)	55,771,976,307
Value-added tax	76,547,803,465	1,682,389,184,523	(1,651,498,077,413)	107,438,910,575
Personal income tax	3,119,851,654	42,726,095,047	(43,129,030,389)	2,716,916,312
Other taxes	1,914,398,366	190,369,980,850	(191,012,456,462)	1,271,922,754
TOTAL	196,510,882,399	2,196,652,127,554	(2,225,963,284,005)	167,199,725,948
Receivables				
Value-added tax deductible	472,570,764,899	1,391,557,182,622	(200,764,096,998)	1,663,363,850,523
Personal income tax	11,997,869	747,060	(11,997,869)	747,060
TOTAL	472,582,762,768	1,391,557,929,682	(200,776,094,867)	1,663,364,597,583

19. SHORT-TERM ACCRUED EXPENSES

	VND	
	Ending balance	Beginning balance
Bonuses and 13th month salary	53,536,809,000	187,345,248,580
Payables relating to construction in progress	18,008,495,530	13,043,613,180
Loan interest	15,657,863,150	4,164,824,604
Electricity fee	10,315,223,937	11,627,442,689
Transportation	2,843,019,695	3,587,787,177
Others	862,297,082	42,657,720,382
TOTAL	101,223,708,394	262,426,636,612

20. OTHER SHORT-TERM PAYABLES

	VND	
	Ending balance	Beginning balance
Capital transfer to buy Hoa Sen Du Long	24,700,000,000	-
Deposit to buy Gemandep't's share ownership	15,776,367,206	-
Tender deposits received	10,192,386,680	28,888,223,493
Dividends	4,731,068,925	4,702,534,150
Social insurance, health insurance, unemployment insurance, and trade union fees	1,425,763,500	761,223,150
Other payables to related parties (Note 30)	1,000,000,000	1,002,300,000
Others	19,767,848,768	11,186,121,138
TOTAL	77,593,435,079	46,540,401,931

21. LOANS AND FINANCE LEASES

	VND	
	Ending balance	Beginning balance
Short-term loans and finance leases	9,015,062,474,063	4,366,172,782,781
Loans from banks (Note 21.1)	8,502,860,876,262	3,954,271,503,856
Current portion of long-term loans (Note 21.2)	485,500,382,125	340,564,271,336
Current portion of finance leases (Note 21.3)	26,701,215,676	71,337,007,589
Long-term loans and finance leases	2,835,803,760,461	1,418,572,001,810
Loans from banks (Note 21.2)	2,821,013,820,224	1,316,636,732,692
Finance leases (Note 21.3)	14,789,940,237	101,935,269,118
TOTAL	11,850,866,234,524	5,784,744,784,591

**21. LOANS AND FINANCE LEASES (continued)**

Movements of loans and finance leases during the year are as follows:

	VND
	Amount
Beginning balance	5,784,744,784,591
Drawdown from borrowings	27,410,327,886,870
Addition of finance lease obligations	15,251,890,030
Repayment from borrowings	(21,212,709,164,619)
Repayment from finance lease obligation	(147,033,010,824)
Foreign exchange differences	283,848,476
Ending balance	11,850,866,234,524

21.1 Short-term loans from banks

Details of short-term loans from banks are as follows:

Name of banks	Ending balance VND	Maturity date	Interest rate (% p.a.)	Description of collateral
Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Binh Duong Branch				
Loan in VND	986,309,498,640	From 5 October 2017 to 28 February 2018	From 5.0 to 5.4	Land use rights, machinery and equipment, inventories
Loan in USD	66,798,910,753	From 21 October 2017 to 29 October 2017	2.4	Land use rights, machinery and equipment
Vietnam Joint Stock Commercial Bank for Industry and Trade - Binh Duong Industrial Park Branch				
Loan in VND	1,931,100,509,250	From 7 January 2018 to 29 March 2018	From 5.0 to 5.2	Land use rights, machinery and equipment
Loan in VND	1,097,974,099,673	From 3 January 2018 to 28 February 2018	2.2	Land use rights, buildings and structures, machinery and equipment
Vietnam Joint Stock Commercial Bank for Industry and Trade – Ha Nam Branch				
Loan in VND	52,757,493,746	From 6 November 2017 to 26 March 2018	5.0	Inventories
Military Commercial Joint Stock Bank – Binh Duong Branch				
Loan in VND	73,944,484,501	From 4 October 2017 to 28 February 2018	From 5.1 to 5.3	Land use rights, means of transport and Inventories
Loan in VND	205,467,521,673	From 28 November 2017 to 11 March 2018	From 2.1 to 2.7	Land use rights, means of transport

21. LOANS AND FINANCE LEASES (continued)**21.1 Short-term loans from banks (continued)**

Details of short-term loans from banks are as follows (continued):

Name of banks	Ending balance VND	Maturity date	Interest rate (% p.a.)	Description of collateral
Standard Chartered Bank (Vietnam) Limited – Ho Chi Minh Branch				
Loan in VND	195,000,000,000	18 December 2017	4.1	Inventories, machinery and equipment
ANZ Bank (Vietnam) Limited				
Loan in VND	411,180,558,828	From 5 October 2017 to 28 January 2018	From 3.54 to 5.1	Land use rights
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch				
Loan in VND	338,787,032,800	From 4 October 2017 to 31 December 2017	From 5.1 to 5.4	Unsecured
Vietnam Bank for Agriculture and Rural Development – Saigon branch				
Loan in VND	46,000,000,000	14 October 2017	5.2	Unsecured
Vietnam Prosperity Joint Stock Commercial Bank				
Loan in USD	231,551,797,178	From 30 November 2017 to 11 February 2018	2.3	Inventories
United Overseas Bank – Ho Chi Minh Branch				
Loan in VND	128,277,652,539	From 10 December 2017 to 25 January 2018	From 4.3 to 4.7	Inventories
Vietnam Technological and Commercial Joint Stock Bank				
Loan in VND	356,192,812,511	From 20 January 2018 to 29 March 2018	From 5.1 to 5.2	Unsecured
Vietnam Joint Stock Commercial Bank for Industrial Trade of Vietnam – Vung Tau Branch				
Loan in VND	88,337,190,470	25 September 2018	5.2	Inventories
Vietnam Joint Stock Commercial Bank for Industry and Trade – Phu Tai Industrial Zone Branch				
Loan in VND	228,182,628,564	From 2 October 2017 to 5 March 2018	From 5.0 to 5.2	Unsecured



21. LOANS AND FINANCE LEASES (continued)

21.1 Short-term loans from banks (continued)

Details of short-term loans from banks are as follows (continued):

Name of banks	Ending balance VND	Maturity date	Interest rate (% p.a.)	Description of collateral
HSBC Bank (Vietnam) Ltd				
Loan in VND	560,998,382,668	From 24 November 2017 to 27 January 2018	From 4.3 to 4.5	Inventories, machinery, equipment, land use rights and construction on land
HD Bank Ltd				
Loan in USD	183,738,960,831	10 November 2017	2.4	Unsecured
Orient Commercial Joint Stock Bank				
Loan in USD	101,116,342,236	From 8 December 2017 to 11 January 2018	2.2	Unsecured
Vietnam Maritime Commercial Joint Stock Bank				
Loan in VND	69,552,012,717	25 December 2017	5.2	Unsecured
Loan in USD	100,028,241,700	11 January 2018	2.3	Unsecured
Vietnam International Bank				
Loan in USD	267,096,812,128	From 26 December 2017 to 13 March 2018	From 2.2 to 2.3	Land use rights and inventories
Vietnam Bank for Industry and Trade – Nghe An Branch				
Loan in VND	782,467,932,856	From 22 December 2017 to 28 March 2018	From 5.0 to 5.2	Inventories
TOTAL	8,502,860,876,262			

The Group used these loans to finance its working capital requirements.

21. LOANS AND FINANCE LEASES (continued)

21.2 Long-term loans from banks

Details of long-term loans from banks are as follow:

Name of banks	Ending balance VND	Maturity date	Interest rate (% p.a.)	Description of collateral
Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Binh Duong Branch				
Loan in VND	438,207,376,490	From 14 November 2018 to 7 December 2022	From 8.0 to 8.8	Land use rights, machinery and equipment
Viet Capital Commercial Joint Stock Bank				
Loan in VND	28,681,419,500	From 4 February 2018 to 26 November 2019	8.0	Means of transportation
Asia Commercial Joint Stock Bank – Tan Thuan Branch				
Loan in VND	15,650,582,000	From 6 January 2020 to 17 June 2020	8.5	Means of transportation
Vietnam Bank for Industry and Trade – Binh Duong Industrial Park Branch				
Loan in VND	2,521,016,619,591	From 25 December 2017 to 5 January 2026	From 7.5 to 9.0	Land use rights, buildings and structures, machinery and equipment
Vietnam Development Bank – Binh Duong Branch				
Loan in USD	12,967,201,065	20 June 2018	1.7	Land use rights, buildings and structures, machinery and equipment
Military Commercial Joint Stock Bank – Binh Duong Branch				
Loan in VND	16,344,139,975	7 January 2019	8.0	Means of transportation
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Vung Tau Branch				
Loan in VND	72,011,652,214	30 August 2024	8.0	Machinery and equipment



21. LOANS AND FINANCE LEASES (continued)

21.2 Long-term loans from banks (continued)

Details of long-term loans from banks are as follow (continued):

Name of banks	Ending balance VND	Maturity date	Interest rate (% p.a.)	Hình thức đảm bảo
Standard Chartered Bank (Vietnam) Limited – Ho Chi Minh Branch				
Loan in VND	52,083,333,341	From 9 October 2017 to 10 September 2019	From 4.45 to 8.0	All the assets of Hoa Sen Binh Dinh steel pipe plant project
Vietnam Joint Stock Commercial Bank for Industry and Trade – Phu Tai Industrial Zone Branch				
Loan in VND	2,834,650,000	From 25 October 2017 to 28 April 2019	8.0	Means of transportation
Vietnam Joint Stock Commercial Bank for Industry and Trade – Ba Ria Vung Tau Branch				
Loan in VND	146,717,228,173	From 18 October 2017 to 19 July 2021	From 7.5 to 8.8	machinery and equipment
TOTAL	3,306,514,202,349			

In which:

Current portion	485,500,382,125
Non-current portion	2,821,013,820,224

The Group used these loans to finance its constructions and purchase of fixed assets.



21. LOANS AND FINANCE LEASES (continued)

21.3 Finance leases

Details of finance leases were as follows:

The Group leases machinery and equipment and means of transportation under finance leases arrangements. Future obligations due under finance leases agreements as at the balance sheet dates were as follows:

	Ending balance		Beginning balance		VND
	Total minimum lease payments	Finance charges	Total minimum lease payments	Finance charges	Lease liabilities
Current liabilities					
Less than 1 year	29,186,748,807	2,485,533,131	26,701,215,676	11,206,673,419	71,337,007,589
Non-current liabilities					
From 1 - 5 years	15,388,778,781	598,838,544	110,918,984,884	8,983,715,766	101,935,269,118
TOTAL	44,575,527,588	3,084,371,675	193,462,665,892	20,190,389,185	173,272,276,707



22. OWNERS' EQUITY

22.1 Movements in owners' equity

	Issued share capital	Share premium	Treasury shares	Investment and development fund	Financial reserve fund	Other funds belonging to equity	Undistributed earning	Total
Previous year								
Beginning balance 1,007,907,900,000 (previously presented)	487,290,470,363	-	(52,113,695,510)	-	8,525,313,060	6,605,155,369	1,452,507,322,241	2,910,722,465,523
Beginning balance 1,007,907,900,000 (reclassified) (*)	487,290,470,363	-	(52,113,695,510)	8,525,313,060	-	6,605,155,369	1,452,507,322,241	2,910,722,465,523
Net profit for the year	-	-	-	-	-	-	1,504,193,443,099	1,504,193,443,099
Stock dividends	957,490,390,000	-	-	-	-	-	(957,490,390,000)	-
Dividends declared	-	-	-	-	-	-	(327,567,667,500)	(327,567,667,500)
Repurchase of treasury shares	-	-	(508,729)	-	-	-	-	(508,729)
Reissuance of treasury shares	-	64,281,463,158	52,114,204,239	-	-	-	-	116,395,667,397
Reversal of fund	-	-	-	(8,525,313,060)	-	-	8,525,313,060	-
Transferred to bonus and welfare fund	-	-	-	-	-	-	(26,114,981,672)	(26,114,981,672)
Appropriated to other funds	-	-	-	-	-	29,379,354,381	(29,379,354,381)	-
Performance bonus	-	-	-	-	-	-	(21,902,000,000)	(21,902,000,000)
Use of other funds during the year	-	-	-	-	-	(29,199,934,080)	-	(29,199,934,080)
Ending balance	1,965,398,290,000	551,571,933,521	-	-	-	6,784,575,670	1,602,771,684,847	4,126,526,484,038

(*) The reclassification was carried out in accordance with the Circular No. 200/TT-BTC dated 22 December 2014 issued by the Ministry of Finance.



22. OWNERS' EQUITY (continued)

22.1 Movements in owners' equity (continued)

	Share capital	Share premium	Share premium to owners' equity	Undistributed earnings	Total
Current year					
Beginning balance	1,965,398,290,000	551,571,933,521	6,784,575,670	1,602,771,684,847	4,126,526,484,038
Net profit for the year	-	-	-	1,331,663,912,171	1,331,663,912,171
Stock dividends (**)	1,099,978,080,000	-	-	(1,099,978,080,000)	-
Dividends declared	-	-	-	(196,539,829,000)	(196,539,829,000)
Share premium (**)	399,988,750,000	(399,988,750,000)	-	-	-
The issuance of new ordinary shares to the Company's employees (*)	34,601,710,000	-	-	-	34,601,710,000
Reversal of fund	-	-	-	148,310,000	148,310,000
Transferred to bonus and welfare fund	-	-	-	(60,167,737,724)	(60,167,737,724)
Appropriated to other funds	-	-	80,063,704,939	(80,063,704,939)	-
Performance bonus (***)	-	-	-	(51,300,000,000)	(51,300,000,000)
Use of funds	-	-	(52,312,539,414)	-	(52,312,539,414)
Ending balance	3,499,966,830,000	151,583,183,521	34,535,741,195	1,446,534,555,355	5,132,620,310,071



22. OWNERS' EQUITY (continued)

22.1 Movements in owners' equity (continued)

(*) The Resolution of Annual General Meeting No. 01/NQ/DHDCD/2017 dated 6 January 2017 and the relevant the Board of Directors' Resolutions approved the Company issued bonus shares to its employees under Employee Stock Ownership Plan ("ESOP"). Accordingly, the Company completed the issuance of 3,460,171 new shares on 12 April 2017 at price of VND 10,000 per share with the total amount VND 34,601,710,000. The Company also received the 27th amended BRC dated 20 April 2017 issued by the Department of Planning and Investment of Binh Duong Province reflecting this increase.

(**) The Resolution of Annual General Meeting No. 01/NQ/DHDCD/2017 dated 6 January 2017 and the Resolution of Board of Directors No. 38/NQ/HDQT/2017 dated 3 May 2017 approved the payments of stock dividends to its existing shareholders, which were appropriated from the undistributed earnings, at a ratio of 10:5 (i.e. issuing 5 new shares for every 10 shares holding by existing shareholders) and carrying forward of the share premium to supplement the charter company. Accordingly, the Company completed the issuance of 149,996,683 new shares on 8 June 2017 at price of VND 10,000 per share with the total amount VND 1,499,966,830,000. The Company also received the 29th amended BRC dated 26 June 2017 issued by the Department of Planning and Investment of Binh Duong Province reflecting this increase.

(***) In accordance with the Resolution of Annual General Meeting No. 01/NQ/DHDCD/2017 dated 06 January 2017, the Company's shareholders approved the performance bonus at 4% of profit after tax.

22.2 Capital transactions with owners and distribution of dividends, profits

	VND	
	Current year	Previous year
Contributed capital		
Beginning balances	1,965,398,290,000	1,007,907,900,000
Increase	1,534,568,540,000	957,490,390,000
Ending balance	3,499,966,830,000	1,965,398,290,000
Dividends		
Dividends declared	196,539,829,000	327,567,667,500
Dividends paid by cash	196,362,984,225	327,038,699,875

22.3 Non-controlling interests

	VND	
	Current year	Previous year
Beginning balance	3,446,080,228	-
Contributed charter capital	33,750,000,000	3,450,000,000
Profit attributable to non-controlling interests	(14,457,614)	(3,919,772)
Ending balance	37,181,622,614	3,446,080,228



22. OWNERS' EQUITY (continued)

22.4 Share capital

	VND	
	Number of shares	
	Ending balance	Beginning balance
Issued shares		
Shares issued and paid-up shares		
Ordinary shares	349,996,683	196,539,829
Treasury shares		
Ordinary shares	-	-
Shares in circulation		
Ordinary shares	349,996,683	196,539,829

The par value of the Company's issued shares is VND 10,000 per share. The holders of the Company's ordinary shares are entitled to receive dividends as and when declared by the Company. Each ordinary share carries one vote per share without restriction.

22.5 Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Current year	Previous year
Net profit attributable to ordinary equity holders of the Company (VND)	1,331,663,912,171	1,504,193,443,099
Distribution to bonus and welfare fund (VND) (*)	(53,266,556,487)	(60,167,737,724)
Net profit after tax attributable to ordinary equity holders for basic earnings (VND)	1,278,397,355,684	1,444,025,705,375
Weighted average number of ordinary shares (shares) (**)	348,167,058	341,725,667
Earnings per share (VND/share)		
Basic	3,672	4,226
Diluted	3,672	4,226

(*) Profit used to compute earnings per share for the year ended 30 September 2017 as presented in the consolidated financial statements of previous year was restated to reflect the actual allocation to bonus and welfare fund from previous year's net profit after tax in accordance with the Resolution of Annual General Meeting No. 01/NQ/DHDCD/2017 dated 06 January 2017.

(**) The weighted average number of ordinary shares in the previous years has been retrospectively adjusted for the payments of stock dividends to the Company's existing shareholders during the year.



23. REVENUES

23.1 Revenues from sale of goods and rendering of services

	VND	
	Current year	Previous year
Gross revenues	26,336,984,183,123	18,006,498,541,322
Of which:		
Sale of finished goods	16,428,207,199,548	13,186,708,856,497
Sale of merchandises	9,829,348,382,934	4,788,804,258,942
Others	79,428,600,641	30,985,425,883
Sales deduction	(187,939,347,844)	(112,783,060,369)
Of which:		
Sales discount	(176,829,729,476)	(97,697,573,236)
Sales returns	(9,163,655,524)	(4,928,478,632)
Sales allowances	(1,945,962,844)	(10,157,008,501)
NET	26,149,044,835,279	17,893,715,480,953
Of which:		
Sale to third parties	22,073,429,131,341	15,461,462,955,111
Sale to related parties (Note 28)	4,075,615,703,938	2,432,252,525,842

23.2 Finance income

	VND	
	Current year	Previous year
Foreign exchange gains	53,212,128,476	33,647,586,730
Interest income	700,711,525	2,954,531,757
Finance income from investments	-	1,826,610,485
TOTAL	53,912,840,001	38,428,728,972

24. COST OF GOODS SOLD AND SERVICES RENDERED

	VND	
	Current year	Previous year
Costs of sale of finished goods	13,079,930,345,990	9,483,644,403,917
Costs of sale of merchandises	8,637,735,118,160	4,208,202,828,538
Others	13,125,741,868	25,546,554,508
TOTAL	21,730,791,206,018	13,717,393,786,963



25. FINANCE EXPENSES

	VND	
	Current year	Previous year
Interest expense	482,275,637,847	209,035,437,498
Foreign exchange losses	90,670,094,210	33,143,557,879
Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	7,247,689,692	4,522,119,842
Provision for long-term investments	8,983,268,917	8,983,268,917
TOTAL	589,176,690,666	255,684,384,136

26. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	VND	
	Current year	Previous year
Selling expenses	1,512,517,323,076	1,139,602,275,640
Expenses for external services	782,988,770,276	551,250,173,010
Labour costs	349,218,520,788	273,388,599,137
Depreciation and amortisation	82,096,541,208	48,244,020,726
Other expenses	298,213,490,804	266,719,482,767
General and administrative expenses	801,479,758,048	900,715,660,702
Labour costs	384,005,935,553	482,969,462,270
Expenses for external services	59,043,138,814	56,362,244,197
Depreciation and amortisation	43,990,072,469	38,808,799,980
Other expenses	314,440,611,212	322,575,154,255
TOTAL	2,313,997,081,124	2,040,317,936,342

27. OTHER INCOME AND EXPENSES

	VND	
	Current year	Previous year
Other income	78,166,099,473	12,438,447,274
Compensation	47,003,413,223	5,088,647,015
Disposed fixed assets	22,506,771,478	2,057,909,801
Others	8,655,914,772	5,291,890,458
Other expenses	(4,519,323,205)	(24,436,799,077)
Others	(4,519,323,205)	(24,436,799,077)
NET	73,646,776,268	(11,998,351,803)



28. PRODUCTION AND OPERATING COSTS

	VND	
	Current year	Previous year
Raw materials	15,580,007,670,287	12,819,482,741,240
Expenses for external services	2,026,745,443,051	1,587,140,983,390
Labour costs	1,057,402,851,870	987,026,559,466
Depreciation and amortisation (Notes 11, 12, 13 and 15)	705,280,876,622	548,687,219,681
Others	1,293,457,339,052	1,088,873,335,950
TOTAL	20,662,894,180,882	17,031,210,839,727

29. CORPORATE INCOME TAX

The Company and its subsidiaries have the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits, except for the following:

- HSBD is entitled to an exemption from CIT for 2 years commencing from the first year in which a taxable profit is earned, and a 50% reduction of the applicable CIT tax rate for the following 4 years.
- The CIT rate applicable to HSNA and HSNH is 10% of taxable profits in 15 years since the first year of revenue and the applicable tax rate for the years thereafter. These subsidiaries are entitled to an exemption from CIT for 4 years commencing from the first year in which a taxable profit is earned, and a 50% reduction of the applicable tax rate for the following 9 years.
- The CIT rate applicable to HSHN is 17% of taxable profits in 10 years since year 2016 and the applicable tax rate for the years thereafter. This subsidiary is entitled to an exemption from CIT for 2 years commencing from the first year in which a taxable profit is earned, and a 50% reduction of the applicable tax rate for the following 4 years.

The tax returns filed by the Company and its subsidiaries are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could change at a later date upon final determination by the tax authorities.

29.1 CIT expense

	VND	
	Current year	Previous year
Current CIT expense	280,803,086,281	438,192,658,926
Adjustment for under (over) accrued CIT from prior years	363,780,853	(298,608,777)
Deferred tax expense (income)	29,823,152,049	(35,333,822,795)
TOTAL	310,990,019,183	402,560,227,354



29. CORPORATE INCOME TAX (continued)

29.1 CIT expense (continued)

Reconciliation between CIT expense and the accounting profit multiplied by CIT rate is presented below:

	VND	
	Current year	Previous year
Accounting profit before tax	1,642,639,473,740	1,906,749,750,681
At CIT rate applied for companies in the Group	302,180,473,505	390,883,698,890
<i>Adjustments to increase (decrease)</i>		
Non-deductible expenses	33,645,046,649	23,228,820,414
Adjustment for under (over) accrued CIT from prior years	363,780,853	(298,608,777)
Amortisation of goodwill in business combination	1,136,749,614	-
Losses of subsidiaries	5,348,761,607	9,166,327,299
Tax exempted	(28,138,737,931)	(22,541,884,611)
Tax loss carried forward	(2,066,677,799)	-
Others	(1,479,377,315)	2,121,874,139
Current CIT expense	310,990,019,183	402,560,227,354

29.2 Current CIT

The current tax payable is based on taxable profit for the current year. The taxable profit of the Group for the year differs from the income as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

29.3 Deferred CIT

The following are deferred tax assets recognized by the Group, and the movements thereon, during the current and previous years:

	VND			
	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
Unrealised profits	30,855,331,987	33,017,132,333	(2,161,800,346)	2,986,561,521
Accrued operating expenses	17,194,324,156	45,849,491,271	(28,655,167,115)	28,159,566,767
Provisions	13,309,683,206	13,760,789,860	(451,106,654)	6,557,686,524
Foreign exchange differences arising from revaluation of monetary accounts denominated in foreign currency	1,135,161,780	68,118,757	1,067,043,023	(1,842,355,992)
Others	2,486,663,461	2,108,784,418	377,879,043	(527,636,025)
Deferred tax assets	64,981,164,590	94,804,316,639		
Deferred CIT (expense) income			(29,823,152,049)	35,333,822,795



30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Significant transactions with related parties during the current and previous year were as follows:

Related party	Relationship	Transaction	Current year	Previous year
Hoa Sen Holdings Group	Related party	Sales of goods	4,147,238,165,577	2,458,482,180,432
		Purchase of goods	2,868,198,606,916	929,183,348,655
		Transportation fee	72,074,570,683	27,949,504,004
		Trade discount	73,088,884,008	26,301,990,998
		Sales of fixed asset	36,386,756,005	2,617,000,000
		Purchase of tourist services	40,442,810,907	22,275,932,398
		Sales of services rendered	1,718,377,268	1,400,609,480
		Other sales	149,800,426	67,464,274
		Other purchase	70,434,559	189,184,542
		Sales return	391,570,015	1,395,737,346
		Purchase of fixed asset	-	656,000,000
		Operating leases	447,272,724	447,272,724
Hoa Sen Nghe An Investment One Member Limited Liability Company	Related party	Transportation fee	33,969,937,191	-
		Sales of services rendered	144,000,000	-
Viet Capital Health Care Fund	Related party	Reclaim of investment	-	4,367,000,000
Hoa Sen Quy Nhon Joint Stock Company	Associate	Capital contribution	27,450,000,000	450,000,000
Hoa Sen Hoi Van Joint Stock Company	Associate	Capital contribution	-	450,000,000



30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Amounts due from and due to relate parties at the balance sheet date were as follows:

Related party	Relationship	Transaction	Ending balance	Beginning balance
VND				
Short-term trade receivables				
Hoa Sen Holdings Group	Related party	Sales of goods	451,645,235	27,493,400
Hoa Sen Nghe An Investment One Member Limited Liability Company	Related party	Sales of service	33,000,000	-
TOTAL			484,645,235	27,493,400
Short-term advance to a supplier				
Hoa Sen Holdings Group	Related party	Purchases of goods	-	4,616,198,665
Other short-term receivable				
Mr Hoang Duc Huy	Deputy General Director	Advance for purchase of lands	90,183,227,000	90,183,227,000
Short-term trade payables				
Hoa Sen Holdings Group	Related party	Purchase of goods	56,910,755,597	11,258,405,597
Hoa Sen Nghe An Investment One Member Limited Liability Company	Related party	Purchase of service	7,017,027,473	-
TOTAL			63,927,783,070	11,258,405,597
Short-term advance from a customer				
Hoa Sen Holdings Group	Related party	Sales of goods	278,163,648,717	26,413,121,165
Other short-term payables				
Huong Sen Real Estate	Related party	Payable of advance	1,000,000,000	1,000,000,000
Hoa Sen Holdings Group	Related party	Others	-	2,300,000
TOTAL			1,000,000,000	1,002,300,000



30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Transactions with other related parties

Details of salaries and remuneration of the Board of Directors, the Board of Supervision and the Management during the year are as set out below:

	VND	
	Current year	Previous year
Salaries of management	19,015,551,104	13,233,255,424
Bonuses of management	14,580,000,000	5,968,000,000
Remuneration of the Board of Directors and the Board of Supervision	2,000,000,000	1,859,000,000
Bonuses of the Board of Directors and the Board of Supervision	26,810,000,000	11,636,460,000
TOTAL	62,405,551,104	32,696,715,424

31. COMMITMENTS

Operating lease commitments

The Group leases land under operating lease arrangements. The minimum lease commitments as at the balance sheet date under operating lease arrangements is as follows:

	VND	
	Ending balance	Beginning balance
Less than 1 year	109,150,036,089	82,759,697,967
From 1 to 5 years	378,856,719,212	287,468,710,149
More than 5 years	466,809,457,041	301,261,164,310
TOTAL	954,816,212,343	671,489,572,426

Operating lease commitments

The Group lets out assets under operating lease arrangements. The future minimum rental receivable as at the balance sheet dates under the operating lease agreements is as follows:

	VND	
	Ending balance	Beginning balance
Less than 1 year	2,304,329,547	1,871,286,366
From 1 to 5 years	3,890,081,818	2,209,036,365
More than 5 years	2,587,200,000	-
TOTAL	8,781,611,365	4,080,322,731

Capital expenditure commitments

As at 30 September 2017, the Group had commitments of VND 785,047,782,983 (30 September 2016: VND 836,113,556,098) mainly related to the acquisition of new machinery for its operation.



32. SEGMENT REPORTING

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

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

Geographical segments

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

	Domestic		Export		Total		VND
	Current year	Previous year	Current year	Previous year	Current year	Previous year	
Sales revenue	16,519,595,874,091	11,693,250,961,546	9,629,448,961,188	6,200,464,519,407	26,149,044,835,279	17,893,715,480,953	
Cost of sales	(13,491,918,361,364)	(7,869,961,490,057)	(8,238,872,844,654)	(5,847,432,296,906)	(21,730,791,206,018)	(13,717,393,786,963)	
Gross profit	3,027,677,512,727	3,823,289,471,489	1,390,576,116,534	353,032,222,501	4,418,253,629,261	4,176,321,693,990	



33. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the consolidated financial statements.

Nguyen Thi Thanh Tuyen
Nguyen Thi Ngoc Lan

Nguyen Thi Ngoc Lan
Chief Accountant

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Trần Ngọc Chu
General Director

25 December 2017



**For the sake of sustainable development,
The annual report of Hoa Sen Group is shown by
electronic version and published on the Group's website to
minimize printing, contributing to environmental protection.**

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